


Annual Report

2024/25

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Annual Report

2024/25

Promoting global monetary and financial stability

Foreword by the General Manager

It gives me great pleasure to present the BIS Annual Report for 2024/25. The report documents our achievements of the past year as we advance our mission to support central banks in their pursuit of global monetary and financial stability.

The past year saw the completion of our strategic programme – Innovation BIS 2025. Six years ago, we set out on a path to transform the BIS with a clear aim to shape the Bank for tomorrow. The strategy established a bold vision and ambitious change agenda. As we conclude this strategic programme, I can say with great satisfaction that it has successfully transformed the BIS in ways that will bring value to the central bank community for many years to come. Today, the BIS is a more modern institution, reinvigorated by new capabilities that will allow it to move faster to adapt to the evolving needs of its stakeholders.

For central banks, the past year saw great progress in restoring price stability. Central banks' decisive policy response to the post-Covid-19 inflation surge had reinforced their credibility and prevented a high-inflation regime from setting in, allowing many to start lowering interest rates. Growth was generally solid too, albeit with some divergence across regions. Until recently, a global "soft landing" looked to be within reach.

In recent months, however, the global economic outlook has darkened. Uncertainty, not least about tariffs and the configuration of the global trade system, has emerged as a pressing threat to growth, inflation and financial stability. It is at times like these that international cooperation and dialogue among central banks is particularly valuable. In this context, the BIS continues to support central banks in delivering on their mandates. Our economic analysis has shed new light on evolving inflation dynamics and probed risks to financial stability. Meetings held as part of the Basel Process have provided a platform for discussion and collaboration to further strengthen the resilience of the financial system and shape the financial landscape of tomorrow. We have continued to explore how leading-edge technologies can address the challenges faced by central banks, regulators and supervisors, focusing on themes vital for the future of the financial sector.

For banking services, 2024/25 was an exceptionally strong year. Net profit was SDR 843.7 million, while total comprehensive income reached a record high of SDR 3.4 billion. Strong demand for BIS banking products saw currency deposits reach a new all-time high, while sustainable investment flows took green bond assets under management to record levels. Thanks to the investments made in the course of the Innovation BIS 2025 strategy, we are now able to offer our customers more products, with shorter development times, as well as longer trading hours and services that are better tailored to their specific needs.

Delivering the Innovation BIS 2025 strategy has been a collective endeavour, made successful by the strong commitment of our people. Through their efforts, the services the BIS provides to the central banking community have been broadened and recast to match the increasing sophistication of central banks and the array of challenges with which they are confronted. At the same time, the Bank's larger global footprint, expanded networks and new forms of collaboration have made it more responsive to its stakeholders, supported by expanded research activity and extended data capabilities.

The strategy's focus on innovation and the development of new capabilities has energised the Bank and strengthened its sense of purpose. The BIS is well positioned to adapt to future challenges and help our members to navigate an increasingly complex economic and financial landscape.

As we present this report at our 95th Annual General Meeting, our mission has stood us in good stead. Exploring new economic realities while supporting financial stability, dialogue and knowledge-sharing is what the BIS has always done. It has been a privilege to lead this institution for the past seven and a half years. I want to express my deep appreciation to my colleagues at the BIS for their dedication. It is thanks to their efforts that the BIS is in such a strong position to face the future.

Agustín Carstens
General Manager

The year in numbers 2024/25*

BIS global presence

Financials

Net profit (SDR)
844 million

Total comprehensive income (SDR)
3,397 million

Operating expense (SDR)
406 million

Total deposits (SDR)
350 billion in currency
32 billion in gold

Balance sheet (SDR)
431 billion

Customer asset management holdings
(SDR, market value)
22.5 billion

Downloads of BIS publications

1.3 million downloads

Digital engagement

18.5 million unique website visitors

153k LinkedIn followers
201k X (Twitter) followers
26k YouTube subscribers
9k Instagram followers

*As of 31 March 2025

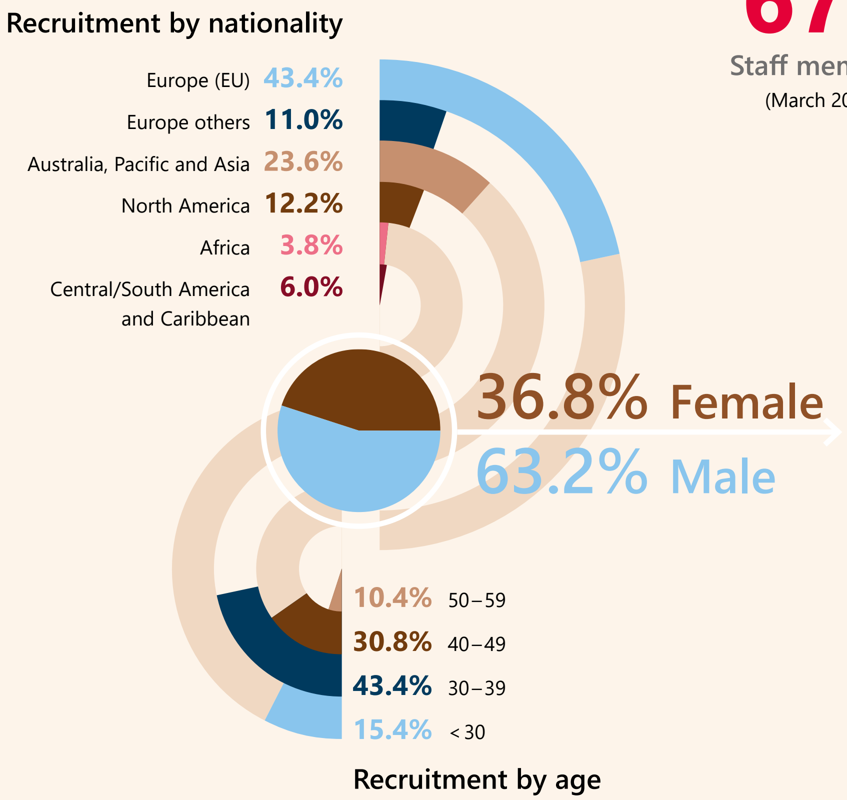
Recruitment

101
Staff members
(internal and external)

19
Graduate Programme

62
Secondees,
fellows and assignees

670
Staff members
(March 2025)



Visiting economic researchers

26

High-level hosted meetings

157
virtual and hybrid meetings

8,350
participants

Contents

1

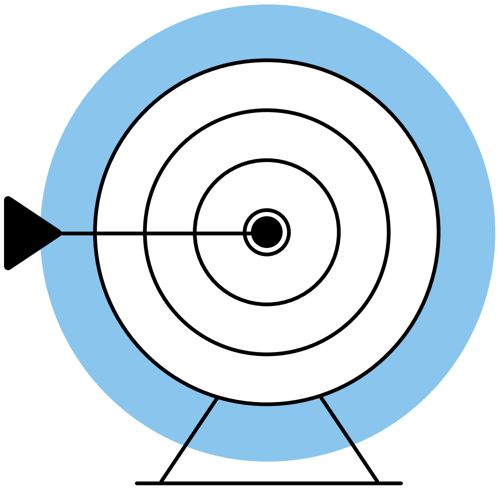
Promoting global monetary and financial stability

The BIS fosters central bank collaboration and provides banking services to its institutional partners in an increasingly complex environment. The Bank focuses on developments in financial markets, monetary policy, financial stability and innovation and encourages dialogue among central banks on these topics.

Fulfilling the mission of the BIS

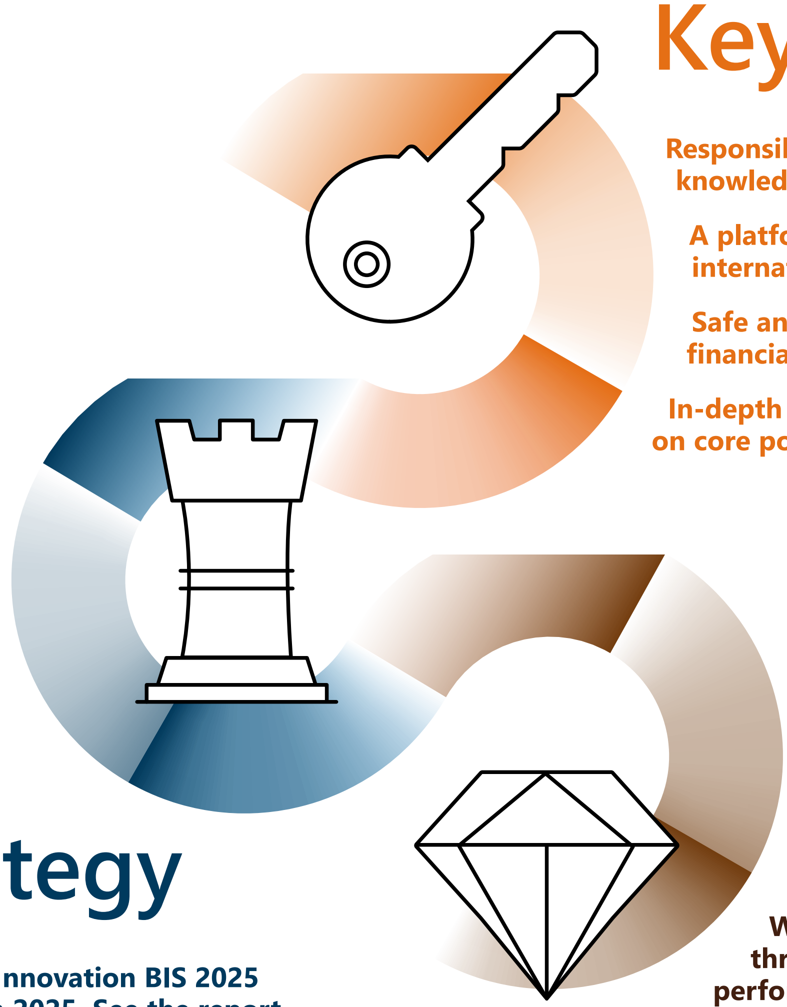
Our mission is to support central banks' pursuit of monetary and financial stability through international cooperation and to act as a bank for central banks. To fulfil this mission, we help our member central banks navigate the opportunities and challenges they face and provide insights and services to support their work.

Our core values anchor our mission. They allow us to support central banks. These values, our purpose-driven culture and our associated business goals are illustrated on the next page.



Mission

Our mission is to support central banks' pursuit of monetary and financial stability by fostering international cooperation, and to act as a bank for central banks



Key roles

Responsible innovation and knowledge-sharing

A platform for broad international cooperation

Safe and competitive financial services

In-depth analysis and insights on core policy issues

Core values

We deliver value through excellence in performance

We act with integrity

We foster a culture of diversity, inclusion, sustainability and social responsibility

We are committed to continuous improvement and innovation

Strategy

Delivery of Innovation BIS 2025 concludes in 2025. See the report on this multi-year programme on pages 17–43.

Overview: key roles of the BIS

In-depth analysis

BIS research draws on the Bank's unique position at the intersection of conceptual advances and policymaking. Our economic analysis is topical and directly relevant for policy. At the same time, our research and analysis identify longer-term issues of strategic importance to stakeholders. Our research and statistics help policymaking and support cooperation among central banks and regulatory authorities.

For more on our research and statistics, see Chapter 2.

Promoting international cooperation

The BIS fosters cooperation among central banks and financial supervisory authorities globally. The Bank offers a forum for discussion, supporting stakeholders' work to promote monetary and financial stability. As part of the Basel Process, regular high-level meetings of central bank Governors are held at the BIS, in addition to other meetings held globally with central bank Governors and senior central bank experts and supervisory authorities from around the world.

The Bank's Representative Offices play important roles as recognised forums for regional meetings, complementing the global meetings at our headquarters.

The BIS assists financial supervisors around the world to improve and strengthen their financial systems. This effort is led by the Bank's Financial Stability Institute, which supports the implementation of global regulatory standards and sound supervisory practices. In support of cooperation, the BIS Cyber Resilience Coordination Centre also enables information-sharing among peers to build cyber resilience.

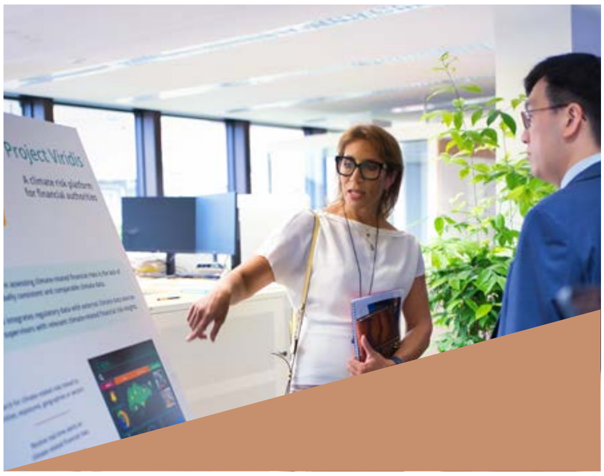
For more information on these topics, see Chapter 3.

Banking

The BIS offers a broad array of banking services to its central bank, monetary authority and international organisation customers. All products are designed with clients' key reserve management needs in mind – in particular the requirements for safety, liquidity and return. The BIS operates dealing rooms across our global offices and offers round-the-clock services to our clients worldwide.

The BIS prices its banking activities competitively and conducts them in accordance with relevant industry standards and ethical principles. In addition to providing services to clients, Banking staff also manage the Bank's own capital and promote knowledge-sharing with other institutions.

To find out more about our banking activities, see Chapter 4.



Exploring public goods through innovation

Technology-driven innovation is rapidly changing the financial sector. The ability to reap the benefits and mitigate risks is a priority within the central banking community. The BIS is a thought leader in exploring the possibilities and implications of technological change, partnering with central banks around the world through its Innovation Hub.

To find out more about the BIS's work in the area of innovation, see Chapter 5.

Report: Delivering

Innovation BIS2025

Shaping the Bank for tomorrow

Introduction

The Innovation BIS 2025 strategy began in 2019 with the vision of "shaping the Bank for tomorrow". Six years later, the strategy has more than delivered. Its commitments have been met, on time and within budget.

With the rapid innovation in the financial landscape and work practices, the Bank needed to become more forward-thinking and agile to meet the challenges of the digital age and support central banks as they faced the same challenges. This in turn called for the Bank to embrace new technologies more quickly and broadly and to adopt a step change in its ambition and service delivery.

To that end, the BIS developed a comprehensive programme of activity. The strategy was launched in 2019/20 and touched on all aspects of the Bank's work – cooperative activities, research, banking, information technology (IT), people and work practices – and established a heavy change agenda.

The strategy called for significant efforts from all parts of the organisation, requiring the mobilisation and reallocation of resources to strategic priorities. Its scope expanded over time, to include initiatives in communications and operational risk, recognising the evolving needs of the central banking community and changing conditions in the business and economic environment.

The speed and success with which the BIS implemented these organisational changes is particularly impressive coming as it did against the backdrop of the Covid-19 pandemic, which coincided with the peak of the Bank's change agenda.

The many tangible achievements of Innovation BIS 2025 have been embraced by the central banking community. The BIS Innovation Hub has positioned the Bank as a thought leader in the technology sphere. The Bank is producing more research on a broader set of topics than ever before, and this work has never been more influential. The suite of products offered by the Banking department has increased, customer services have become more modern and flexible, and business volumes have grown rapidly.

Below the surface, the strategy has revamped the Bank's systems, processes and people management. The Bank's IT infrastructure and services are now more modern and secure. Internal processes have been streamlined, and organisational silos have been dismantled. The organisation has a stronger performance culture to match the faster pace of work and the adaptability needed to fulfil its ambitions. Recognising that people are the Bank's most important asset, the BIS has enhanced talent management systems and expanded well-being protocols. Robust risk management procedures have been put in place, commensurate with the greatly expanded scope and sophistication of the Bank's operations.

Overview of the strategy

In 2018, when this strategy was first conceived, the BIS faced a new multi-faceted set of challenges, calling for fresh thinking and requiring a much broader and more comprehensive approach to strategy development.

While the issues the Bank identified were wide-ranging, a clear and common theme was needed to keep pace with a faster-moving world fuelled by technology and innovation. Beyond technological development, this required changes in the Bank's culture and people practices.

Development of the broad-based work programme involved all key business units. The strategy preserved the institution's underlying goals – to provide the highest-quality products and services to central banks and to promote cooperation and collaboration for the common good of a well functioning global financial system. At the same time, it aimed to deliver strong business-focused outcomes that would better reflect our members' evolving priorities. Alongside this, the workstreams established would boost core capabilities in technology and data, while strengthening risk management activities and modernising the Bank's people practices.

To support the agreed priorities, emphasis was also placed on streamlining and efficiency, redirecting resources away from lower value added activities to make more effective use of the Bank's budgets – both financial and headcount.

The comprehensive multi-year strategy was categorised under three themes:

1 Cooperative activities

2 Banking services

3 Organisation-wide initiatives

The themes were broken down into 10 focus areas involving 40 workstreams, with a multi-year Board-supported budget.

1 Cooperative activities

The focus of the Bank's research agenda needed to be adjusted and broadened to align with central banks' expected challenges. Greater integration of macroeconomic and financial developments in the post-GFC landscape called for new analytical tools to help central banks incorporate monetary policy and financial stability considerations jointly into their policy assessments. Moreover, the research agenda needed to explore the implications of the accelerated pace of technological innovation for the financial system. This pivoted the work of the Monetary and Economics Department and required new skills to support the shift in focus.

To maintain the Bank's role as a key centre for international financial statistics and to support cutting-edge research, the BIS needed to broaden the range of data services and improve accessibility through supporting technology.

Work was also identified to assist regulators in addressing implementation and supervisory challenges through capacity building – sharing knowledge on technology-related developments and providing support for crisis management.

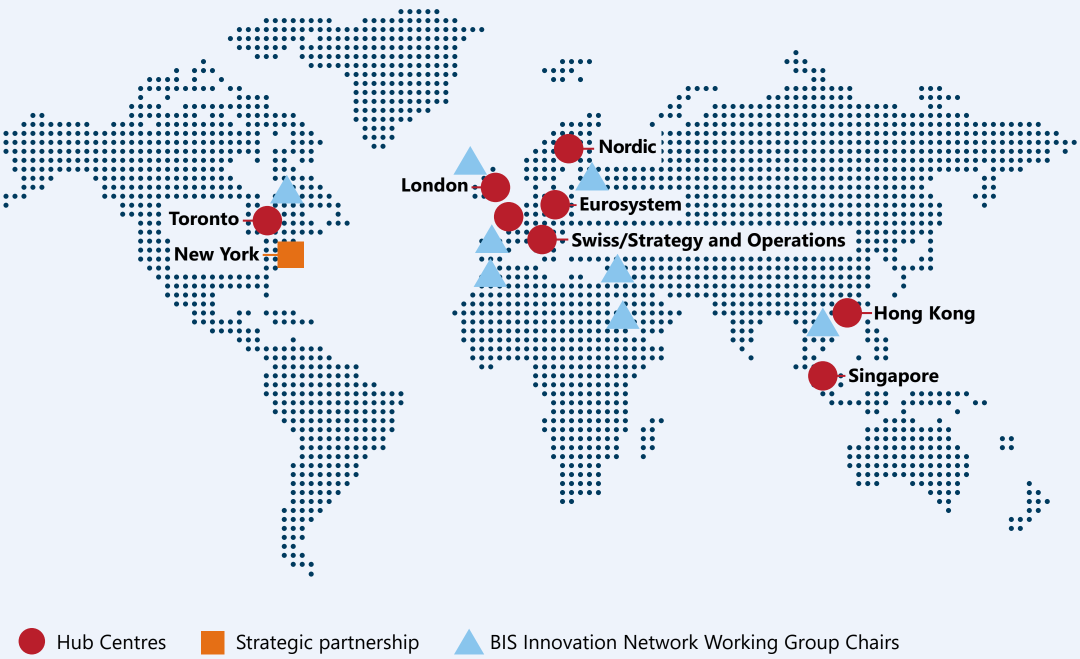
The Bank needed to extend its knowledge-sharing and collaborative activities to incorporate cyber security, recognising the intense interest and shared goals among the central bank community in this area.

Last, but by no means least, the strategy identified the need to go deeper into innovation and technological development. A multi-disciplinary team was established to explore technology trends and develop greater insights while also considering the potential development of public goods. This evolved into the BIS Innovation Hub.

BIS Innovation Hub

The establishment of the BIS Innovation Hub (BISIH) represented the creation of an entirely new department at the BIS, with unique work practices and a novel staffing model. From an initial concept of four full-time staff in Basel, it quickly morphed into a more expansive and collective undertaking. Since 2019, the Bank has opened seven BISIH centres as joint ventures with host central banks in eight locations and established a strategic partnership with the Federal Reserve Bank of New York (Graph 1.1). These have formed the basis for new and deeper collaboration between the BIS and its member central banks.

Global footprint of the BIS Innovation Hub — Graph 1.1



Source: BIS.

Hong Kong Centre signing ceremony, 2019

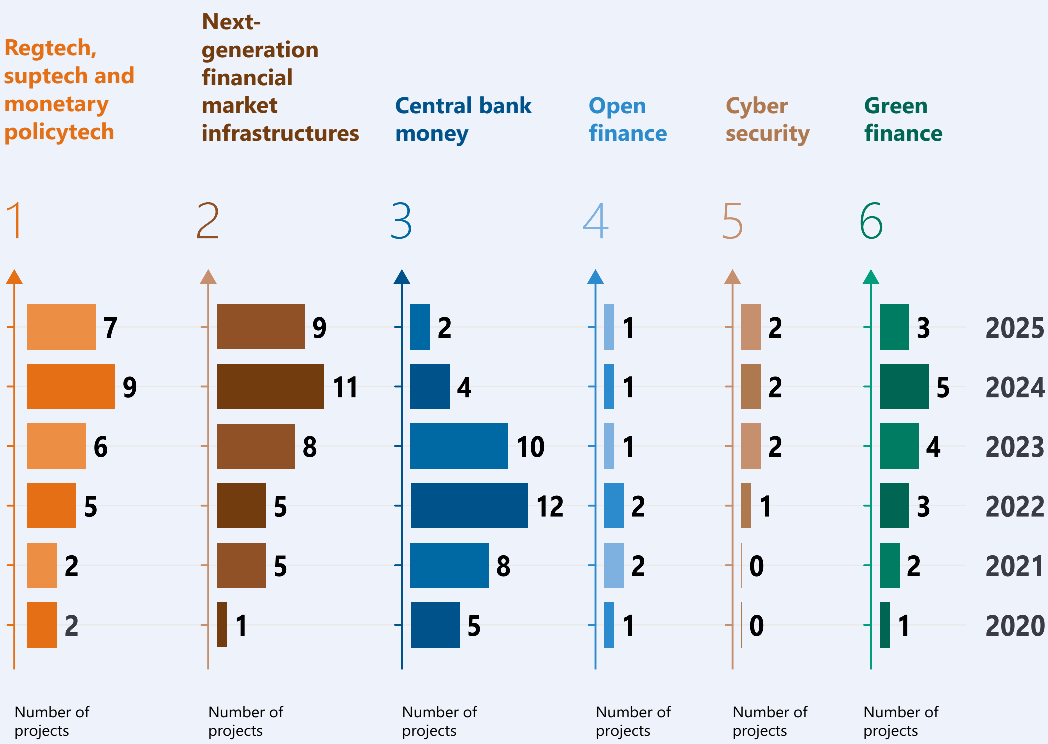

Swiss Centre signing ceremony, 2019


Singapore Centre signing ceremony, 2019


Opening of the Eurosystem Centre, 2023

The BIS Innovation Hub has successfully completed 33 projects, with 24 currently in progress. These projects span six thematic areas (Graph 1.2). They have addressed topics at the intersection of cutting-edge technology and issues at the heart of central bank mandates, such as the provision of central bank money, supervision of banks and other financial institutions, and delivery of fast, secure and efficient payment infrastructures. The lessons from individual projects are documented and published, allowing all central banks to benefit. In some cases, code and toolboxes are made available, helping to shorten the path to innovation for central banks.

Active BIS Innovation Hub projects across six thematic areas Graph 1.2



Source: BIS.

While most BISIH projects are exploratory, their findings can have a real-world impact with several central banks seeking to bring projects from experimentation to live implementation (see Chapter 5).

These projects have had a significant impact on the broader community as well. Project reports and related documents have had more than 100,000 downloads. The accompanying videos have been viewed more than 300,000 times.

The BIS Innovation Hub's contribution to central banks stretches beyond its project portfolio. It has pioneered a new form of collaboration with the central banking community. Less than a quarter of Innovation Hub team members are BIS staff. The remainder consists primarily of assignees from host central banks and secondees from other member central banks.

The Innovation Hub has also fostered cooperation among central banks. Many projects are cross-jurisdictional, with a number of central banks involved as active participants or observers. Meanwhile, the BIS Innovation Network has provided a focal point for innovation by central banks. Comprising nearly 300 central bank experts, the network helps central banks benefit from each other's insights and experiences, enhancing their capacity to address complex challenges. It also forms a key part of the BISIH horizon-scanning activities that track new technological developments and identify promising areas for future central bank innovation.

In addition, the Innovation Hub has helped forge links between central banks and the broader academic and private sector communities. Prominent activities include the annual Innovation Summit as well as six G20 TechSprints and other hackathons held since its opening.

After five years of operation, the BISIH has grown into a mature entity fully integrated into the BIS and the broader central banking community.

Economic research and analysis

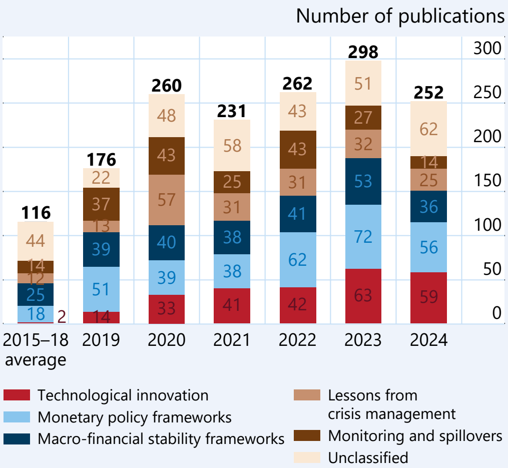
The BIS expanded its analytical work programme to cover a broader range of emerging issues relevant for central banks. Technological innovation became a key focus. The Bank explored issues such as the future of the financial system, the potential roles of artificial intelligence, tokenised central bank money and cryptocurrencies, evolving payments systems and the role of big techs in the financial sector.

The focus on innovation did not come at the expense of research into more traditional macro-financial topics. Research in this area explored broader macro-financial trends, including analysis of the implications of elevated debt, post-Covid-19 inflation dynamics, geopolitical changes and the potential use of alternative policy instruments to help central banks and other public institutions to cope with structural issues and emerging risks. Monetary policy frameworks also featured prominently on the analytical agenda, amid central banks' emergence from the pre-Covid low-for-long interest rate environment. Meanwhile, analytical work on lessons from crisis management spanned post-Great Financial Crisis (GFC) analysis as well as insights from the pandemic episode and the 2023 banking turmoil.

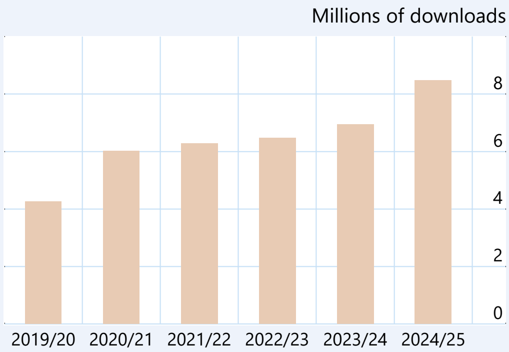
The overall pace of research activity accelerated. Across the life of the strategy, the Bank published over 1,000 research papers on core Innovation BIS 2025 research topics (Graph 1.3.A). New publications, including BIS Bulletins, allowed the Bank to share its insights in a more accessible and timely manner.

BIS publications increased across Innovation BIS 2025 topic areas | Graph 1.3

A. Publications by research area[1]



B. Downloads of economic and financial publications[2]



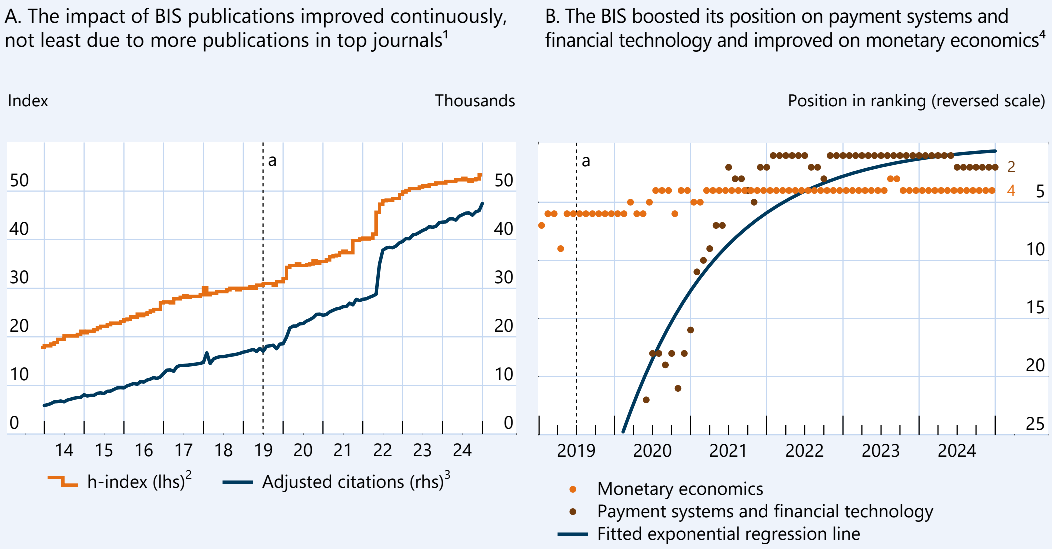
[1] Publications across all main BIS economics publications (BIS Papers, Bulletins, Quarterly Review articles, Working Papers) as well as other outlets (eg journals).
[2] Each bar indicates the number of downloads over each BIS fiscal year, ie the period from 1 April of a given year to 31 March of the following year.

Source: BIS.

As the strategy progressed, the influence of the Bank's research work grew. The number of papers by BIS authors published in top academic journals increased, as did their readership (Graph 1.3.B) and the number of citations these papers received (Graph 1.4.A). Meanwhile, the Bank's position in the Research Papers in Economics (RePEc) rankings increased (Graph 1.4.B). Indeed, in the "Payments Systems and Financial Technology" RePEc category, the BIS ranked second at end-2024 and currently ranks first.

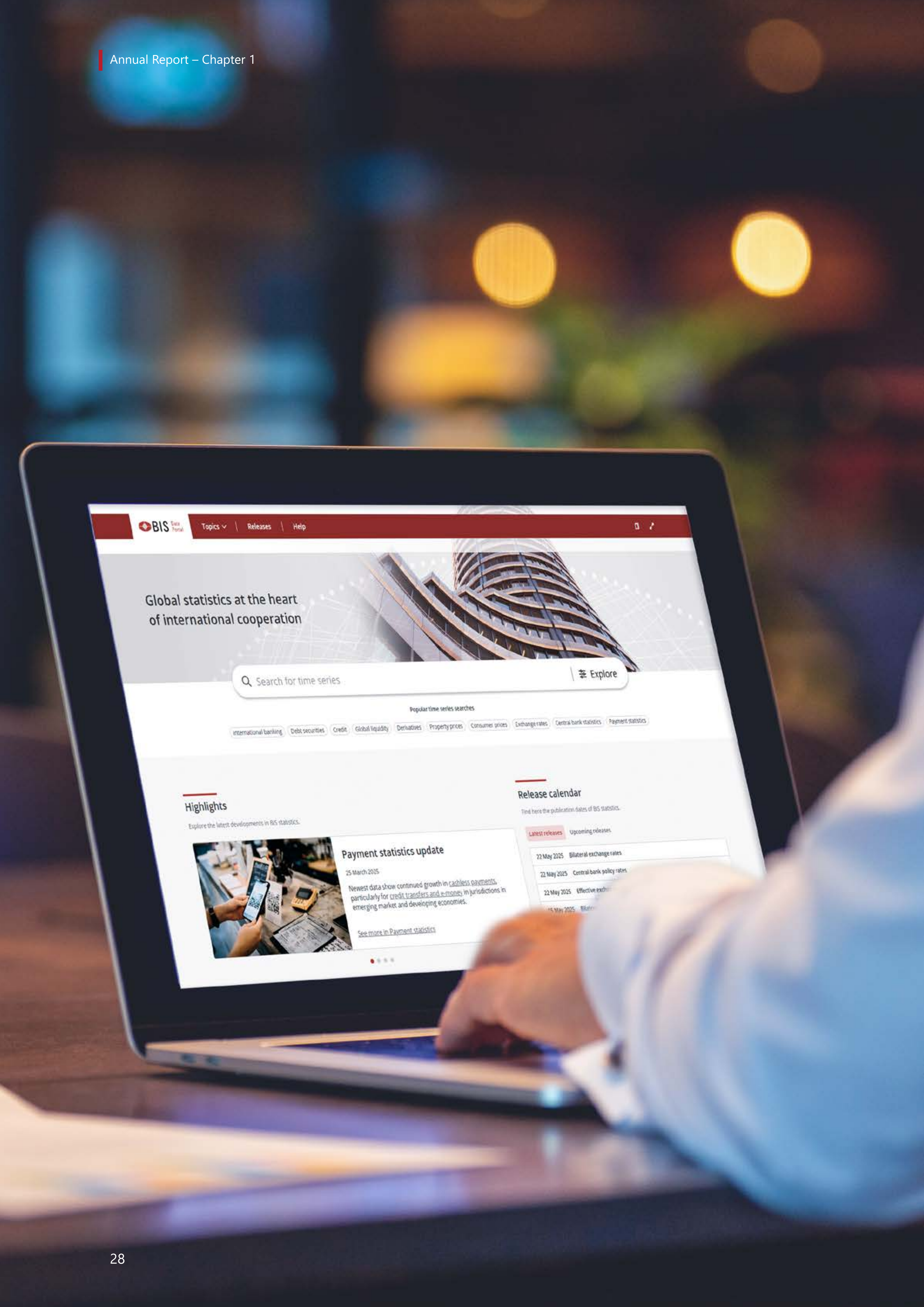
BIS research influenced thinking among central banks as well. Over the course of the strategy, BIS publications were cited more than once a week in public speeches by central bank governors and other senior officials, ie in more than 400 speeches over five years.

BIS output increased, boosting BIS research rankings — Graph 1.4



[a] Start of Innovation BIS 2025.
[1] Includes BIS Working Papers, BIS Quarterly Review, BIS Papers and BIS Bulletins, published as of December 2024.
[2] Weighted average across listed publications, with weights of 1/6, 1/6, 1/3 and 1/3, respectively. For each researcher, h denotes the number of papers published in academic journals, each of which has been cited at least "h" times.
[3] Sum across listed publications. Adjusted citations exclude citations from the same series.
[4] The ranking is based on the cumulative number of BIS publications over the last 10 years as of December 2024, excluding Financial Stability Institute publications.

Source: IDEAS/RePEc.


BIS
Topics
Releases
Help
Global statistics at the heart
of international cooperation
Search for time series
Explore
Popular time series searches
Highlights
Payment statistics update
25 March 2025
Release calendar
Latest releases
Upcoming releases
22 May 2025 Bilateral exchange rates
22 May 2025 Central bank policy rates

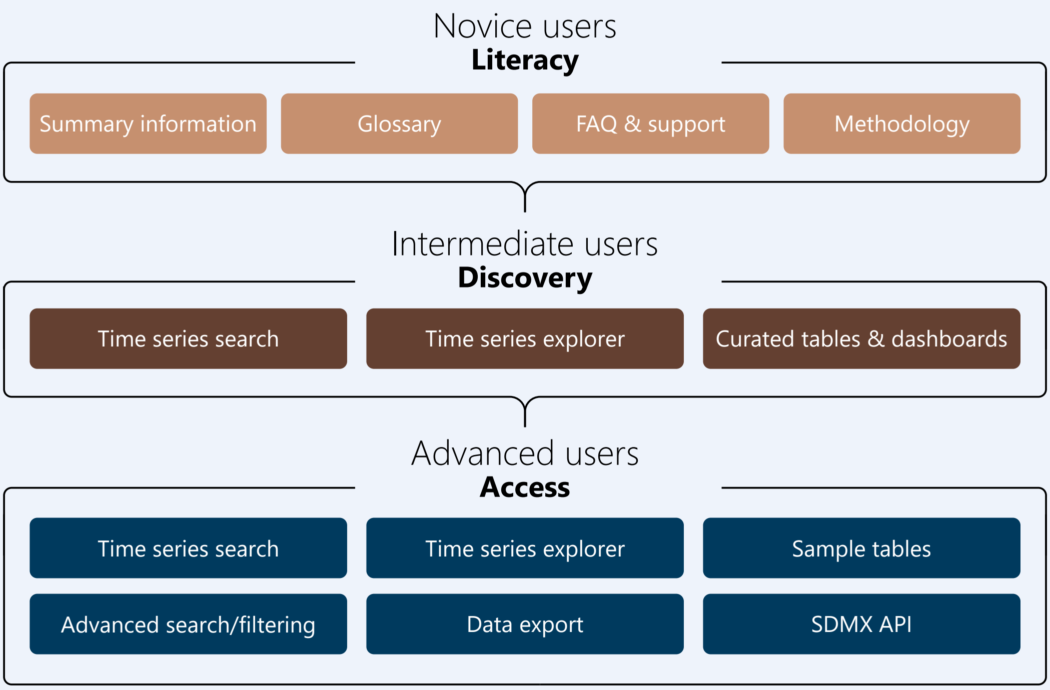
Advanced analytics and collaboration

To support the increased pace of research activity, Bank researchers developed a range of economic and financial dashboards, many of which are available to the public. These made existing and newly developed BIS data series more accessible to external audiences, facilitated wider dissemination of novel analysis within the Bank and enhanced the efficiency of routine monitoring of economic and financial developments.

The Bank launched a new BIS Data Portal on its website and interactive dashboards on its secure file-sharing platform.

The Bank also modernised its data collection and management tools. Automated data collection of official statistics facilitates interactions with reporting countries, and new interactive dashboards and business intelligence capabilities provide BIS internal and external users with an improved experience (Graph 1.5).

BIS Data Portal user journey: from simplicity to complexity — Graph 1.5



These initiatives provided external parties with improved data capabilities and a more user-friendly interface to access BIS data.

Even as Innovation BIS 2025 draws to a close, the Bank continues to innovate. Recent months have seen the deployment of AI tools and various large language models to support the Bank's research and productivity.

FSI support for capacity building and policy implementation

The Bank offers a much wider range of capacity-building and policy implementation support to the global community of central banks and supervisors. The Financial Stability Institute (FSI) set out to drive expansion in both areas with three main objectives:

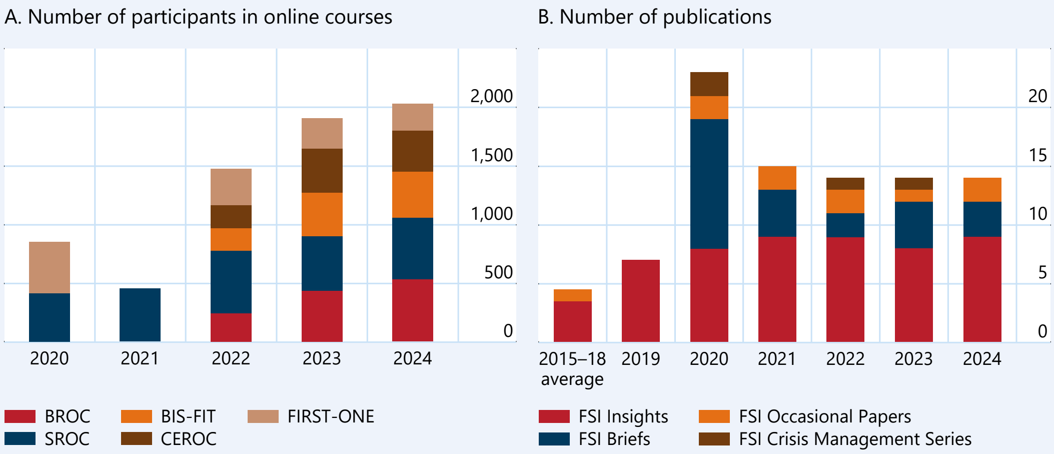
- digitalising capacity-building activities
- knowledge-sharing in financial technology-related regulatory developments
- supporting authorities' efforts to enhance their tools for financial crisis management.

A new platform was launched to enhance the efficiency and user experience of its FSI Connect content distribution service. It also modernised its presentation format with shorter tutorials and more visible delivery methods. The FSI has also deployed a new AI tool for developing tutorials and executive summaries based on FSI Connect material.

The roster of FSI online courses attracted over 7,000 participants over the life of the strategy, supporting capacity-building efforts in areas such as bank resolution, financial innovation and technology, and managing climate risk (Graph 1.6.A).

The number of FSI publications and online course participants increased

Graph 1.6



BIS-FIT = BIS Financial Innovation and Technology Online Course
BROC = BIS-IMF Banking Resolution Online Course
CEROC = BIS-NGFS Climate and Environmental Risks Online Course
FIRST ONE = FSI-IAIS Insurance Regulatory and Supervisory Training Online Course
SROC = BIS-IMF Banking Supervisory and Regulatory Online Course

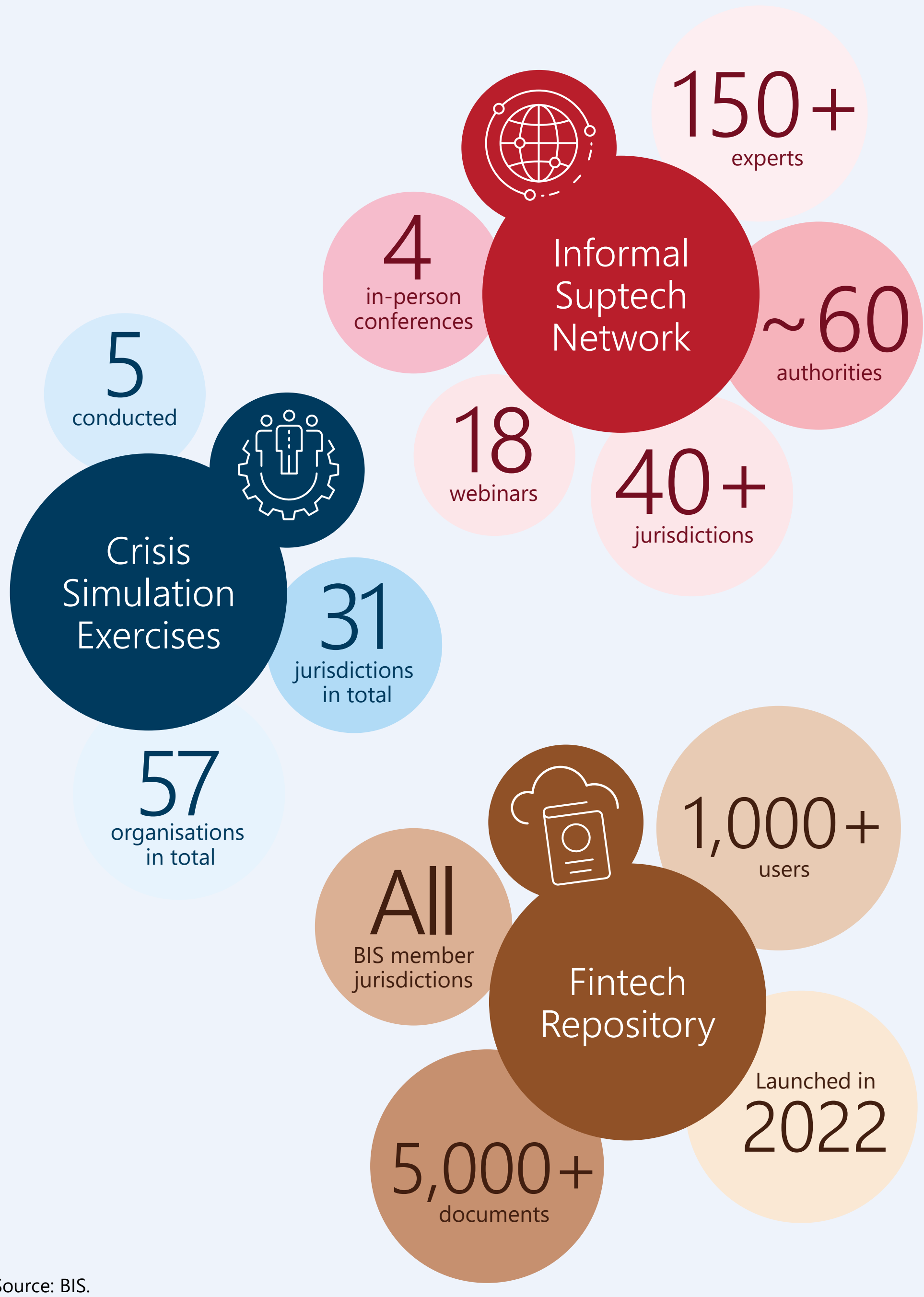
Source: FSI.

FSI research output further supported knowledge-sharing about regulatory and supervisory issues (Graph 1.6.B). Technological innovation was a key theme. The FSI published papers on issues such as the regulation of big techs, digital assets including cryptoassets and stablecoins, cyber security and the regulation of AI in financial services. Crisis management was another important focus, with papers on bank failure management, arrangements for bank resolution and managing crises in emerging market economies. In 2024, the FSI introduced a paper series on crisis management episodes.

Several new initiatives also support information-sharing among the supervisory community and bolster supervisors' preparedness for crisis events (Graph 1.7). Its Informal Suptech Network provides a forum for experts to exchange information on supervisory technology matters. In 2022, the FSI launched its Fintech Repository, which now hosts over 5,000 financial regulatory documents spanning all 63 BIS member jurisdictions. Since its establishment, more than 1,000 policymakers from over 140 authorities have been granted access.

The FSI has also provided supervisors and regulators with hands-on training through its crisis simulation exercises.

Strong take-up of capacity-building initiatives — Graph 1.7



Source: BIS.

Cyber Resilience Coordination Centre

The Cyber Resilience Coordination Centre (CRCC) was established to help promote central bank networking and skills acquisition to combat cyber threats. Its activities grew steadily over the course of the Innovation BIS 2025 strategy, and it has extended its outreach beyond BIS member central banks to non-members. The CRCC has met its strategic commitments through three main sets of activities – knowledge-sharing, collaboration and operational readiness (Graph 1.8).

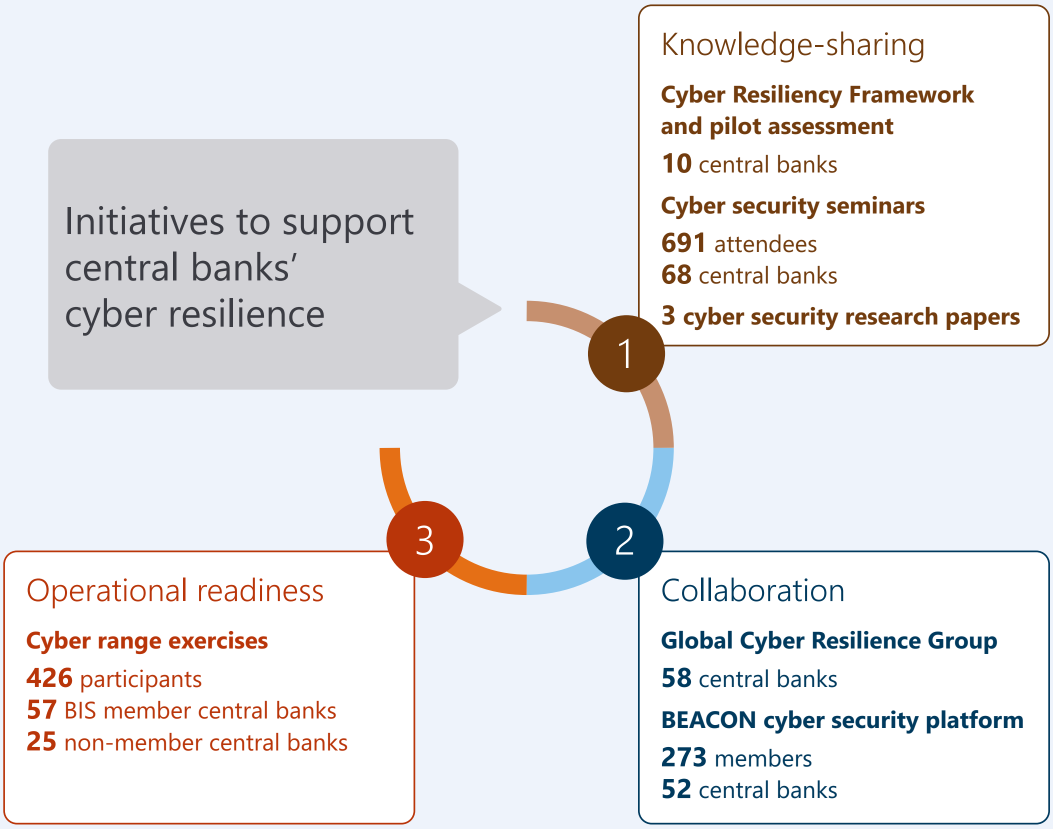
The CRCC holds an annual cyber security seminar as well as a variety of webinars and training sessions focused on cyber security. More recently, it has developed the Cyber Resiliency Framework and Benchmark for central banks. To date, 10 central banks have completed the assessment.

The CRCC supports central bank security practitioners through the Global Cyber Resilience Group (GCRG) and by hosting a secure online platform for collaboration and information-sharing. The GCRG meets twice a year to discuss emerging topics related to cyber security and resilience. In addition, monthly webinars provide technical experts with in-depth knowledge on topics ranging from attacker techniques, software reverse engineering and AI risks.

The CRCC holds regular cyber range exercises – immersive activities where security professionals can practise and develop key skills required to defend networks. The virtual environment simulates central bank networks, including payment systems and processes. The central bank community's security teams have gained hands-on experience, and their organisations are better able to respond should cyber incidents unfold.

Key Cyber Resilience Coordination Centre initiatives

Graph 1.8



Source: BIS.

2 Banking services

In terms of banking activities, Innovation BIS 2025 sought to address challenges related to the rapid evolution of the technological landscape, changes in central bank demands for services and the post-GFC macroeconomic and financial environment.

To ensure the Bank's continued financial strength and to modernise services provided to central banks, workstreams were developed to adapt the BIS banking business model. To support ongoing profitability in the context of an expected low interest rate environment, it was essential to:

- increase the volume of our activities, in part by recalibrating the Bank's conservative financial risk management strategy
- adopt better technology and streamline processes to accelerate development of new products to meet central bank needs
- further diversify the Bank's assets.

Significant investment was required, largely in IT-related areas. The key goal was to reduce time to market by following a more agile approach to development and risk assessment. At the same time, trading hours were extended to provide broader regional and time coverage.

Supporting investment strategy

Since the start of Innovation BIS 2025, the Banking department has launched a series of initiatives to increase the attractiveness of its services to the central banking community. The Bank's strong financial performance metrics (see chapters 4 and 8) are a clear validation of the successful implementation of the new strategic approach.

This strong performance was driven by major advances in three areas:

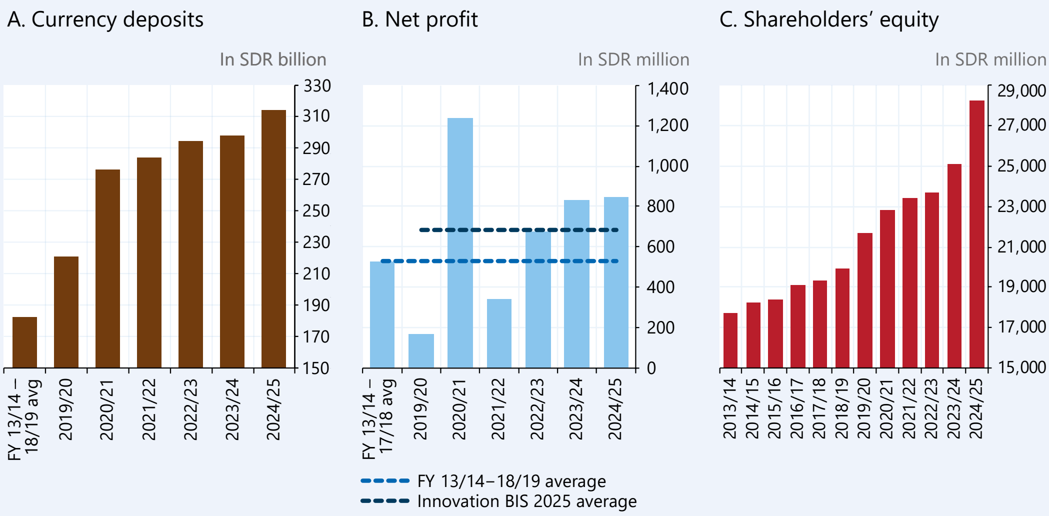
- **Becoming more adaptive to customer needs.** With the establishment of trading facilities in the Representative Office for the Americas in Mexico in May 2020, the BIS now offers its customers near 24-hour trading five days a week across the three BIS office locations.

- **Expanding the range of products.** The establishment of a dedicated cross-departmental unit has enabled a steady stream of new customer products and the introduction of new liquidity facilities. Closer collaboration with customers, including through the establishment of dedicated advisory groups, has also aided new product development.

- **Strategic changes in the investment strategy to broaden the Bank's return drivers.** In the own funds portfolio, expanding the set of investable asset classes has helped to increase diversification and enhance the resilience of the portfolio. Since the start of the strategy, this has resulted in accumulated own funds returns of almost SDR 1.7 billion, 28% of which are attributable to diversifying exposures and related factors. In the Treasury business, the combination of better customer services, a broader product offering and more competitive pricing has helped drive strong deposit growth. From a starting level of about SDR 200 billion in average currency deposits at the beginning of Innovation BIS 2025, currency deposit volumes rose to a level of around SDR 314 billion by the end of the strategy (see Graph 1.9.A, Chapter 4). This has resulted in an added return of about SDR 1.1 billion, of which about 80% is attributable to higher deposit volumes and the remainder to increased margins. In conjunction with the stronger returns on the own funds portfolio, this has driven a substantial increase in profits relative to the average before the start of Innovation BIS 2025 (Graph 1.9.B).

The BIS's healthy profitability over the course of Innovation BIS 2025 has delivered financial rewards to its shareholders. The value of the Bank's equity increased by over 40%, from SDR 19.9 billion at the start of 2019/20 to SDR 28.3 billion at the end of 2024/25 (Graph 1.9.C). Alongside this significant growth in equity, the Bank continued to grow its dividend, and paid a supplementary dividend in 2023/24 and 2024/25 following exceptionally strong net profits in those years.

BIS financial performance during Innovation BIS 2025 — Graph 1.9



Source: BIS.

Strategic modernisation of tools and platforms

To enhance customers' experience, facilitate efficiency gains and support stronger risk management practices, the BIS invested in a range of new tools and platforms. These investments fell within four main areas:

- **Foundational infrastructure to support greater automation, stronger data management and analytics.** In particular, the launch of a new big data platform supporting efficient data integration across on-site and cloud-based systems greatly bolstered analytical capabilities.

- **Tools to support front office systems.** The implementation of a new portfolio management system significantly enhanced trade execution as well as pre- and post-trade analytics in Asset Management.

- **The upgrade of customer-facing systems.** Key initiatives included the implementation of new systems for delivering customer reporting.

- **Initiatives to bolster risk management and compliance systems.** Real-time risk monitoring and the implementation of a new workflow management process enhanced the robustness of investment guideline implementation, reducing operational and compliance risks in third-party asset management.

3 Organisation-wide initiatives

Delivering the Bank's business strategy called for a working environment that was operationally resilient and efficient while also flexible and able to adapt as needs change. People and technology were identified as the key ingredients, supported by a culture of good work practices.

To this end, the Innovation BIS 2025 strategy addressed the need to:

- adjust the human resources framework to focus on a People Strategy, addressing existing challenges and creating an environment where staff are motivated and engaged while strengthening collaboration and the performance culture
- improve ways of working and the general functioning of the organisation by adjusting processes that were seen as inefficient or as bringing little value
- modernise the Bank's information technology capabilities and strengthen operational resilience.

As the strategy evolved, these initiatives were augmented through the establishment of interdepartmental working groups in areas such as environmental sustainability and artificial intelligence. These committees help inform an institution-wide response to emerging issues, leveraging cross-departmental synergies and ensuring that initiatives in each area are aligned with the organisation's high-level priorities.

People Strategy

To achieve the goals set out in the People Strategy, the BIS developed a set of initiatives that focused on:

- a new performance management system that would provide clearer signals to employees
- a new system of incentives, including rewards for performance
- transition planning to facilitate departures from the organisation where roles changed over time
- fostering of internal and external mobility as well as talent development and review programmes
- strategic workforce planning to develop a future picture of talent within the organisation, ensuring that the Bank retains flexibility in staffing and develops a more diverse population.

With the articulation and pursuit of these initiatives, Innovation BIS 2025 led to significant changes in the way the Bank manages its people.

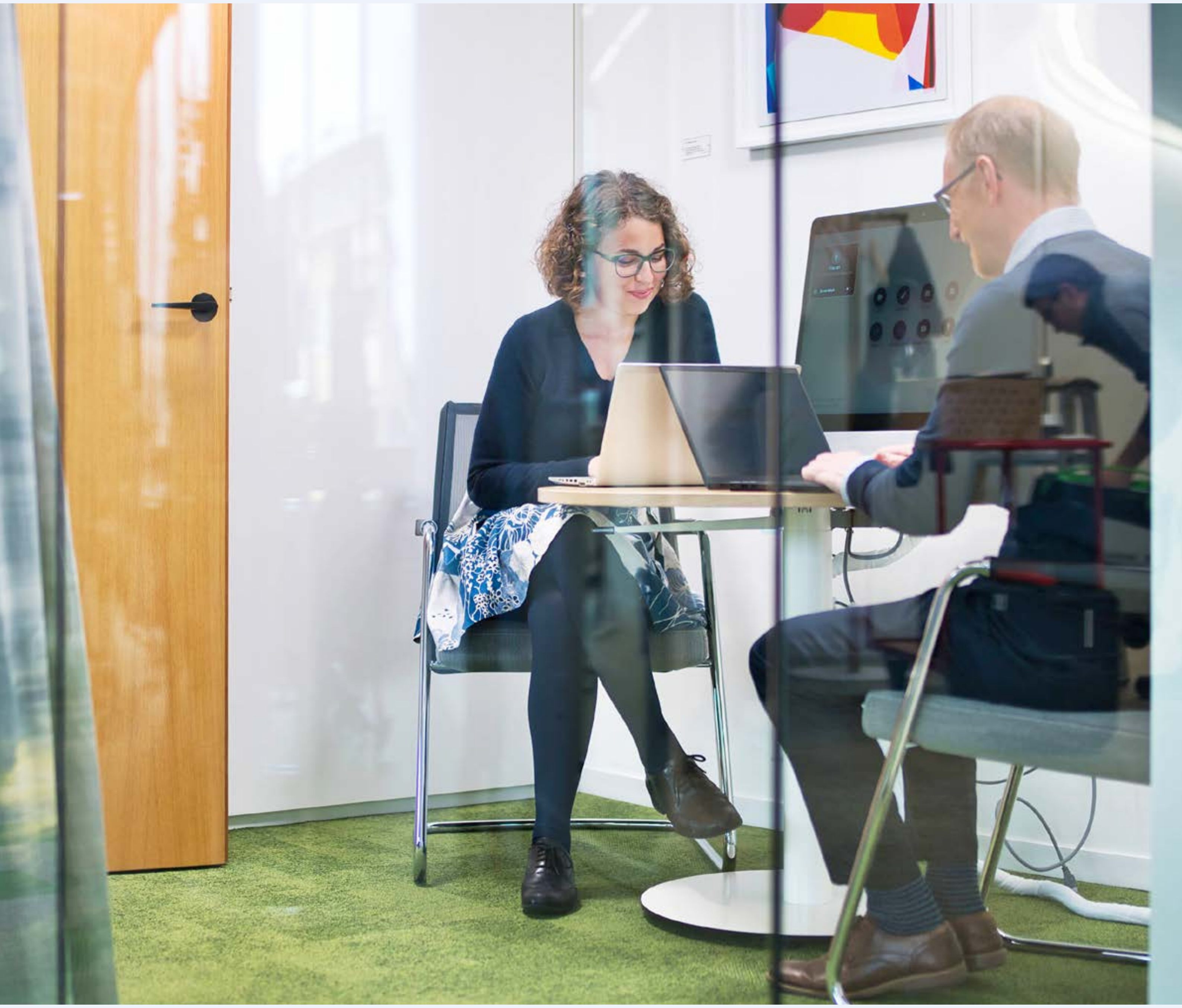
Included in the People Strategy were measures to help people upskill and manage their own career. Examples are new development programmes, including an e-learning platform, mentoring programmes and initiatives to develop the skills of emerging leaders. Meanwhile, the introduction of a safe and respectful workplace strategy helped reinforce the importance of a supportive workplace culture.

The accomplishments of the People Strategy have been numerous. The Bank has recorded significant improvements in key performance indicators. Performance now explains a larger portion of salary differences compared with tenure. Staff mobility has also risen and there has been an uptick in the use of career transitions. The Bank's e-learning platform has engaged over 300 unique users, accumulating 5,000 hours. More than 100 employees have participated in the Bank's mentoring programme, while all line managers have completed a 360-degree feedback process.

Major reallocation of positions to support strategic priorities

A key feature of the strategy was the reallocation of headcount to help offset the weight of new resources needed for the ambitious change programme.

Over the six years, the Bank had to respond to an accelerated pace of financial innovation, pressing issues related to climate change, heightened risks and the transformation of work practices brought about by the Covid-19 pandemic. In total, 111 new full-time equivalent positions were created in the course of the strategy. To accommodate this, 45 existing positions – equivalent to around 7% of the BIS's total workforce – were eliminated and repurposed towards higher-value activities, as was a significant part of the Bank's administrative budget.



Guided tour of the BIS tower, Basel, July 2024

Improving the way we work

Initiatives in this focus area aimed to expand the Bank's flexibility and adaptability, while supporting efforts to eliminate silos and identify bank-wide solutions to emerging issues.

Numerous bank-wide initiatives helped to cut back on bureaucracy and enhance organisational efficiency. Committee structures for IT and operational risk were simplified and their reporting lines clarified. Meanwhile, Bank-wide strategies for inclusion and environmental sustainability were established, supported by effective governance and ongoing reporting.

As Innovation BIS 2025 evolved, a new programme to introduce the three lines of defence model for operational risk was added to the agenda. This recognised the need for risk management activities to keep pace with the greater than expected volume and complexity of business generated by the strategy. A Bank-wide framework was developed to address 10 different risk categories and was fully implemented by the end of the strategy.

The evolving nature and scope of activities also called for a change in the way the Bank communicated with its external and internal stakeholders. New strategic priorities for the Bank's communications were developed, aiming to position the BIS as an influential voice on global economic and financial issues, enhance trust with internal and external stakeholders, and deepen collaboration among areas of the BIS. The Bank reorganised its Communications unit to bolster its digital content capabilities, refocus its engagement with other business areas and enhance its agility, enabling it to redeploy resources to meet strategic needs.

New platforms for the delivery of IT support services, expense management, business travel and human resources reporting made it easier for users to access information and complete tasks without extensive back office paperwork.

Enhancing digital capabilities

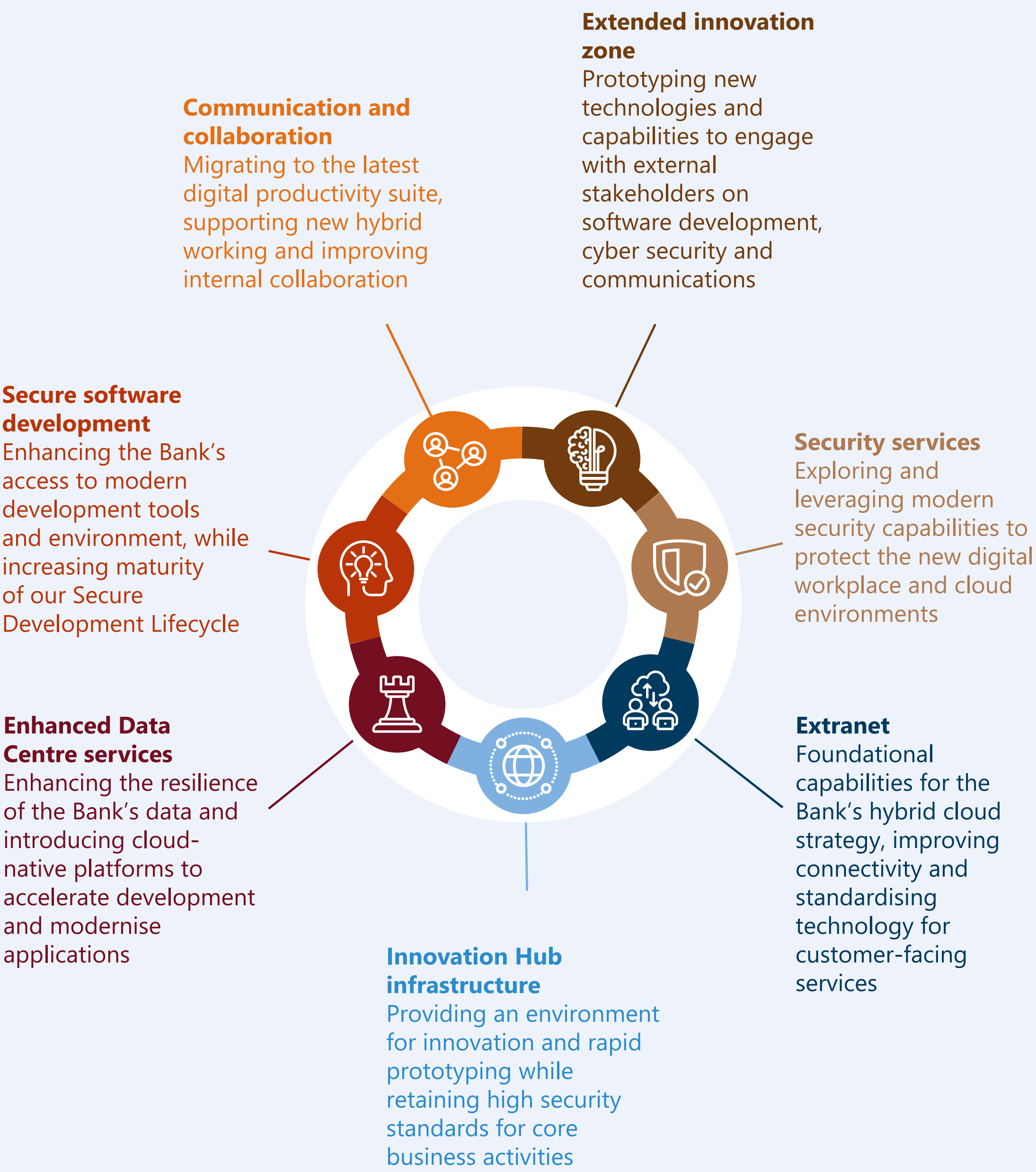
Modernising the Bank's digital capabilities and strengthening operational resilience was developed around five key themes:

- Keeping pace with advances in data and analytics by exploiting the benefits of new ways of processing and analysing data.
- Broadening internal and external collaboration by enhancing platforms used for secured data collection and dissemination of research and statistics.
- Digitalising banking activities to replace legacy systems and provide the necessary technology to support the evolution of banking operations, products and services.
- Enhancing cyber and operational resilience and aligning the BIS security posture with comparator best practices.
- Digitalising the workplace to ensure the Bank is able to quickly react and adapt to changing requirements, including improvements to digital meeting facilities and using the cloud for non-critical corporate services.

A number of cross-departmental activities were undertaken to prepare the Bank for the future (Graph 1.10). The broad range of initiatives has provided the Bank with a more secure and robust foundational infrastructure as well as expanded capabilities.

Expanded virtual meeting capabilities and new digital collaboration tools have helped strengthen internal and external engagement and supported new ways of working within the Bank.

Enhancing resilience and enabling a secure digital workplace — Graph 1.10



Source: BIS.

A changed organisation

The Innovation BIS 2025 strategy was a necessary step change for the Bank to ensure its ongoing relevance for the central banking community. This has challenged the organisation, particularly as the strategy continued apace throughout the difficult conditions imposed by the Covid-19 pandemic. In fact, the pandemic spurred the Bank to innovate faster than planned, digitalise processes and promote virtual collaboration and conferencing capabilities to accommodate remote work globally.

After six years of continuous activity and a CHF 67 million investment, the Innovation BIS 2025 strategy is now complete and its vision of "shaping the Bank for tomorrow" has been well and truly achieved. The BIS is now a very different institution. It has proven its ability to adapt and has delivered on a change agenda much beyond its initial ambition. Today, the BIS is more modern and forward-thinking, with a new blend of skills and capabilities that can be further leveraged to meet future challenges.

Innovation BIS 2025 was a holistic vision for the organisation and has been a collective endeavour, made successful by the strong commitment of the Bank's people. Through these efforts, the BIS customer offering has been broadened and recrafted to match the increasing sophistication of central banks and the array of challenges they confront. At the same time, the Bank's larger global footprint, expanded networks and new forms of collaboration have brought it closer to its stakeholders, underpinning the role of the organisation as a platform for innovation and knowledge-sharing.

However, one of the most fundamental aspects of the Bank's transformation has been in terms of mindset. The focus on innovation and the development of new capabilities has energised the institution and strengthened its sense of purpose. There is a clear understanding that the Bank cannot afford to languish if it is to remain relevant to its stakeholders. It must remain adaptive and forward-thinking. BIS core values have been reshaped around this and have provided incentives through the Bank's people practices.

With the winding down of the strategic programme, this mindset will become the enduring part of the strategy, helping the Bank to maintain a course of continual improvement as it strives to meet the future needs of its stakeholders.

2

In-depth analysis and insights

BIS research supports the pursuit of monetary and financial stability by providing our stakeholders with in-depth analysis and insights. The BIS does this by drawing on its unique position at the intersection of research and policy.

Economic research and analysis

BIS research and analysis provide conceptual and empirical advances in matters relevant to our shareholders and offer insights to support their policymaking.

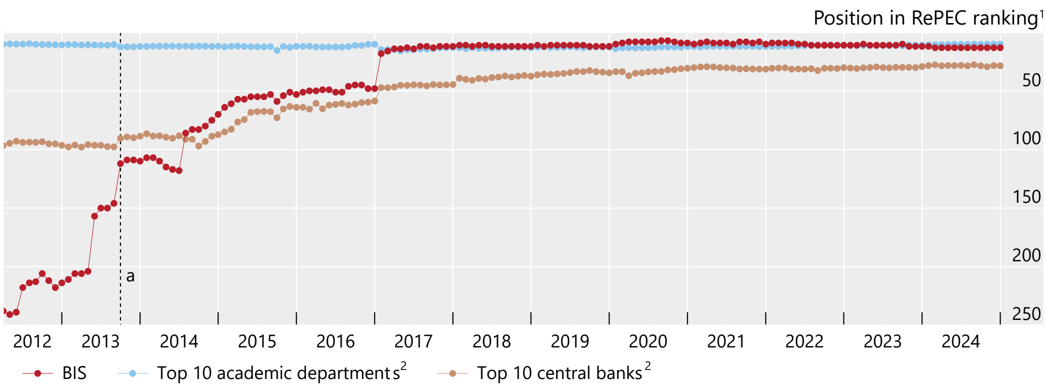
The advances made reflect the joint efforts of various areas of the Bank. Economic research and analysis are mainly carried out in the Monetary and Economic Department (MED), including its teams in the Representative Offices who lead research activities focused on themes of relevance to their respective regions. The Financial Stability Institute (FSI) conducts analysis that contributes to the design, dissemination and implementation of sound regulatory and supervisory practices globally. Chapter 3 reviews FSI papers in more detail.

Many of MED's research activities are conducted in cooperation with different areas of the Bank, and our people also collaborate externally with staff from member central banks and academic researchers. Beyond engaging in joint analytical projects, colleagues and researchers also interact with officials from central banks, supervisory agencies, international financial institutions and academia through conferences and networks.

Research findings and results from data exploration inform the notes that the Bank produces for regular meetings of senior central bank officials and the Basel-based committees. Insights from research and data analysis also contribute to the BIS's regular publications, including the BIS Annual Economic Report, Quarterly Review, BIS Bulletins and FSI series.

Insights of a more technical and in-depth nature are presented in Working Papers and published in peer-reviewed journals. In 2024, the BIS further consolidated its intellectual leadership in the delivery of cutting-edge research in core areas, maintaining its leading position in the global ranking of research institutions of RePEc (Research Papers in Economics) (Graph 2.1).

BIS ranking among top academic departments and central banks — Graph 2.1



[a] Change of methodology: since (before) September 2013, the ranking is based on last 10 (all) years' publications.
[1] Aggregate rankings are based on more than 30 criteria related to the institutions' number of works, citation metrics, access statistics (abstract views, downloads) and others.
[2] Average ranking for top 10 academic departments (central banks) as ranked in December 2024.
Source: IDEAS/RePEc rankings.

BIS publications

2024/25

Research at the BIS contributes to policy discussions on topical financial and economic issues.

Flagship publications

Quarterly Review
61,350
Examines developments in international banking and financial markets

Annual Economic Report
84,010
Presents commentary on the global economy and outlines policy challenges

Other publications

76 **Working Papers**
253,452
Offer insights into key economic and financial developments

14 **BIS Bulletins**
90,706
Provide insights on current events in banking, markets and the larger economy

43 **Committee publications**
455,450
Provide background analysis and policy recommendations

5 **BIS Innovation Hub publications**
33,438
Deal with critical trends in technology-driven innovation in financial services

9 **FSI Insights**
80,440
Compare range of regulatory and supervisory approaches

4 **Other FSI policy publications**
29,701
Focus on regulatory and supervisory subjects of topical interest

11 **BIS Papers**
177,794
Facilitate discussions of senior officials from central banks held at the BIS

5 **FSI Executive Summaries**
14,855
Provide brief synopses of new and revised global financial regulatory standards

Highlights 2024/25

Research in the year under review took place against a dynamic environment. While moderating economic growth and inflation converging to targets allowed many central banks to progressively ease policy, headwinds mounted against a backdrop of heightened uncertainty about the global outlook.

Policy unpredictability, elevated economic trade uncertainty and geopolitical shifts have added to the challenges facing policymakers, raising the odds that tail risks will materialise and the difficulty in predicting outcomes.

Financial markets were initially buoyant but eventually adopted a cautious approach, reacting quickly to news of restrictions on migration, trade and financial flows. Financial conditions tightened in reaction to high long-term bond yields, although uncertainty and diverging economic developments pulled them in different directions across markets and jurisdictions. Financial vulnerabilities did not change materially but possible triggers moved closer. As interest rates remain higher for longer, financial stability risks emerged prominently from high leverage and low liquidity of non-bank financial intermediaries and generally high debt burdens amid slowing growth.

Technological innovation also continued to challenge financial markets and the monetary system during the reporting period through the expansion of fintech and big tech firms into financial services, the spread of cryptoassets and decentralised finance, and further development of new forms of digital money. Most notable was the acceleration in the adoption of artificial intelligence (AI), which has the potential to change financial market strategies, supervisory practices and crisis prediction.

In the past year, our research and analysis offered tools and novel insights on the relevance of these developments.

A first area of research focused on the effectiveness of a tight monetary policy stance in bringing inflation durably back to target, despite the considerable resilience of labour, financial and housing markets. Analysis also examined the drivers and impact of the recent rise in long-term yields, the challenges arising for financial intermediaries' funding and lending, and the shifting composition of government bond holdings in the face of shrinking central bank balance sheets. In addition, it sought to explore the concerns around monetary-fiscal policy interactions arising from losses on central bank balance sheets and weak fiscal positions, and the consequences of long-term structural changes for monetary policy frameworks.

A second research area covered the implications of fragmentation and geopolitical tensions for global supply chains, trade volumes, international bilateral flows and the strength of the US dollar. The analysis also focused on other long-term structural factors affecting economic activity at the global level, such as climate change and extreme weather events, and the role of financial markets in mitigating associated risks.

The evolving landscape of financial intermediation, including the role of banks and non-banks, their funding challenges and the risks for financial stability and scope for bank regulation, was another focus area. In addition, research addressed the causes and implications of the rise of private credit, the drivers of the joint strain at banks and non-banks and, more generally, the ability of central banks to forecast episodes of financial stress.

Regarding technological innovation, analysis was devoted to the growth in cryptocurrencies and distributed ledgers, with an emphasis on the links between crypto ecosystems and the financial system. BIS research sought to deepen knowledge on tokenisation and explore aspects of a unified ledger and how to practically implement it as part of a blueprint for the future of the monetary system. Attention was also devoted to the rapid advances in retail fast payment systems and how these compare with digital cash initiatives. Another area of special focus was the rapid growth in the use of AI and the implications for the financial system and the economy at large.

The rest of this chapter highlights the most relevant findings of BIS research and analysis on these key areas in the financial year up to end-March 2025. It also covers the Bank's advances in its analytical capacity through active participation in conferences, the organisation of joint events with other institutions and visiting research programmes.

Meet our people

Phurichai

As an economist, I provide analysis and insights to support central banks in making policy decisions. A key part of my role is preparing background notes for the bimonthly Global Economy Meetings of central bank governors. Recent notes have covered topics ranging from productivity to financial conditions and labour market dynamics. Last year, I also helped shape the BIS's assessment of the global economic outlook and key policy challenges as an author of the Annual Economic Report. Beyond this, I collaborate with colleagues within and outside the BIS on frontier research in monetary policy, macroeconomics and financial stability. I feel privileged to work alongside and learn from leading experts every day. Above all, I am proud to be part of an organisation dedicated to serving the public good.

Inflation and the tightening cycle

The limited decline of inflation towards targets over the year highlighted the need to understand **how tighter monetary policy transmits to the economy**. Inflation had been falling amid unusual circumstances. On the one hand, labour markets remained strong and unemployment low, if not outright falling in several economies, even as monetary policy was progressively tightened. Yet wage growth did not flare up despite the strength of labour markets. This reflected generally low productivity growth due to a combination of structural factors, such as weak investment, ageing and trade fragmentation. On the other hand, house prices, while declining in some countries, have shown considerable resilience to the tightening cycle. This resilience is consistent with recent BIS research showing that the response of house prices to monetary policy is generally asymmetric. Specifically, house prices tend to be less sensitive to rate hikes but highly responsive to expansionary surprises.

A welcome but unexpected development during the recent tightening cycle has been the considerable resilience of EMEs in the face of rapid interest rate hikes in AEs. In the past, a steep monetary policy tightening in major AEs would usher in financial turmoil in EMEs – especially the highly indebted ones or those where governments, firms or households would hold large amounts of foreign currency debt. This time was different. A combination of judicious policies, prudential frameworks and favourable shocks has enabled EMEs to absorb higher global interest rates with no major accidents.

Another feature of the recent tightening cycle was a relatively muted **rise in long-term bond yields**. This occurred in combination with the plateauing and eventual decline in the size of central banks' balance sheets and brought renewed attention to the functioning of government bond markets. BIS research investigated the drivers behind government bond yields, showing that in the United States a tightening of monetary policy leads to limited and temporary increases of longer-dated Treasury yields, which stands in contrast to the experience before the Great Financial Crisis. In the United Kingdom, government bond yields typically increase shortly before macroeconomic announcements, due to increased term premia and dealers' inventory management.

Analysis on the impact of investor composition in government bond markets showed that private non-bank investors absorb disproportionately more debt supply than others. Based on estimates of the elasticity of demand of various sectors to long-term yields, a hypothetical reduction of around $125 billion in the central bank balance sheet projected a raise in long-term bond yields by 10 basis points. In addition, BIS research indicated the presence of constraints on intermediation capacity in government bond markets, as reflected by negative swap spreads. These spreads represent an arbitrage opportunity and should therefore be quickly brought back to zero. The presence of negative spreads reflect intermediation costs and the need to compensate intermediaries for holding government bonds on their balance sheets.

Our research additionally showed that expanding the scope of centrally cleared transactions may alleviate market dysfunction risks by freeing up the balance sheet of dealers. Moreover, a well designed central counterparty (CCP) auction could lower default losses and better align incentives of CCPs and participating members.

The global tightening cycle has also posed **challenges to financial intermediaries' funding and lending and to financial stability**. Amid surging financial market volatility in August 2024, the unwinding of leveraged trades, particularly carry trades, coincided with a sell-off across global assets and amplified the initial reaction to negative macro news. BIS International Banking Statistics hint at possible carry trade activity, pointing to a sustained rise in on-balance sheet borrowing denominated in Japanese yen. Among financial instruments more likely to be involved in carry trades, foreign exchange (FX) derivatives with yen on one side have grown remarkably. These developments underscore the inherently global nature of financial conditions, with FX swap markets playing a key role as conduits for international transmission.

Meanwhile, weak fiscal positions and potential losses on central bank balance sheets, stemming from measures taken to support the economy during times of crisis, have heightened concerns regarding **monetary-fiscal policy interactions**. While negative capital equity positions per se do not constitute an obstacle to central banks delivering on their mandates, BIS research examined the limits of fiat money and the importance of fiscal backing, emphasising the crucial need to maintain trust in money.

Beyond the issue of fiscal backing to central banks, monetary and fiscal policy interactions have been studied along three dimensions. First, looking at cross-border bank lending, the negative effect of monetary policy tightening is typically larger under a tight fiscal stance. The interaction is significantly stronger for US monetary policy and US dollar-denominated bank lending. Second, the domestic natural rate typically increases with the stock of public debt when agents in the economy are heterogeneous. This forces the central bank to adapt its monetary policy rule to the fiscal stance to guarantee that inflation remains at its target. Finally, expansionary fiscal policy has been found to feed into household inflation expectations. Households that adjust their inflation expectations in reaction to news about fiscal policy do so to a larger extent than for news about monetary policy.

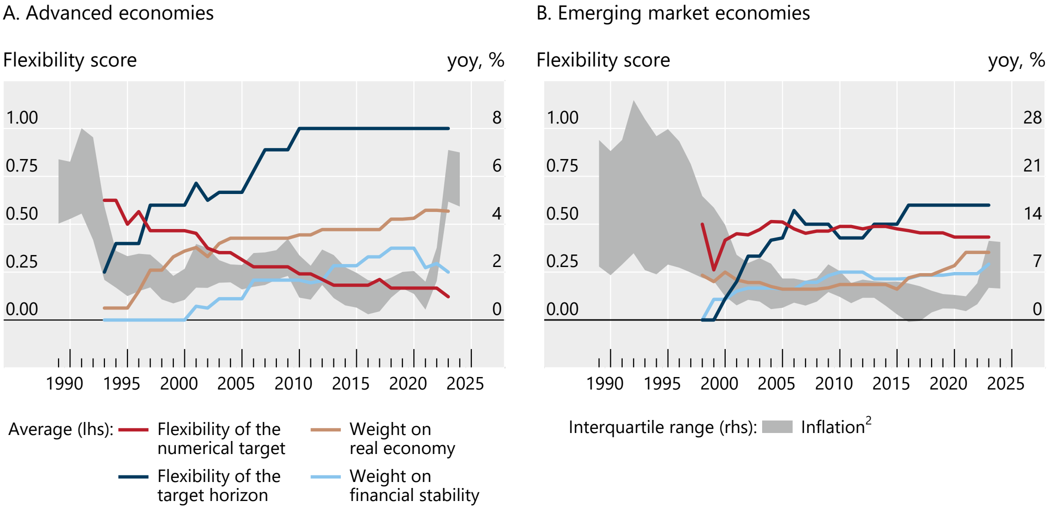
The unusual combination of shocks that led to the large post-Covid inflation surge, the resilience of the global economy to the global tightening cycle and the presumption that interest rates could be permanently higher in the long run has prompted research on **central banks' monetary policy frameworks**.

BIS research documented that inflation targeting regimes have evolved over time (Graph 2.2). Although numerical targets have become stricter, central banks now have more flexibility over the target horizon and place larger weight on other objectives. Overall, flexible inflation targeting regimes have been successful. Although at times it has proved difficult for central banks to deliver on point targets, inflation targeting has helped hardwire price stability. In the case of EMEs, the adoption of inflation targeting has been associated not only with lower mean inflation but also with a lower frequency of high-inflation episodes.

Examining the toolkit of central banks embedded in their monetary policy frameworks, BIS research shows that policy rules that respond more to demand- than supply-driven inflation generally perform well in normal times.

Yet, the non-linear relationship between inflation and output gaps requires a strong reaction to excessive inflation volatility, even when driven by supply factors. A series of supply-side factors, including geopolitical disruptions, climate change, green transition and increasing market concentration have contributed to raise the incidence of supply-driven inflation, challenging price stability and limiting the scope for central banks to "look through" supply shocks.

Inflation target flexibility over time[1] Graph 2.2



[1] The flexibility score ranges from 0 (least flexible) to 1 (most flexible); the series begin when each group includes at least four central banks.
[2] Ten-year moving average.

Source: C Borio and M Chavaz, "Moving targets? Inflation targeting frameworks,1990–2025", *BIS Quarterly Review,* March 2025, pp 31–52.

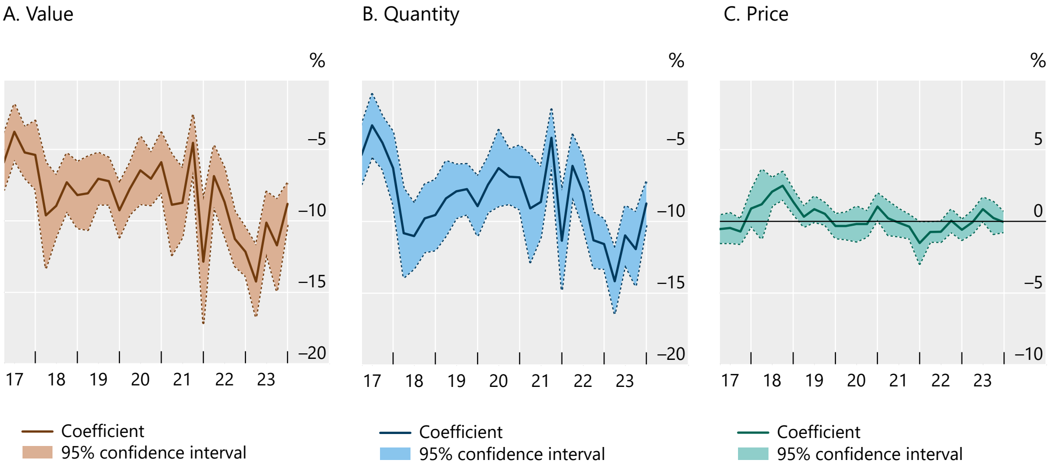
Finally, central banks cannot deliver on their mandates without sound communication to the public, especially considering the aforementioned structural shifts. All these put a premium on simple, clear and careful communication with the public. News media play a crucial role in transmitting central banks' messages and help anchor inflation expectations.

Fragmentation, geopolitical tensions and climate change

As fragmentation and geopolitical tensions have come to the fore, their impacts on international trade have become clearer, with important implications for finance and financial stability. Greater geopolitical tensions tend to be accompanied by a fall in trade values. The declines in trade have been greater between geopolitically distant countries and were driven by declines in actual quantities, whereas prices have been less affected (Graph 2.3). These tensions also amplify the international transmission of monetary policy.

The impact of geopolitical distance on trade

Graph 2.3



Source: H Qiu, D Xia and J Yetman, "The role of geopolitics in international trade", *BIS Working Papers*, no 1249, March 2025.

Geopolitical tensions can lead to a reallocation or diversion of trade flows, which brings its own financial implications. This can lead to a lengthening of global supply chains, as direct links between geopolitically distant countries get rerouted through other countries to create indirect links between them. While interfirm financial links can be stabilising, weak firms may transmit shocks to their trading partners, and longer chains are more vulnerable to weak links.

In spite of geopolitical tensions, research explored how the role of the dollar in international finance continues to be central. The dollar is linked to the risk appetite of international investors and drives flows to local currency bonds and equities in both advanced and emerging market economies. More broadly, research examined how exchange rates affect the asset allocation of global bond portfolio investors.

The strength of the dollar – and the financial channel of exchange rates generally – is particularly relevant for emerging markets. For instance, a strong dollar can affect Treasury market liquidity by limiting the market intermediation capacity of emerging market dealers. The sharp tightening of monetary policy globally since 2022 and associated dollar appreciation was expected to cause turmoil in emerging markets and put pressure on capital flows. However, judicious policymaking and prudential frameworks put emerging markets in a position of strength. The development of domestic financial systems was also key, providing local currency credit that could act as a substitute for declines in dollar credit.

Similar to fragmentation and geopolitical tensions, green transition and extreme weather events affect investment and real activity on a global scale. The financial sector is an important driver of the size and duration of the real effects of natural disasters through the extent of insurance coverage, and the availability of reinsurance is critical for the solvency of primary insurers. Different types of extreme weather events transmit differently to economic activity and inflation and require different monetary policy responses. Greater disclosure in banks' financial reports about environmental risks boosts capital reallocation towards green funds and fosters investment relocation towards environmentally friendly firms. In financial markets, investors can generate more impact without lower risk-adjusted returns by focusing on specific ESG (environmental, social and governance) themes such as emissions reduction. Ultimately, the transition towards net zero can potentially increase financial fragility, but likely not enough to offset other benefits.

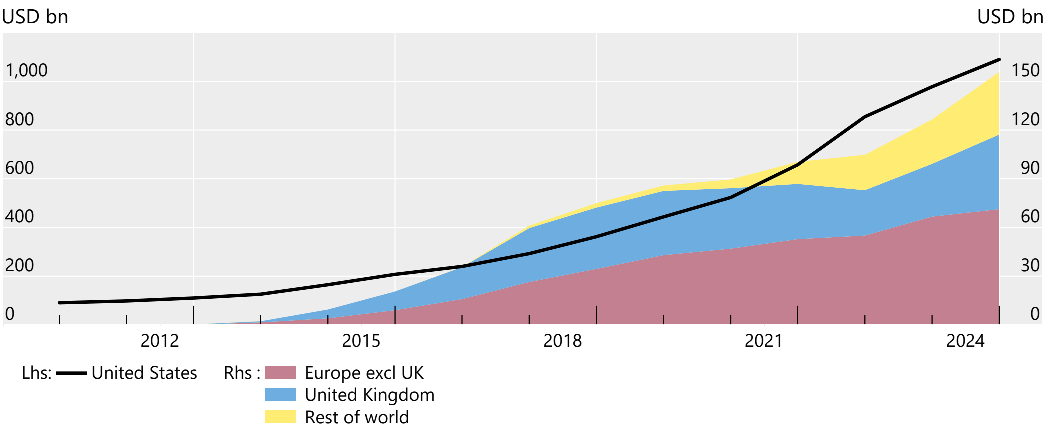
Financial intermediation: banks and non-banks

A medium-term focus of research over the past year has been the **evolving landscape of financial intermediaries**, including both banks and non-banks.

Attention was devoted to **banks' funding stability**, as well as their lending to the real economy and intermediation capacity in financial markets. BIS research showed that geographic diversification of banks' branch networks enhances funding stability, promoting liquidity creation and small business lending. Our analysis using a unique exogenous fiscal shock demonstrated that higher sovereign risk can reduce the net worth and lending of banks with substantial exposure to government bonds. In addition, it underscored that, when (dealer) banks' intermediation capacity is constrained, the cost of liquidity provision increases disproportionately relative to dealer-intermediated volume, due to a reduced elasticity of liquidity supply. Our researchers also examined the impact of bank regulation, showing that capital surcharges on systemically important banks lead to contractions among less profitable institutions near surcharge thresholds, while more profitable banks expand, raising concerns of concentration and tail risks.

Over the past decade, private markets have seen an exponential rise (Graph 2.4). BIS research examined **their drivers and implications** from a global perspective. The analysis showed that the footprint of private credit is larger in countries with lower policy rates, more stringent banking regulation and a less efficient banking sector. The gap between the cost of capital for banks and private credit has narrowed, suggesting that private credit growth stems partly from declining funding costs. Furthermore, private equity firms have facilitated traditional life insurers' transition to riskier asset classes, thereby maintaining profitability amid the low interest rate environment.

Private credit over time: lending has grown rapidly in many jurisdictions[1] Graph 2.4



[1] Total volume of outstanding direct and asset-based loans by region of the borrower.

Source: F Avalos, S Doerr and G Pinter, "The global drivers of private credit", *BIS Quarterly Review*, March 2025, pp 13–30.

BIS research has also studied the joint evolution of **strain at banks and non-banks**. When market pressure on banks intensifies, investment funds engaging in liquidity transformation face investor outflows. Outflows from open-ended corporate bond mutual funds also contribute to tightening market conditions when banks are already under high pressure. By contrast, exchange traded funds (ETFs) serve as a stabilising force due to their ability to attract investor inflows. Nonetheless, ETF trading demand can amplify price changes and introduce unhedgeable risks for ETF counterparties.

Researchers at the Bank have also enhanced the **ability to forecast financial stability risks**. Our analysis demonstrated that machine learning models can extract financial market signals in high-dimensional, non-linear processes. These models significantly improve the forecasts of tail risks and market dysfunctions in real time.

Technological innovation and financial intermediation

Over this past fiscal year, BIS researchers pushed the frontier of knowledge on **tokenisation and a unified ledger**. Tokenisation is the process of recording claims on real or financial assets that exist on a traditional ledger on a programmable platform. A unified ledger is a new type of financial market infrastructure that transforms the way intermediaries interact to serve end users.

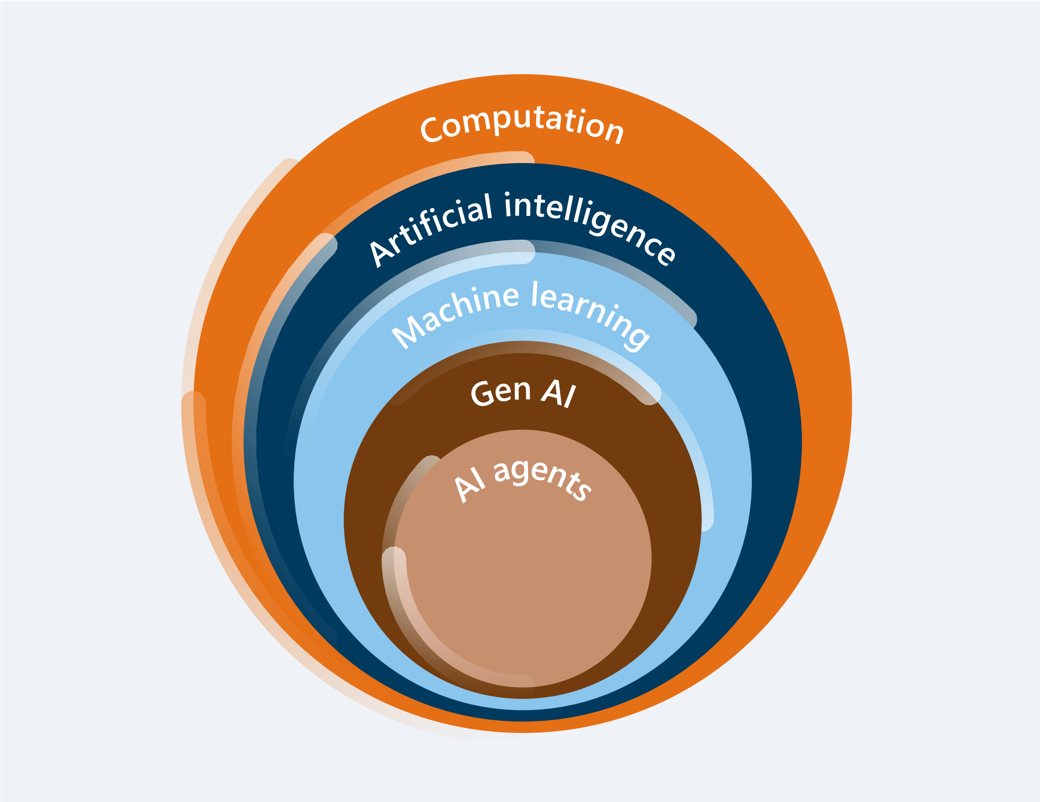
Following the blueprint for the future monetary system, set out previously in the *BIS Annual Economic Report 2023*, BIS researchers and projects laid out how a unified ledger could look in practice. By harnessing programmability, a unified ledger could improve existing processes with the seamless integration of transactions and enable new arrangements that are currently not practicable. This could expand the universe of possible economic outcomes. In this area, key BIS publications proposed the concept of the "finternet" as a vision for the future financial system, explained the tokenisation of correspondent banking and explored the promise of tokenisation in the context of money and other assets. Meanwhile, Project Agorá is putting these ideas into practice, as a concrete instance of a unified ledger applied to cross-border payments (see Chapter 5).

Over the year, the global economy has witnessed **rapid growth in the use of artificial intelligence** (AI) and machine learning – in particular large language models (LLMs), generative AI (gen AI) and AI agents. BIS research decoded different advances in AI (Graph 2.5) and their implications for the financial system and its regulation, labour markets and macroeconomic outcomes via changes in aggregate supply (productivity) and demand (consumption and investment).

Central banks are directly affected by AI, both in their role as stewards of monetary and financial stability and as users of AI tools. To address emerging challenges, they need to anticipate AI's effects and harness AI in their own operations. Data availability and data governance are key enabling factors for central banks' use of AI, and both rely on cooperation. Central banks need to foster a "community of practice" to share knowledge, data, best practices and AI tools.

Decoding advances in AI

Graph 2.5



Source: I Aldasoro, L Gambacorta, A Korinek, V Shreeti and M Stein, "Intelligent financial system: how AI is transforming finance", *BIS Working Papers*, no 1194, June 2024.

Beyond AI, BIS research has shed light on the rapid advances in **retail fast payment systems** (FPS) as a catalyst for adoption of digital finance apps. It has explored how they compare with digital cash initiatives and how digital payments affect informality and economic growth. A key insight is that central bank-operated FPS (eg Brazil's Pix, Costa Rica's SINPE Móvil) have seen significant uptake.

Similarly, amid growth in **cryptocurrencies and distributed ledgers**, BIS research has shed light on key questions on governance of money, showing when centralised rather than decentralised ledgers are optimal. It has also shown how monetary policy affects stablecoins, and how a small group of sophisticated investors provides liquidity on decentralised exchanges, emphasising the links between the crypto ecosystem and the financial system.

Statistical work and data analytics

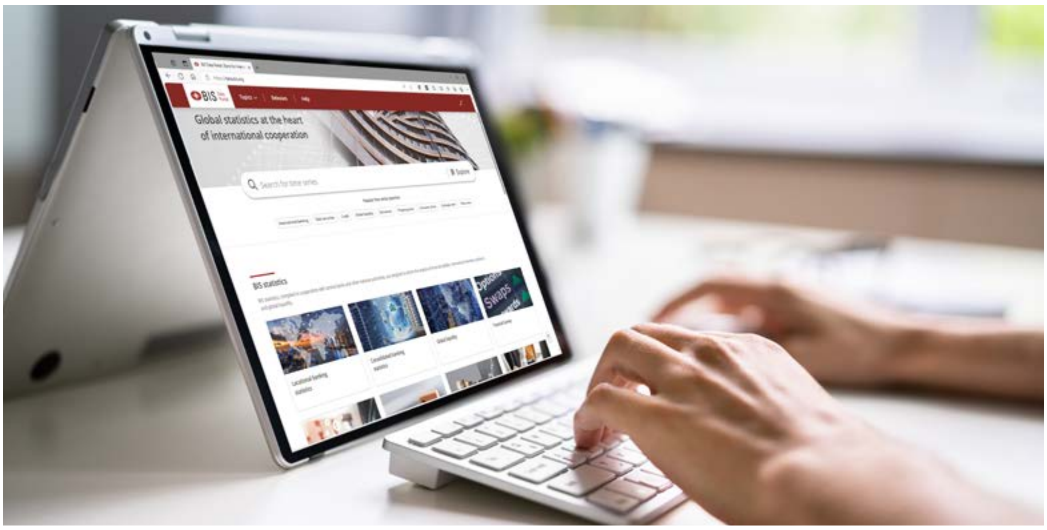
Over the past year, the BIS further enhanced its statistical offering, data analytics and collaboration tools, building on progress made under Innovation BIS 2025 (Chapter 1). These efforts continue to modernise BIS data services and increase the outreach and impact of BIS statistics through dissemination and communication.

Highlights 2024/25

Access to statistical resources continues to be improved after the launch of the **BIS Data Portal** two years ago. The Data Portal features an intuitive user interface, visualisation tools, downloadable data sets and interactive elements that improve accessibility for users. It also provides advanced tools for sharing statistics among the central banking community.

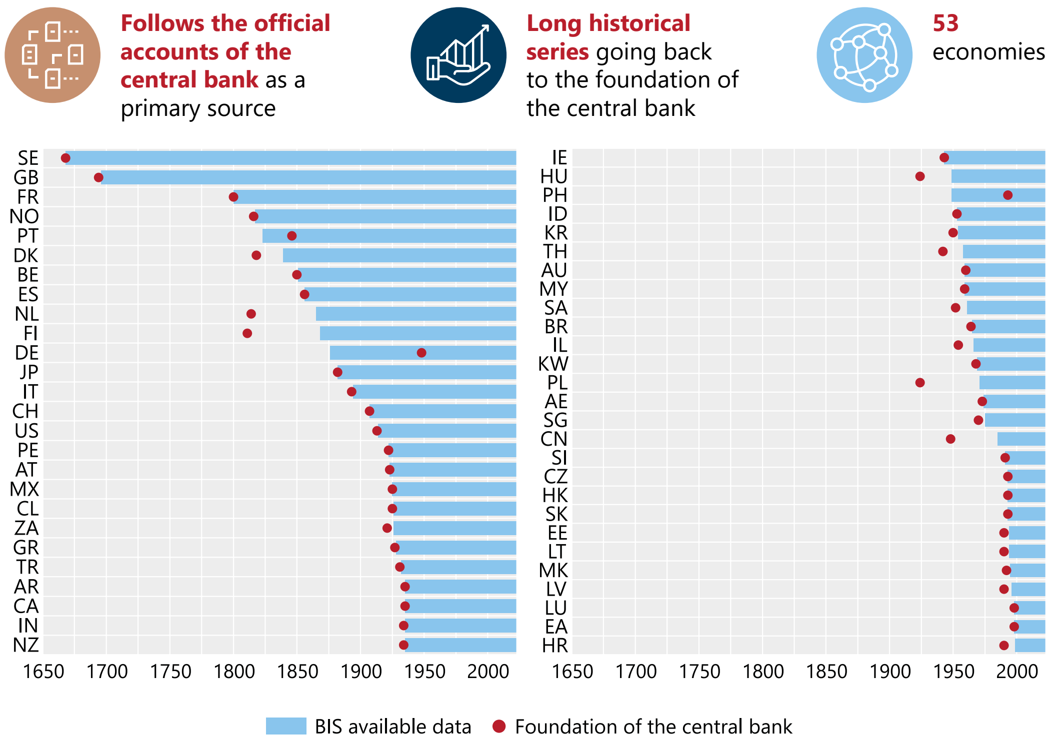
To promote **public data literacy** for BIS statistics, further progress has been made to extend the series "International finance through the lens of BIS statistics". The series aims to equip users with the knowledge needed to leverage BIS statistics disseminated on the Data Portal. Each article features accessible explanations of key concepts and their real-world applications. The five instalments published since March 2024 cover the topics of residence versus nationality, the use of currencies, bank exposures to country risk, banks' international operations and the international dimensions of domestic credit.

We also enhanced the **statistical offering** with long macroeconomic and financial statistics. In close collaboration with central banks and historians, notably the central bank network on historical monetary and financial statistics, the BIS released a new data set on central bank total assets for 53 advanced and emerging market economies (Graph 2.6). It offers a unique view of the evolution of central banks' balance sheets over the long run, often going back to the foundation of the central bank. It also complements the central bank policy rates data set, which now includes more economies and deeper historical coverage going back to the mid-20th century.



Expanded statistics on central bank total assets

Graph 2.6



Source: BIS central bank total assets.

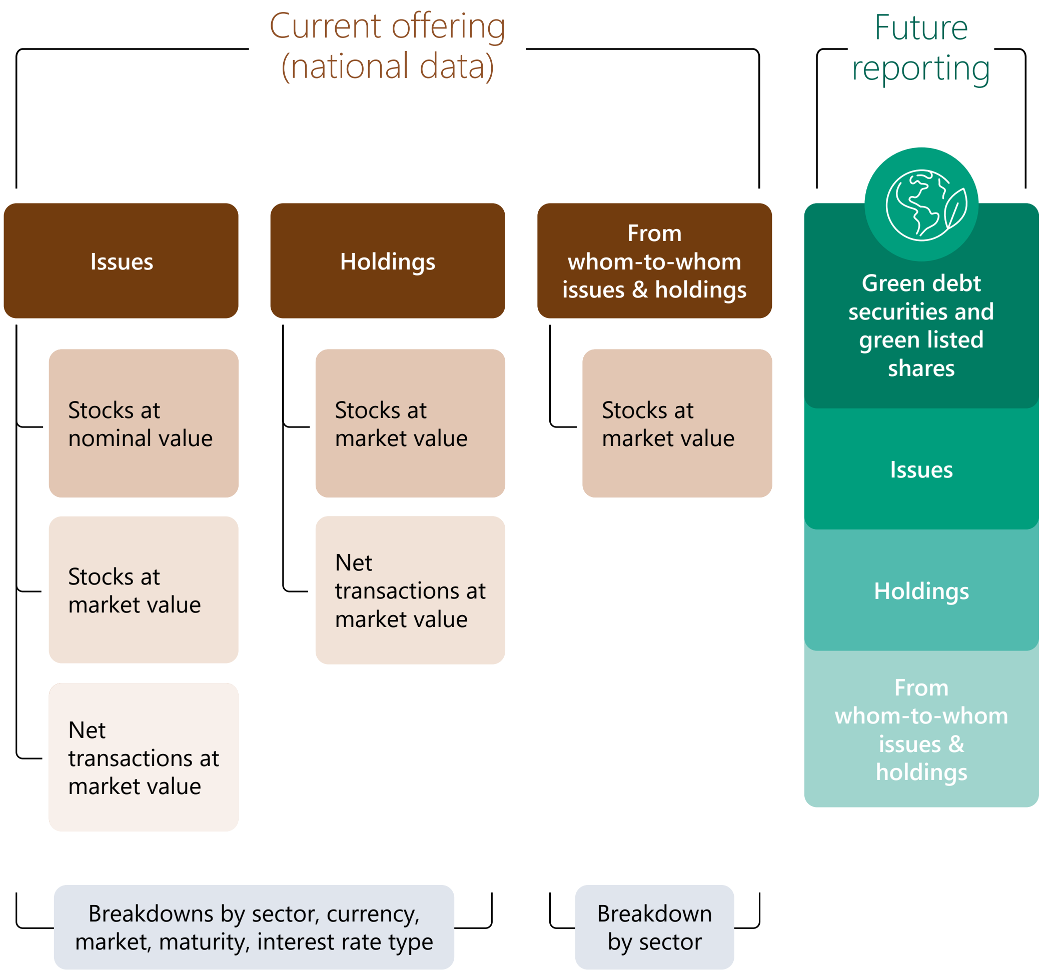
Over the past year, the release of the debt securities statistics collected as part of the **G20 Data Gaps Initiative 2 (DGI-2)** has been completed. The published statistics now feature harmonised country tables on debt issuance and on holdings of debt securities (Graph 2.7), including detailed from-whom-to-whom statistics. The collection comes with relevant breakdowns (by currency, sector, maturity, interest rate type, market etc) and is compiled in line with the Handbook on Securities Statistics. These additions enable a more comprehensive view of market developments within and across countries, supporting the monitoring of global financial stability and policy formulation.

In the context of the Data Gaps Initiative 3 (DGI-3), emerging themes include work on new statistics for **climate finance**. To support the production of data for the most urgent policy needs, the BIS, together with the International Monetary Fund, Financial Stability Board and Inter-Agency Group on Economic and Financial Statistics, has developed a workplan for the new Data Gaps Initiative. The BIS's involvement in measuring green debt securities and equity in the age of climate change reflects a need to continue to explore the interplay between sustainable finance and financial stability.

Work has started on the review and possible expansion of **over-the-counter (OTC) derivatives statistics** collected under the auspices of the Committee on the Global Financial System (CGFS). This effort would enhance the available statistics on dealer banks' outstanding FX positions with more information on currencies, the direction of trade and the country of their counterparties. These enhancements should provide considerable analytical value in the light of recent financial market developments.

BIS debt securities statistics – an overview

Graph 2.7



Source: BIS debt securities statistics.

The BIS has reached a major milestone in transforming its publication processes, with the successful deployment of **enhanced graphics**. A new system has been introduced to provide a centralised hub for managing and publishing the large array of graphics that are a core product of economic research for in-house analysis and dissemination. Key outcomes of the project include a user-friendly graphics creation tool, designed to facilitate efficient chart creation and modification.

Another notable accomplishment is the delivery of free, **open source software** supporting statistical data management and governance. An example of this is the Fusion Metadata Registry (FMR) Workbench, a statistical metadata maintenance application. By leveraging the strengths and capabilities of the Bank's internal tooling, the now publicly available FMR Workbench provides users with an interface for browsing and maintaining metadata. Official statistics producers can benefit from this software, as it enables them to efficiently manage and update their statistical metadata.

Meet our people

As an economist in the Monetary and Economics Department, I have the privilege of contributing to the institution's mission of fostering global monetary and financial stability. I am part of the International Data Hub, where I analyse unique data from large global banks to produce insightful reports for member supervisory agencies. My work involves addressing key policy topics that are crucial for the central bank community, such as monitoring systemic risks and assessing financial interlinkages. Before joining the International Data Hub team, I was a member of the Economics for the Americas team, based in Mexico, where I engaged in policy-related research and analysis. What I value most about working at the BIS is the collaborative environment that encourages continuous learning and innovation, as well as the opportunity to work alongside the world's top economists.

Investments in IT infrastructure play another pivotal role in amplifying the scope of the BIS's advanced analytics capabilities. At the core of this lies the empowerment of innovative statistics and research activities, particularly those driven by **artificial intelligence (AI)**. By leveraging the new infrastructure, the BIS can now focus on pioneering AI-centric initiatives such as central bank-specific LLM developments and large-scale textual analysis. Moreover, the integration of AI-driven coding assistance tools has accelerated data science and engineering tasks. To further complement these advancements, the new Data Lake for Statistics and Research is facilitating improved data processing, integration and standardisation.

The strategic adoption of the **SDMX standard**[1] serves as a pivotal component in this context. By embracing SDMX, the BIS has established a robust framework for facilitating data sharing, interoperability, reproducibility and discoverability. The BIS provides a suite of SDMX-related and other **public goods** on its BIS Open Tech platform, designed for sharing statistical and financial software, thereby promoting international cooperation and coordination.

1 The ISO-certified Statistical Data and Metadata eXchange (SDMX) standard is sponsored by eight international organisations, including the BIS. It is widely used by international organisations, central banks and national statistical offices to streamline data transmission and strengthen data production and dissemination.

Collaboration with central bank and academic researchers around the world

In 2024/25, the BIS reinforced its economic research and analysis capacity through active participation in conferences, the joint organisation of research and policy events with other central banks, international institutions and academia, and the establishment of various research visiting programmes.

Major BIS-led conferences:

- 50th Anniversary of the Basel Committee on Banking Supervision and 23rd International Conference of Banking Supervisors
- BIS-Bank of England-ECB-IMF Spillover conference on the ebb and flow of globalisation
- BIS Innovation Summit 2024: Navigating rapid innovation
- Fourth High-Level Conference on global risk, uncertainty and volatility
- BIS Basel Committee on Banking Supervision and Centre for Economic Policy Research conference on banks' liquidity in volatile macroeconomic and market environments
- 23rd BIS Annual Conference: Navigating uncharted waters: opportunities and risks for central banks
- BIS Committee on the Global Financial System-Bank of France conference on macroprudential policies to mitigate housing market risks
- Hong Kong Institute for Monetary and Financial Research (HKIMR)-BIS-IMF-ASEAN+3 Macroeconomic Research Office (AMRO) conference on safeguarding global financial stability in a new era
- WE_ARE_IN Macroeconomics and Finance Conference, co-organised with the Centre for Economic Policy Research, ECB and Bank of Spain
- Peterson Institute-BIS-World Trade Organization conference on geopolitics and international trade and finance
- Joint Resolution conference, co-organised by the BIS Financial Stability Institute (FSI), the Financial Stability Board (FSB) and the International Association of Deposit Insurers (IADI)
- Fourth Green Swan conference, co-organised by the BIS, the Bank of Japan, the Bank of Spain and the Network for Greening the Financial System
- Artificial Intelligence, Finance and Central Banking: Opportunities, Challenges, and Policy Responses, joint conference of the BIS, Financial Services Commission and the Bank of Korea
- Inaugural Chapultepec Conference, Mexico City

Seminars: 127 overall | 45 with speakers from top academic departments

BIS visiting researcher programmes

20 BIS Research Fellows	13 Central Bank Research Fellows	8 PhD Research Fellows	49 Technical Advisers	10 Senior Associates
9 Graduates	26 Seminar speakers	4 FSI Fellows	1 FSI Special Adviser	1 World Bank secondee

3

Promoting international cooperation

The BIS acts as a global forum for dialogue and cooperation among central banks and financial supervisory authorities from around the world.

A global forum for dialogue and cooperation

The BIS is committed to fostering international cooperation among central banks[2] and financial supervisory authorities from around the world, with a view to supporting their efforts to ensure monetary and financial stability. It also supports dialogue through its engagement with central bank committees and hosted organisations in the context of the Basel Process.

As part of this process, the BIS convenes high-level meetings of central bank Governors and financial supervisory authorities to foster dialogue and knowledge-sharing. These meetings are held at a global level in Basel and complemented by regional discussions through the Bank's Representative Offices for Asia and the Pacific and the Americas. The offices serve as centres for BIS activities in these regions and are uniquely positioned to address the needs of the central banks in those regions and anticipate the changes affecting them.

The Bank's Financial Stability Institute (FSI) assists central banks and financial regulatory and supervisory authorities worldwide in strengthening their financial systems by supporting the implementation of global regulatory standards and sound supervisory practices. It does so through policy work, knowledge-sharing activities and capacity building.

The BIS hosts and supports several international committees. These committees support central banks and other jurisdictional authorities responsible for financial stability by providing background analysis and policy recommendations. In addition, the BIS Cyber Resilience Coordination Centre supports central banks in building cyber resilience capabilities. International associations involved in cooperation in the area of financial stability have their secretariats at the BIS and have their own separate legal identity and governance structure.

[2] The access of the Central Bank of the Russian Federation to all BIS services, meetings and other BIS activities has been suspended since end-February 2022.

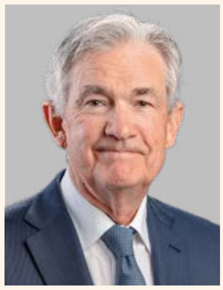
Governors' meetings

All Governors and other senior officials of BIS member central banks meet approximately six times a year to discuss current economic developments and the outlook for the world economy and financial markets. They also exchange views and experiences on issues of particular interest to central banks.

The three principal bimonthly global meetings are the Global Economy Meeting (GEM), the Economic Consultative Committee (ECC) and the All Governors' Meeting. In addition, the Bank's Representative Offices convene central bank Governors from their respective regions through the Asian Consultative Council (ACC) (see page 78) and the Consultative Council for the Americas (CCA) (see page 81).

Global Economy Meeting

The Global Economy Meeting (GEM) comprises 30 BIS member central bank Governors in major advanced and emerging market economies (EMEs) that jointly account for about four fifths of global GDP. The Governors of another 22 central banks attend the GEM as observers.



Jerome H Powell
Chair of the Global Economy Meeting and the Economic Consultative Committee

Chaired by Jerome Powell, Chair of the Board of Governors of the Federal Reserve System, the GEM has two main roles:

- monitoring and assessing developments, risks and opportunities in the world economy and the global financial system
- providing oversight for three Basel-based central bank committees – the Committee on the Global Financial System (CGFS), the BIS Committee on Payments and Market Infrastructures (CPMI) and the Markets Committee.

In 2024/25, the GEM's economic discussion focused on:

- the determinants and prospects of resilient EMEs
- housing costs, inflation and monetary policy
- productivity growth in the post-pandemic world
- commodity price fluctuations and monetary policy
- completing the post-pandemic soft landing
- financial conditions amid global divergence.

Economic Consultative Committee

The Economic Consultative Committee (ECC) is a 19-member group that supports the work of the GEM. It comprises all Governors participating in the BIS Board meeting and the BIS General Manager. The ECC reviews reports and work programmes of the three committees mentioned above and prepares proposals for the GEM's consideration. In addition, all Board members make recommendations to the GEM on the composition and organisation of the CGFS, the CPMI and the Markets Committee and the appointment of their Chairs.

In addition to the guidance provided to the work of the committees, in 2024/25 the ECC discussed the following topics:

- the end of synchronisation and the implications for monetary policy
- fiscal uncertainties, bond markets and monetary policy
- the use of and exit from unconventional monetary policies
- monetary policy in an uncertain environment.

All Governors' Meeting

The All Governors' Meeting comprises the Governors of the BIS member central banks and is chaired by the Chair of the BIS Board, François Villeroy de Galhau, Governor of the Bank of France. It convenes to discuss selected topics of general interest to its members. In 2024/25, topics discussed included:

- data in central banking
- reviews of monetary policy frameworks
- artificial intelligence and human capital and their challenges for central banks
- service export-led development and the world economy
- the Finternet and the future financial system.

François Villeroy de Galhau
Chair of the BIS Board of Directors and the All Governors' Meeting

By agreement with the GEM and the BIS Board, the All Governors' Meeting oversees the work of two groups that have a broader network or membership than the GEM. These are the Central Bank Governance Group (see page 93) and the Irving Fisher Committee on Central Bank Statistics (see page 94).

Other regular gatherings

The Group of Central Bank Governors and Heads of Supervision (GHOS) oversees the work of the Basel Committee on Banking Supervision (see page 85) and meets periodically to discuss global banking regulations. Chaired by Tiff Macklem, Governor of the Bank of Canada, the GHOS is the highest-level forum responsible for international collaboration on banking regulation and supervision.

Tiff Macklem
Chair of the Group of Central Bank Governors and Heads of Supervision

The central bank Governors of major EMEs typically meet three times a year to discuss issues of importance to their economies. The group is chaired by Eddie Yue, Chief Executive of the Hong Kong Monetary Authority. Topics covered during the past year included:

- environmental considerations and capital flows to EMEs
- the strength of monetary policy transmission in EMEs
- small and medium-sized enterprise financing.

Eddie Yue
Chair of the meeting of Governors of major emerging market economies

The BIS also holds regular meetings for the Governors of central banks from small open economies (SOEs). Discussion themes during the past year included:

- inflation developments and the monetary policy stance in SOEs
- recent changes in the macroeconomic outlook
- the outlook for SOEs amid higher uncertainty about global trade and geopolitical fragmentation
- inflation perceptions and expectations.

During the June 2024 Annual General Meeting in Basel and March 2025 bimonthly meetings in Cape Town, the BIS held roundtables of Governors from African central banks on inflation, monetary policy and economic and financial developments in Africa. In addition, various other meetings brought together senior central bank officials and, occasionally, representatives from other financial authorities, the private financial sector and the academic community to discuss topics of shared interest.

Bimonthly meetings in South Africa, 2025

François Villeroy de Galhau, Governor of the Bank of France; Lesetja Kganyago, Governor of the South African Reserve Bank; and BIS General Manager Agustín Carstens

All Governors' Meeting, South Africa, March 2025

Financial Stability Institute

The Financial Stability Institute (FSI) plays a key role in supporting the BIS's efforts to promote international cooperation in the area of financial stability. Its advisory board typically meets once per year. Specifically, the FSI's mandate is to support central banks and other financial authorities in the implementation of global regulatory standards and sound supervisory practices.

It delivers on this mandate through three core activities: policy work, policy events and training.

In addition, the work of the FSI has extended to specific initiatives which are part of the Bank's Innovation BIS 2025 strategy (see Chapter 1). The FSI has led initiatives with three main objectives:

- digitalising capacity-building activities
- knowledge-sharing in financial technology-related regulatory developments
- supporting authorities' efforts to enhance their tools for financial crisis management.

Highlights 2024/25

In 2024/25, the FSI developed several projects to support international cooperation and collaboration. Reflecting developments in the financial sector, policy work covered, among other things, various aspects of financial innovation and financial technology, liquidity risk for banks, crisis management and climate-related financial risks.

FSI regulatory session at the BIS Annual General Meeting, June 2024

Policy work

Publications

FSI policy work supports the design, dissemination and implementation of sound regulatory and supervisory policies worldwide. It produces various publication series covering several regulatory and supervisory issues, available on the FSI section of the BIS website.

In 2024/25, publications covered a range of topics. Several papers focused on issues related to financial technology, artificial intelligence (AI) and the role of tech firms in the financial sector. These papers covered ongoing suptech initiatives by financial authorities (jointly with the BIS Innovation Hub, based on a survey it had done), and the potential of supervisory technology (suptech) to enhance supervisory capabilities. It also explored the potential transformative impact of AI on the financial sector and the need for regulatory attention. When considering the role of tech firms, the FSI reviewed authorities' policy responses to the intensifying relationship between them and banks.

Various papers covered supervisory issues, such as the use of qualitative measures by supervisors and the interaction between microprudential and macroprudential buffers. Other papers discussed the management of liquidity risk in the banking sector, including in the light of the 2023 banking turmoil, by reviewing banks' operational readiness for central bank support and liquidity stress testing for banks.

Climate-related financial risk continued to feature among the topics of FSI publications. The FSI published three papers in this area, from different perspectives: the role of parametric insurance in helping to bridge the natural catastrophe risk (jointly with the International Association of Insurance Supervisors), the relationship between climate finance and prudential treatment and the role of reinsurance in risk adaptation and mitigation.

In addition, the FSI published a report describing the findings and recommendations from its cross-border banking crisis simulation exercise in Latin America as well as a study on the impact of macroprudential policies during the Covid-19 pandemic in sub-Saharan Africa.

Chapter 2 discusses some of the FSI publications.

Fintech repository

In 2024/25, the FSI promoted the availability of its Fintech Repository (FinRep) – an online tool providing centralised access to policy and regulatory documents on fintech – among contributing jurisdictions (see Chapter 1). As of March 2025, more than 1,000 policymakers and researchers used the portal. More than 5,000 fintech-related documents were included in the repository by the end of March 2025.

Crisis Simulation Exercises

The FSI successfully delivered a fifth cross-border Crisis Simulation Exercise (CSE) in February with nine financial authorities from four jurisdictions in North and West Africa. This exercise drew on the experience gained in earlier CSEs, covering Latin America in 2024, sub-Saharan Africa in 2023, Asia and the Pacific in 2022 and South America in 2021. To consolidate the lessons learned in the CSEs, the FSI also initiated a programme of follow-up workshops across regions, as all CSEs have the same objectives – to identify relevant enhancements to the domestic crisis management frameworks and possible improvements to cross-border cooperation arrangements.

Unidroit project on bank liquidation

The FSI has contributed to a joint project with the International Institute for the Unification of Private Law (UniDroit) on a bank liquidation framework, since its inception in 2021. Following a consultation in 2024, a legislative guide on bank liquidation will be published in the latter half of 2025, at the conclusion of the project.

Policy events

In 2024/25, almost 2,350 participants from more than 160 jurisdictions, from around 365 institutions attended FSI policy events. Topics covered included technology, digital assets, crisis management, supervisory issues, liquidity risk and financial inclusion.

The FSI regularly organises high-level meetings, usually in cooperation with the relevant standard-setting body (eg the Basel Committee or International Association of Insurance Supervisors) and regional partners. These meetings aim to provide the most senior officials from financial authorities a forum to discuss the latest regulatory developments and supervisory priorities. The FSI also offers policy implementation meetings addressed to managers and officials, where the discussion focuses on specific regulatory or supervisory topics.

As part of its regular programme of events, the FSI co-organised three conferences:

- on financial inclusion – focusing on fostering financial inclusion through open finance (co-hosted, in 2024, with the World Bank and Consultative Group to Assist the Poorest (CGAP))
- on securities markets (co-hosted with the International Organization of Securities Commissions (IOSCO))

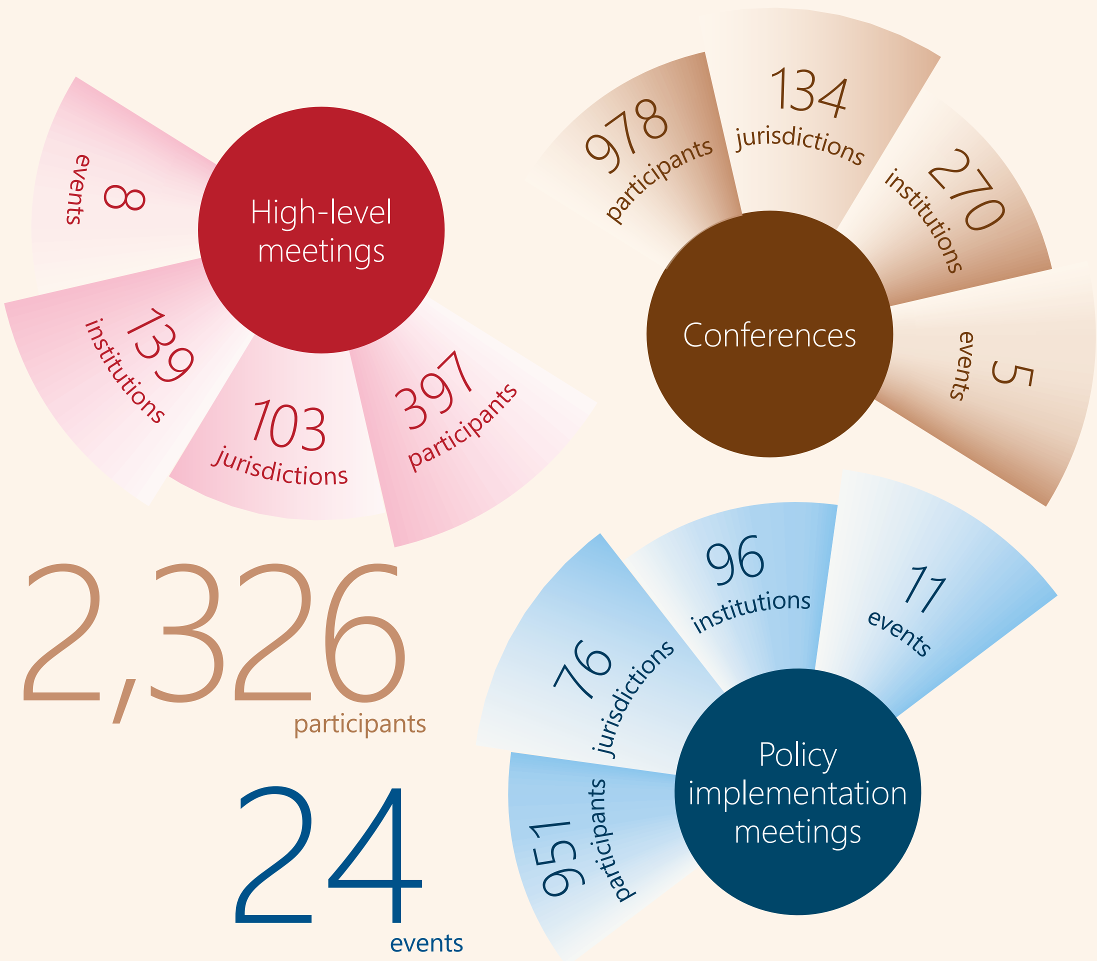
- on deposit insurance and bank resolution (co-hosted with the International Association of Deposit Insurers (IADI) and, in 2024, the Financial Stability Board (FSB)).

In addition, and given the increasing importance of financial technology and AI, the FSI contributed to senior policymakers' discussions on these topics on two occasions:

- a conference on the use of innovative technology in financial supervision (suptech), jointly with the Basel Committee on Banking Supervision (BCBS) and the BIS Innovation Hub (BISIH)
- as part of the BIS Annual General Meeting, a session focused on policy approaches to addressing risks posed by the use of AI in financial services.

In March 2025, the FSI also organised the fourth biannual symposium on capacity development, jointly with the International Monetary Fund. The symposium brings together providers and recipients of capacity development and technical assistance around the world. Its goal is to foster discussion on capacity development needs, current offerings, emerging approaches and effective techniques.

FSI policy events 2024/25



The BIS-IMF symposium on "The changing technological landscape in the financial sector: implications for capacity development", March 2025

Training

The FSI undertakes training activities to support the capacity-building objectives of financial authorities. Aimed at supervisors, the training offering comprises FSI Connect (e-learning platform), virtual seminars and online courses. Virtual seminars in 2024/25 covered topics such as Basel III implementation, stress testing, climate risk-related financial disclosure and financial technology.

FSI Connect

In 2024/25, the FSI celebrated 20 years since the launch of FSI Connect. In addition, the FSI Connect library of tutorials was enhanced by the addition of 12 new tutorials, 14 major updates and five Executive Summaries on a broad range of regulatory and supervisory topics, mostly relating to global regulatory standards. These tutorials covered topics such as risk-based supervision, core principles (for both banks and insurance companies), tokenisation, AI, crisis management, climate change and open finance. As of March 2025, 11,473 staff members from 286 institutions and 155 countries subscribed to FSI Connect.

In 2024/25, the FSI adopted new approaches to content delivery. In particular, it piloted e-learning products such as standalone videos on selected topics, notably the revised Basel Core Principles.

Meet our people

At the Financial Stability Institute (FSI), I manage FSI Connect, the BIS's e-learning tool for financial sector supervisors globally, and coordinate a roster of seven online courses, of which we run five per year. Digitalising FSI's capacity-building activities was a core contribution to the Innovation BIS 2025 strategy, enabling more colleagues from all corners of the globe to learn about key international standards and sound supervisory practices. My greatest satisfaction is seeing how our FSI Connect users and online course participants rise through the ranks. I'd like to think we helped to support their journey to where they are today. This would not be possible without the stellar team that I'm proud to be part of.

Online courses

The FSI has a suite of seven online courses, of which five are offered each year:

- the course on climate-related financial risks – the Climate and Environmental Risks Online Course (CEROC) – developed together with the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
- the BIS Financial Innovation and Technology courses (BIS-FIT 1.0 and 2.0), run together with other units of the BIS
- four other online courses on core aspects of banking supervision, fundamentals of insurance supervision, bank resolution and an advanced course on insurance supervision.

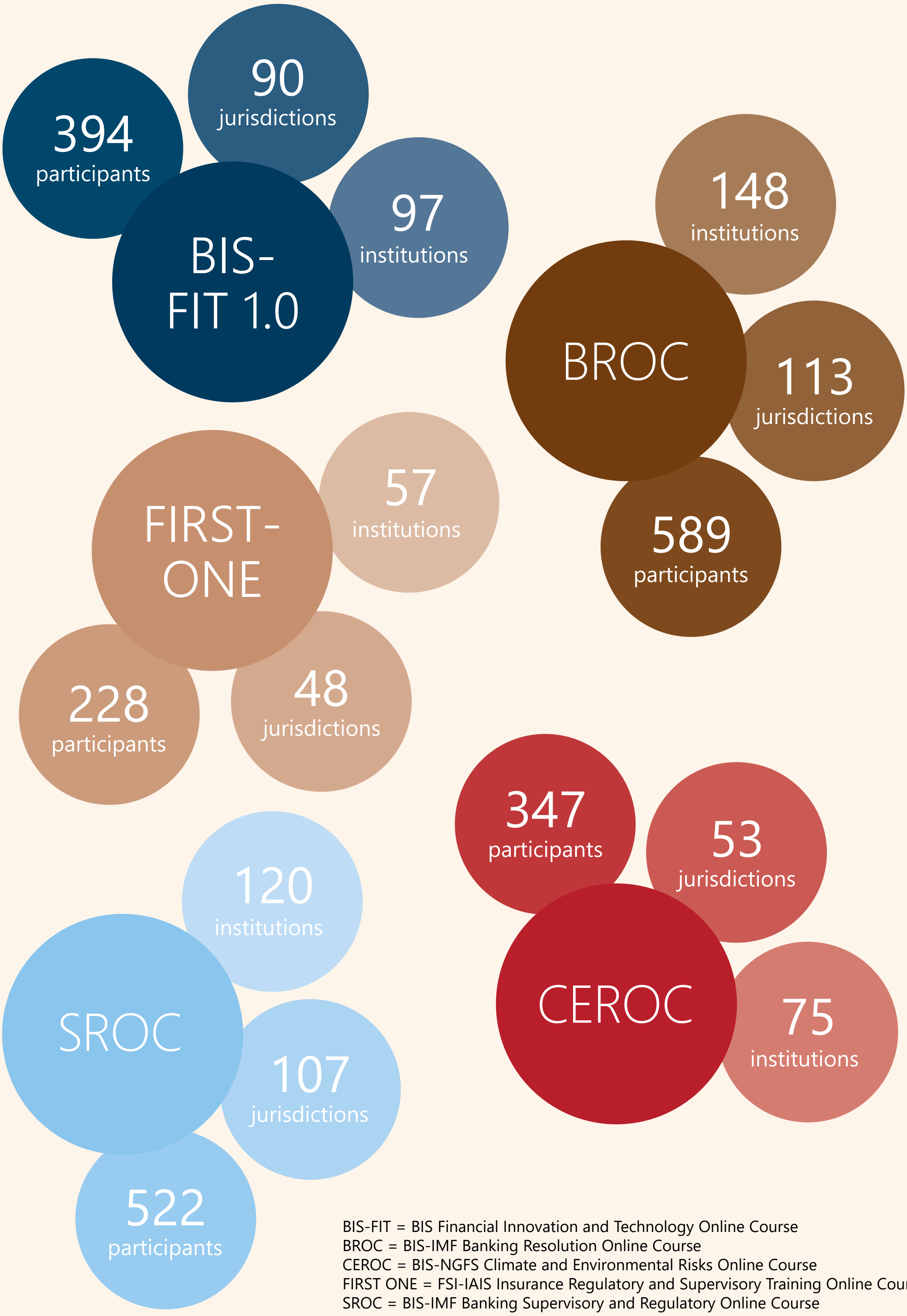
In addition, to meet demand from stakeholders, in September 2024 the FSI launched a new BIS virtual seminar on AI in finance. The three-week programme consisted of self-study material and seven live webinars.

Climate Training Alliance

Since 2022, the FSI has continued to develop the Climate Training Alliance portal, as part of a joint initiative by the BIS, the NGFS, the IAIS and the UN-convened Sustainable Insurance Forum (SIF). As of end-March 2025, 1,540 officials from 118 jurisdictions have access to the portal.

FSI online courses

As of March 2025, a total of 3,624 people participated in FSI training sessions (including 2,080 in online courses and 1,544 in virtual seminars) from 315 institutions across 170 jurisdictions.



BIS-FIT = BIS Financial Innovation and Technology Online Course
BROC = BIS-IMF Banking Resolution Online Course
CEROC = BIS-NGFS Climate and Environmental Risks Online Course
FIRST ONE = FSI-IAIS Insurance Regulatory and Supervisory Training Online Course
SROC = BIS-IMF Banking Supervisory and Regulatory Online Course

Representative Office for Asia and the Pacific

The BIS Representative Office for Asia and the Pacific, located in Hong Kong SAR, acts as a bridge between Asia-Pacific member central banks and monetary authorities and the broader BIS community. The Office supports the Asian Consultative Council (ACC), which brings together the Governors of 13 BIS member central banks in the region. It conducts outreach and stakeholder engagement activities, does economic and policy research and analysis, provides banking services and promotes innovation.

Highlights 2024/25

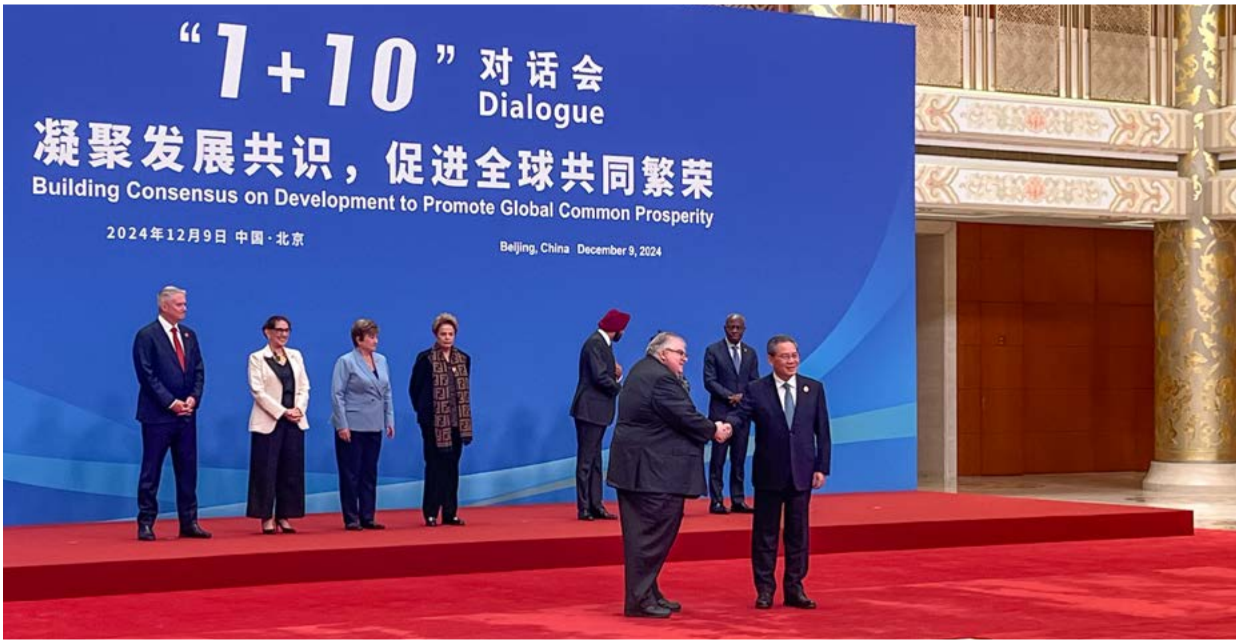
During 2024/25, the BIS Representative Office for Asia and the Pacific continued to enhance outreach, foster international cooperation and drive innovation.

The ACC met twice in the past year to discuss conjunctural and thematic issues as well as broader strategic initiatives. In September 2024, Nguyen Thi Hong, Governor of the State Bank of Vietnam, took over as ACC Chair, from Perry Warjiyo, Governor of Bank Indonesia.

Tao Zhang, Chief Representative of the Office for Asia and the Pacific, and Nguyen Thi Hong, Governor of the State Bank of Vietnam

Under the ACC umbrella, the BIS engaged with Asia-Pacific shareholders across several workstreams, ranging from reserve management and economic research to climate change, communications and risk management. The Office also provides secretariat support to meetings of central bank Governors of emerging market economies, working closely with the colleagues across the BIS.

The Office convened several events and participated in significant regional engagements in 2024/25. Notable high-level events included the BIS-Hong Kong Monetary Authority International Financial Conference on emerging technologies and HKIMR-IMF-BIS-AMRO conference on safeguarding financial stability, the BIS-Bangko Sentral ng Pilipinas workshop on macroeconomic



1+10 Dialogue with Heads of Major International Economic Organizations, Beijing, December 2024

models in the Philippines and a reserve management workshop in Vietnam. Additionally, the launch of the Asia Innovation Seminar Series, with some seminars held jointly with ACC central banks, featured expert discussions on topics like productivity growth, capital flows, exchange rates, monetary policy, digital public infrastructure and data governance.

BIS leadership engagement in the region spanned China, Hong Kong SAR, India, Korea, Japan, the Philippines and Singapore. Such visits facilitated high-level discussions on macroeconomic and financial developments as well as emerging issues like digital innovation, fintech and AI.

The Office also strengthened ties with non-member central banks and other stakeholders to build a robust regional presence. Key engagements included the Bank of Mongolia's 100th anniversary conference, joint events with the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP), South East Asian Central Banks Research and Training Centre (SEACEN), NBER East Asian Seminar on Economics and the Asian Development Bank, as well as participation in prominent forums such as the Boao Forum for Asia, Financial Street Forum, SIBOS, the International Finance Forum and the Association for Southeast Asian Nations senior level committee. The Office also held roundtables with market analysts covering China, Japan and India and contributed to regional and international research seminars.

The Office deepened its research on issues critical to regional central banks, including structural headwinds to growth, changes in reserve management practices and the impact of higher tariffs on foreign direct investment. Team members from the Representative Office for Asia and the Pacific, together with colleagues from across the BIS and staff at central banks, also authored papers on topics ranging from the influence of geopolitics on trade (Deconstructing global trade: the role of geopolitical alignment) to the development of green bond markets (Growth of the green bond market and greenhouse gas emissions).

Meet our people

Andy

I joined the Representative Office Regional Treasury dealing room when it opened 25 years ago and feel privileged to have been a part of its transformation from a small setup focused on a few Banking products to one that offers a full range of services to clients in Asia and the Pacific area. As a Principal Dealer, I manage interest rate products in the region. Over the past year, our highly collaborative team launched new investment projects and services to clients, such as a Malaysian ringgit sukuk investment, Hong Kong dollar and Singapore dollar deposits and a sustainable medium-term instrument. As well, a few initiatives are ongoing to strengthen our ability to perform. I work closely with colleagues to ensure we continue to create or roll out new products and services to keep up with the dynamic nature of financial markets.

In 2025, the dealing room in Hong Kong SAR celebrates its 25th anniversary. Over the past quarter century, it has played a vital role in supporting the growing involvement of Asia-Pacific central banks in the BIS's work. BIS Banking has continually adapted to meet the evolving needs of the Bank's members in the region by offering tailored local currency products and serving as the administrator for the second Asian Bond Fund, which supports the development of local currency bond markets in the region. In recent years, its efforts have expanded to include exploring the role of green and sustainable investments in central bank portfolios, aligning with global climate change efforts. See Chapter 4.

Staff at the Representative Office for Asia and the Pacific

Representative Office for the Americas

The BIS Representative Office for the Americas, located in Mexico City, serves the central banks of the Americas region. The Office supports the Consultative Council for the Americas (CCA), which brings together the Governors of the nine BIS member central banks in eight countries in the Americas, and oversees the BIS's activities in the region. It conducts outreach to central banks and stakeholders in the Americas, does high-quality policy-relevant research and provides banking services through the trading desk.

Highlights 2024/25

In 2024/25, the Americas Office continued to bring stakeholders together. A highlight was the inaugural Chapultepec Conference in February 2025 in Mexico City, which gathered central bank governors, leading academics, private sector participants and partners from across the region and beyond (see the next page). Participants discussed key issues around global financial conditions, the opportunities and challenges of digital innovation and the conduct of monetary policy in the region.

It was also a year of further deepening cooperative activities in the Americas. The CCA met six times during financial year 2024/25 to discuss economic and financial developments in the Americas. Tiff Macklem, Governor of the Bank of Canada, took over as CCA Chair in January 2025, from Roberto Campos Neto, former Governor of the Central Bank of Brazil.

BIS General Manager Agustín Carstens; Roberto de Oliveira Campos Neto, former Governor of the Central Bank of Brazil and former Chair of the CCA; Bank of Canada Governor Tiff Macklem, current Chair of the CCA; and Alexandre Tombini, Chief Representative of the BIS Office for the Americas

CHAPULTEPEC CONFERENCE

Under the auspices of the CCA, six consultative groups allowed central banks to explore critical topics at the more technical level. The CCA Consultative Group on Innovation and the Digital Economy (CGIDE) published a major report on a retail central bank digital currency architecture (downloaded over 6,400 times) and advanced its work on leveraging tokenisation for payments and financial transactions. The CCA Consultative Group on Risk Management (CGRM) published a report on governing AI adoption at central banks (downloaded over 7,000 times). The CCA Scientific Committee organised the 14th annual BIS CCA Research Conference in December 2024 in Bogotá, Colombia, focusing on macro-financial implications of climate change and environmental degradation. This was also the

closing conference of the CCA Research Network and helped central banks in the region increase their research capacity on climate and environmental issues as they relate to the core mandates of central banks.

In addition to BIS research (see Chapter 2), researchers in the Americas Office collaborated with academics and central banks across the region to boost the BIS's research agenda. They published high-impact research papers on productivity and growth, monetary policy, financial stability, innovation and the digital economy, and climate change and environmental degradation. Papers were accepted for publication in top journals, including the *American Economic Review* and the *Journal of Political*

Meet our people

I joined the BIS as Relationship Manager and currently serve as Deputy Chief Representative and Regional Head of Treasury and Asset Management in the Representative Office for the Americas. I am privileged to work with a fantastic team in Mexico, whose dedication and expertise have been instrumental in achieving key milestones. In 2020, we launched the Mexico dealing room, strengthening our regional presence and enabling near 24-hour banking services. Today, we oversee relationships with over 35 central banks and international organisations across the Americas, fostering partnerships and supporting our banking services. This year, we introduced Mexican peso-denominated instruments – enabled by local expertise – to support portfolio diversification. Motivated by a shared belief in regional collaboration, we established the Working Group on Reserve Management Practices, a unique forum for reserve managers to exchange insights and co-develop solutions through the Basel Process. I am proud to support the BIS mission, thrive in its collaborative culture and learn from brilliant colleagues.

Economy. The most widely read publications this year addressed digital payments, informality and economic growth; faster digital payments; central bank capital and trust in money; and evidence of nearshoring in the Americas.

Finally, the Office's banking activities continued to complete the BIS's network of trading activities around the globe. Enhancing the Bank's near 24-hour delivery of financial services, the Americas Office further broadened its offerings both from and for the region. In 2024, the BIS introduced banking products denominated in Mexican pesos and US dollar-dominated sustainable medium-term instruments, expanding our diverse range of services. Additionally, we launched a new BIS Investment Pool with a seed investor from the Americas. Holdings of BIS treasury products by regional central banks continued to grow, solidifying the 30% increase in placements since the establishment of the regional dealing room in 2020. Participation in asset management products also demonstrated strong demand for the Bank's BIS Investment Pools, particularly green bond pools (see Chapter 4). Last, the regional office created a working group on reserve management practices, establishing the BIS as a forum for reserve managers from the Americas to discuss various topics and collaborate on reserve matters, thereby reinforcing our role as a hub for regional cooperation.

International groups at the BIS

Basel Committee on Banking Supervision

Erik Thedéen
Chair of the Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision (BCBS) is the primary global standard setter for the prudential regulation and supervision of banks and provides a forum for cooperation on banking supervision matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability.

The BCBS comprises 45 members from 28 jurisdictions, consisting of senior representatives of banking supervisory authorities and central banks. The Chair of the BCBS is Erik Thedéen, Governor of Sveriges Riksbank, who succeeded Pablo Hernández de Cos, whose term as the Governor of the Bank of Spain ended in June 2024. The Secretary General of the BCBS is Neil Esho.

As noted above, the BCBS reports to its oversight body, the GHOS, which approves the BCBS's work programme and major decisions and provides overall strategic direction to the BCBS.

Implementation and evaluation

In February 2025, BCBS members unanimously reaffirmed their expectation to fully implement all aspects of the Basel III framework, consistently and as soon as possible. Such a commitment was also reiterated by G20 Finance Ministers and Central Bank Governors.

Member jurisdictions of the Basel Committee made significant progress in adopting the Basel III reforms in the year to end-September, according to the Committee's latest progress update, published in October. More than two thirds of member jurisdictions have now published final rules for all the final elements of Basel III, and these standards are in force (ie implemented by banks) in more than a third of member jurisdictions.

Strengthening regulatory and supervisory effectiveness

As part of prioritising work to strengthen supervisory effectiveness, the Committee is developing a suite of practical tools to support supervisors in their day-to-day work. These tools cover the supervision of liquidity risk and interest rate risk in the banking book, the assessment of the sustainability of banks' business models, and the importance of effective supervisory judgment.

The Basel Committee is also pursuing additional follow-up analytical work based on empirical evidence to assess whether specific features of the Basel Framework, such as liquidity risk and interest rate risk in the banking book, performed as intended during the banking turmoil of 2023 and to assess the need to explore policy options over the medium term.

In September, the Basel Committee provided an update to G20 Finance Ministers and Central Bank Governors on this analytical work, summarising empirical analysis of liquidity risk dynamics observed during the 2023 turmoil.

Emerging risks and vulnerabilities

The Basel Committee is continuing to monitor and discuss the outlook for the global banking system in the light of economic and financial market developments, including spikes in market volatility.

Operational risk

Operational resilience continues to be a high priority for the banking industry and bank supervision. In July, the Committee issued a consultative document proposing "Principles for the sound management of third-party risk" in the banking sector to address banks' increasing reliance on third-party service providers.

Counterparty credit risk

The Basel Committee issued in December "Final guidelines for counterparty credit risk management" that include key practices critical to resolving long-standing industry weaknesses in counterparty credit risk management.

Climate-related risks

The Basel Committee issued in April a discussion paper on how climate scenario analysis (CSA) can be used to strengthen the management and supervision of climate-related financial risks.

Digitalisation of finance

In May 2024 the Basel Committee published a report that considers both the benefits and risks of new technologies and the emergence of new technologically enabled suppliers for the provision of banking services.

The Basel Committee published in July its final disclosure framework for banks' cryptoasset exposures and targeted amendments to its cryptoasset standard published in December 2022. Both standards have an implementation date of 1 January 2026.

More information about the Basel Committee is at www.bis.org/bcbs.

BIS Committee on Payments and Market Infrastructures

Fabio Panetta
Chair of the Committee on Payments and Market Infrastructures

The BIS Committee on Payments and Market Infrastructures (CPMI) is the global standard-setting body for the promotion of safe and efficient payment, clearing, settlement and related arrangements. It also serves as a forum for central banks to monitor and analyse developments and cooperate on related oversight, policy and operational matters, including the provision of central bank services. It is chaired by Fabio Panetta, Governor of the Bank of Italy, and comprises senior officials from 28 central banks.

The work of the committee currently centres around three main areas:

- enhancement of cross-border payments
- digital innovation in payment, clearing and settlement
- risk management of financial market infrastructures (FMIs).

Enhancement of cross-border payments

Cross-border payment enhancements depend on improvements in domestic payment infrastructures as well as on harmonised legal and regulatory frameworks. Hence, the G20 cross-border payments programme requires action by individual jurisdictions and payment systems.

The programme covers (i) payment system interoperability and extension; (ii) data exchange and message standards; and (iii) legal, regulatory and supervisory frameworks. The CPMI is focused on the first two items.

The contributions to the G20 Presidency in 2024 focused on the priority areas of the cross-border payments roadmap:

- A report on the interlinking of fast payment systems discusses design choices and the risk implications of these arrangements, sets out the key decisions for governance and outlines recommendations for their oversight.

- A report on greater harmonisation of the use of application programming interfaces (APIs) sets out 10 key recommendations, directed at a broad array of stakeholders.

To support jurisdictions' efforts, the CPMI continues to engage with a wide range of public and private sector stakeholders through its Community of Practice on Payment Systems (CoPS) and the Payments Interoperability and Extension (PIE) task force.

Digital innovation in payment, clearing and settlement

Published in October, a joint report to the G20 by the BIS and the CPMI examines relevant concepts related to the tokenisation of money, highlighting opportunities, risks and key considerations for central banks.

Following this report, the CPMI has continued its work on tokenisation from the perspective of central banks as payment system operators and overseers. The CPMI is exploring the impact of innovation on the role of central bank money and its interaction with commercial bank money and non-bank private money.

The CPMI continues to monitor, collect, exchange and publish information on key developments related to digital innovation in payments and FMIs through various channels and formats. These include CPMI statistics on digital payments, fast payments systems and cash usage as well as the annual BIS survey on central bank digital currencies and crypto.

Meet our people

Anneke

As an economist for the Committee on Payments and Market Infrastructures (CPMI), I support the CPMI's work on innovation in payments. An important part of this is to monitor trends, which involves collaborating with central banks to collect data on the use of cash and digital payment methods. We use these data to conduct research and prepare analytical reports. Last year, I published a research paper on how artificial intelligence can help central banks to detect fraud in payment systems. What I value most in my job is the ability to support central banks through knowledge creation and sharing. I enjoy the international collaboration and am pleased to be surrounded by a diverse team of knowledgeable colleagues.

Risk management of FMIs

The CPMI, in conjunction with the Basel Committee and IOSCO, published final reports on initial and variation margin in centrally cleared and non-centrally cleared markets. The reports are the outcome of multi-year cross-sectoral work by the CPMI, the BCBS and IOSCO as part of the policy responses coordinated by the Financial Stability Board (FSB) to the March 2020 "dash for cash" market turmoil. They contain proposals and practices intended to strengthen the resilience of the clearing ecosystem in times of market stress. They aim to improve transparency, streamline margin processes and increase the predictability of margin requirements across centrally and non-centrally cleared markets.

Working with IOSCO, the CPMI continues to further strengthen the ability of FMIs to prevent, withstand and recover from – financially and operationally – significant non-default and general business risk incidents.

More information about the Committee on Payments and Market Infrastructures is at www.bis.org/cpmi/about/overview.htm.

Committee on the Global Financial System

Chang Yong Rhee
Chair of the Committee on the Global Financial System

The Committee on the Global Financial System (CGFS) monitors financial sector developments and analyses their implications for financial stability and central bank policy. The CGFS reports to the Governors of the BIS Global Economy Meeting. It is chaired by Chang Yong Rhee, Governor of the Bank of Korea, and comprises senior officials from 27 central banks plus the BIS.

Highlights 2024/25

Global financial developments

The new phase of monetary policy cycles and – more recently – the growing geopolitical uncertainties shaped the discussions at the CGFS. Cross-border channels for the transmission of financial conditions, coupled with the pivotal role of the US dollar, underpinned important messages for monetary policy in advanced economies (AEs) and emerging market economies (EMEs) alike. In addition, the CGFS paid particular attention to signs of stretched asset valuations. Members also discussed vulnerabilities in the non-bank financial sector, stemming for instance from recent changes to the business model of insurance companies.

Fiscal policy implications for central banks

The CGFS exchanged views on channels through which actions by fiscal authorities affect financial stability or create challenges for the transmission of monetary policy. Such challenges are particularly strong when public finances are already strained. In this context, CGFS members also discussed how unfolding fiscal plans around the globe – coupled with quantitative tightening in many AEs and limits to the absorption capacity of financial intermediaries – shaped developments in sovereign bond markets.

Interest rate risk

Exposure to interest rate risk directly affects the transmission of monetary policy to aggregate demand and influences borrowers' creditworthiness. A CGFS report published in November analysed implications of such exposures in the household and non-financial corporate sectors of 23 AEs and 26 EMEs.

Foreign currency funding risk

Liquidity shortages at financial intermediaries are a key driver of stress, especially when they involve a foreign currency. To improve the measurement of foreign-currency funding risk, CGFS members agreed to enhance the BIS statistics on over-the-counter foreign exchange derivatives. In addition, the CGFS has launched a study of the geographic distribution of exposures to foreign-currency funding risk as well as a stocktake of the existing arrangements for alleviating attendant shortages.

Technological innovation

The CGFS took a financial stability perspective on technological innovation. Members discussed trade-offs between efficiency gains on the one hand and challenges for monetary policy and supervision on the other. A joint CGFS-CPMI workshop focused on recent advances in payment systems – notably, their implications for the management of liquidity needs in domestic, cross-border and cross-currency contexts.

More information about the Committee on the Global Financial System is at www.bis.org/cgfs.

Markets Committee

John C Williams
Chair of the Markets Committee

The Markets Committee is a forum for senior central bank officials to discuss current market conditions, market functioning and monetary policy operations. It comprises senior officials from 27 central banks and is chaired by John C Williams, President and Chief Executive Officer of the Federal Reserve Bank of New York.

In 2024/25, the Markets Committee held regular meetings to analyse market developments and share experiences on monetary policy operations. Key focus areas were ongoing developments in core money and foreign exchange (FX) markets and the ongoing changes to operational frameworks, including their implications and interactions with market dynamics.

Over the course of the year, the Markets Committee also undertook more analytical work. In February 2025, it held its fifth workshop on market intelligence, discussing both day-to-day practices and tools, including how to exploit advances in AI and enhanced data analytics. The Markets Committee also explored the market structure and investor base of inflation-linked markets, their dynamics and implications for deriving market-based measures of inflation expectations. Continuing its work from last year, it undertook further work on conceptual considerations in the context of the demand for reserves. Finally, the Markets Committee implemented its first monitoring exercise on the evolving use of reference rates.

More information about the Markets Committee is at www.bis.org/about/factmktc.htm.

Central Bank Governance Group

Lesetja Kganyago
Chair of the Central Bank Governance Group

The Central Bank Governance Group (CBGG) is the forum for Governors' discussions and knowledge-sharing on governance and institutional design. It is chaired by Lesetja Kganyago, Governor of the South African Reserve Bank, and comprises Governors from seven BIS member central banks as standing members, while other Governors join discussions when the topic is of particular relevance to them. The CBGG secretariat prepares background analyses for these meetings. It also supports the Central Bank Governance Network and acts as a clearing house among central banks for information on the governance and institutional design of BIS members.

Central Bank Governance Network

The Network is an informal mechanism to facilitate the flow of information on matters of central bank institutional design. It improves the efficiency of information-gathering among BIS member central banks on topics related to governance and organisational arrangements. Specialised surveys are conducted through Network members as needed to inform CBGG discussions.

Governance challenges for central banks

In 2024/25, the CBGG discussed a variety of topics, including:

- talent management and new ways of working at central banks
- preserving trust in central banks amid disinformation threats
- reviews of monetary policy frameworks
- central bank governance of artificial intelligence
- the impact of geopolitical dynamics on central banks.

More information about the Central Bank Governance Group is at www.bis.org/cbgov.

Irving Fisher Committee on Central Bank Statistics

Alberto Naudon
Chair of the Irving Fisher Committee
on Central Bank Statistics

The Irving Fisher Committee on Central Bank Statistics (IFC) is a forum in which central bank economists and statisticians discuss and address statistical topics related to monetary policy and financial stability. Governed by BIS member central banks and hosted by the BIS, it works in close association with the International Statistical Institute (ISI). The IFC has 109 members, including all BIS member central banks, and is chaired by Alberto Naudon, Board Member of the Central Bank of Chile.

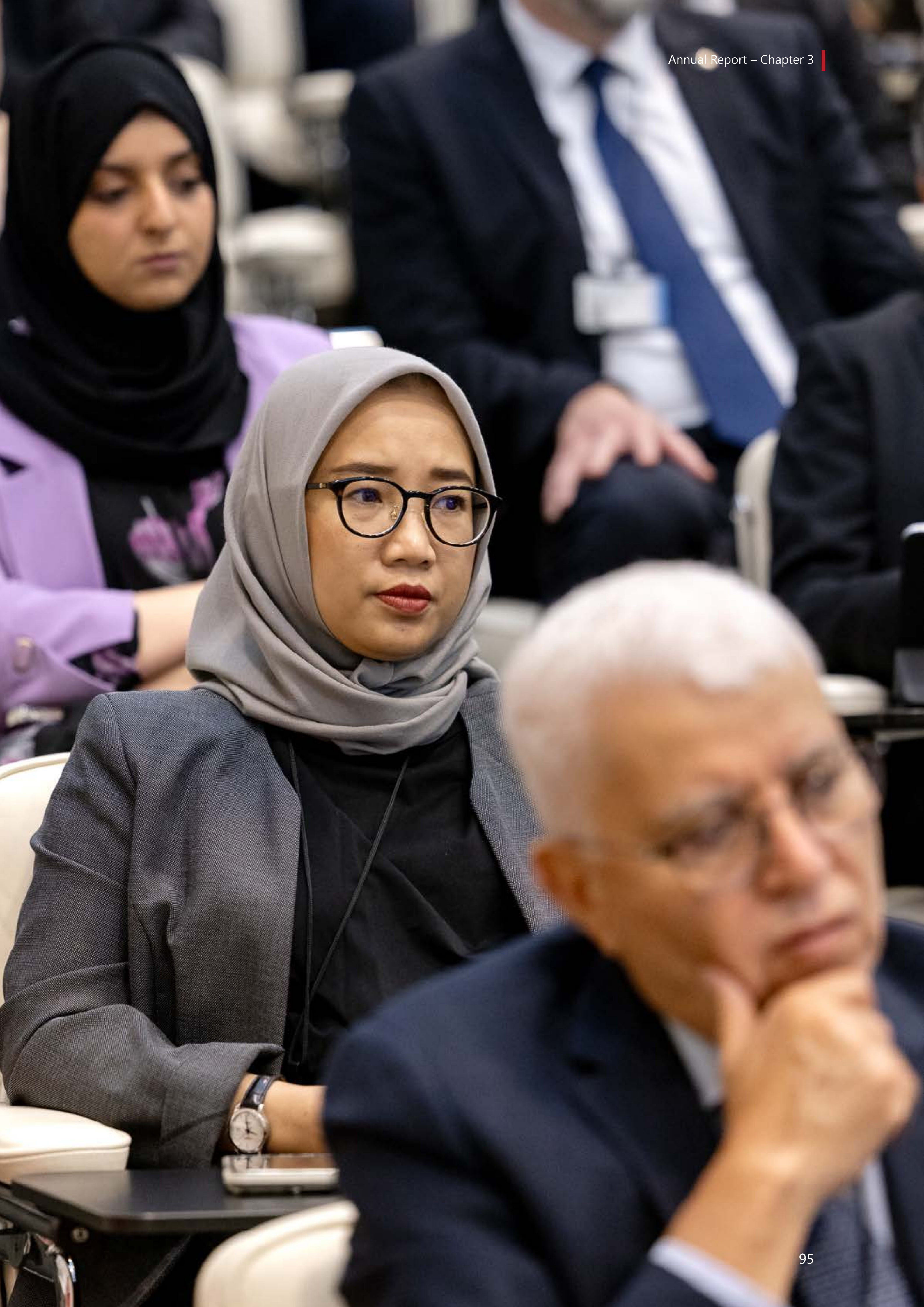
The IFC furthered its work in several key areas in 2024/25 thanks to the support of its member central banks, the ISI and a number of international organisations. These areas comprised:

- communication of statistics, with publication of a dedicated Bulletin;
- micro data, with the launch of a report that emphasised the growing interest of central banks in making the most of the wealth of granular data available;
- sustainable finance, with the organisation – together with the Central Bank of the Republic of Türkiye, the Deutsche Bundesbank and the Bank of France – of a workshop to review central banks' contributions to addressing the issues posed by climate change and the publication of a dedicated report on carbon accounting; and
- external statistics, a key area of interest for central banks for which the Committee has organised with the European Central Bank a series of events (the latest edition was hosted by the Bank of Spain in 2024 and led to the publication of a dedicated Bulletin).

One driving factor for this agenda has been the international cooperation framework under the G20 Data Gaps Initiative, especially its third phase addressing data issues posed by the climate crisis, increasing economic polarisation and large-scale digital transformation. In addition, the IFC held its flagship Biennial Conference in August 2024, which proved to be a key opportunity to review the evolving statistical function in central banking.

Lastly, along with the Bank of Italy, the IFC has been organising recurrent data science workshops to review developments in the big data ecosystem and the ongoing adoption of data analytics. Relatedly, the Committee conducted a membership survey on the use of artificial intelligence, a key priority for central banks especially in the areas of cyber security research and analysis and data processing. The survey also highlighted the importance of addressing pressing IT architectural questions and collaborating within and across central banks.

More information about the Irving Fisher Committee is at www.bis.org/ifc.



Cyber Resilience Coordination Centre

The Cyber Resilience Coordination Centre (CRCC) promotes knowledge-sharing and collaboration among central banks in their efforts to support maturing cyber resilience practices and sustain critical operations.

The CRCC delivers cyber resilience assessments for benchmarking and training and provides security expertise on emerging financial technology trends as well as fully customised incident response strategy exercises. It also supports a community of security practitioners through content development, collaboration events and hosting an online platform.

Highlights 2024/25

Knowledge-sharing	**CRCC publications** The CRCC collaborated on the publication of the BIS Paper "Generative artificial intelligence and cyber security in central banking", looking at both the opportunities generative AI has for cyber security and some of the risks it may introduce. **B-Talks** The B-Talks series – webinars for security professionals across the central bank community – continued in 2024/25 with over 400 participants learning about key security trends such as artificial intelligence, deep fakes, data exfiltration techniques and attacker tools. These webinars provide detailed insights that network defenders can use to improve their security. **SEACEN-BIS course on IT risk management and cyber security** The South East Asian Central Banks (SEACEN) Research and Training Centre, in conjunction with the BIS, conducted IT risk management and cyber security training, hosted by the Reserve Bank of India. Twenty-five participants from 14 central banks in the region attended.
Collaboration	**Global Cyber Resilience Group** The Global Cyber Resilience Group is a forum where central bank chief information security officers (CISOs) or their equivalent discuss both tactical and strategic cyber resilience topics. The meeting in November 2024 was attended by 70 participants from 45 central banks. The topics discussed ranged from third-party risk management, to concentration risk, to implementing security architecture.

Quantum readiness

In February 2025, the BIS held a two-day conference on quantum readiness. Topics included the cyber threat landscape, quantum computing threats and the roadmap for quantum safety, data privacy and resilience in financial systems. It was attended by over 150 participants (see Chapter 5).

Conference on quantum readiness for central banks and supervisors, February 2025

BEACON

BEACON is the CRCC's flagship collaborative online platform, with over 280 members actively engaging in our content. BEACON was further enhanced this year to offer additional sharing opportunities for specific communities of interest.

Fifth annual Cyber Security Seminar

In May, the BIS hosted 88 participants from 44 central banks for the annual cyber security seminar, which focused on critical issues in cyber resilience. The event featured a series of expert-led sessions addressing the evolving cyber threat landscape, AI trends and their implications for cyber security.

Operational readiness

Cyber range exercises
Cyber range exercises are fully customised, hands-on, interactive, realistic learning exercises for central bank security defenders and incident responders.

- In September 2024, the CRCC hosted a cyber range exercise as part of the Operational Security Situational Awareness Conference. Forty-one cyber security subject matter experts from 27 central banks participated. This marked the CRCC's 10th cyber range exercise.

- Positive feedback from the cyber range exercises has led to increased demand. In the last year, the BIS supported central banks by providing scenarios, infrastructure and customised software, enabling them to organise their own range events. This year, three such exercises were conducted in Kuwait, the Netherlands and South Africa.

International associations at the BIS

The following associations have secretariats at the BIS. They have their own separate legal identities and governance structures. The BIS is a member of the FSB and IAIS.

Financial Stability Board

The Financial Stability Board (FSB) promotes international financial stability by coordinating the work of national financial authorities and international standard-setting bodies as they develop regulatory, supervisory and other policies. The FSB's priorities in fiscal year 2024/25 included work to address the lessons learned from the March 2023 banking turmoil, enhance the resilience of non-bank financial intermediation and address systemic risks arising from technological innovation. During this period, the FSB also:

- introduced a new global standard to support the orderly resolution of a central counterparty (CCP)
- issued recommendations related to data flows and regulation and supervision of cross-border payments
- published, for the first time, a list of insurers subject to resolution planning standards.

The FSB is chaired by Klaas Knot, President of De Nederlandsche Bank.

More information about the FSB is at www.fsb.org.

International Association of Deposit Insurers

The International Association of Deposit Insurers (IADI) is the global standard-setting body for deposit insurance systems. Established in 2002, IADI assists jurisdictions in enhancing the effectiveness of deposit insurance systems by developing robust policies and standards, monitoring their adoption and collecting and analysing data on deposit insurance and bank failures. Deposit insurance systems are crucial in maintaining financial stability and protecting depositors.

Key achievements during 2024/25 include:

- reviewing the international deposit insurance standards, integrating lessons learned from the 2023 banking turmoil and incorporating forward-looking elements to ensure continued relevance and effectiveness
- implementing a new governance and council committee structure for the Association
- expanding training and capacity building.

The Chair of the Executive Council and President of IADI is Alejandro López, Chief Executive Officer, Seguro de Depósitos Sociedad Anónima, Argentina.

For further details, visit www.iadi.org.

International Association of Insurance Supervisors

The International Association of Insurance Supervisors (IAIS) is the global standard setter for insurance supervision.

In 2024/25, the IAIS:

- adopted the Insurance Capital Standard, a globally comparable risk-based measure of capital adequacy for internationally active insurance groups
- continued to focus on the assessment of emerging trends and risks through its annual Global Monitoring Exercise
- developed guidance on supervisory practices on key themes
- finalised its 2025–29 strategic plan.

The IAIS is chaired by Shigeru Ariizumi, Vice Minister for International Affairs, Financial Services Agency of Japan.

More information about the IAIS is in the IAIS Year in Review 2024.

Other areas of international cooperation

The BIS participates in international forums such as the G20 and collaborates with key international financial institutions. It also contributes to the activities of central banks and regional central bank organisations by participating in their events as well as hosting joint events. During the past year, the Bank co-organised events or collaborated with the following organisations:

- Arab Monetary Fund (AMF)
- Asian Forum of Insurance Regulators (AFIR)
- ASEAN+3 Macroeconomic Research Office (AMRO)
- Association of Insurance Supervisors of Latin America (ASSAL)
- Association of Supervisors of Banks of the Americas (ASBA)
- Association of Southeast Asian Nations (ASEAN)
- Center for Latin American Monetary Studies (CEMLA)
- Centre for Economic Policy Research (CEPR)
- European Banking Authority (EBA)
- European Commission
- European Investment Bank (EIB)
- European Money and Finance Forum (SUERF)
- European Stability Mechanism (ESM)
- Eurostat
- Executives' Meeting of East Asia-Pacific Central Banks (EMEAP)
- Hong Kong Institute for Monetary and Financial Research (HKIMR)
- Inter-American Development Bank
- International Center for Monetary and Banking Studies
- Institute of International Finance (IIF)
- International Journal of Central Banking (IJCB)
- International Monetary Fund (IMF)
- International Organization of Securities Commissions (IOSCO)
- Joint Vienna Institute (JVI)
- Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
- Organisation for Economic Co-operation and Development (OECD)
- Peterson Institute for International Economics
- South East Asian Central Banks (SEACEN)
- United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)
- World Bank Group
- World Trade Organization

4

The bank for central banks

The BIS provides a broad range of banking services to central banks and other official sector customers. Activities include deposit-taking, gold and foreign exchange trading services, and the management of pooled fixed income products and dedicated investment mandates. BIS Banking also manages the Bank's own funds and conducts knowledge-sharing activities for the broader reserve management community.

Banking activities

BIS Banking has two major objectives: to manage the Bank's capital and to provide a broad range of banking services to central banks, monetary authorities and international organisations. The Banking Department seeks to offer these services at competitive rates, while generating a sufficient level of profit to maintain the Bank's operations, provide BIS shareholders with an appropriate dividend and maintain an adequate capitalisation level.

Our banking services are designed to meet the reserve management demands of central bank and other official sector customers. In addition to delivering on reserve managers' core objectives of safety, liquidity and return, this involves reliable execution, around-the-clock service provision and strong customer focus. The BIS's banking activities thus evolve continuously to keep pace with the reserve management community's adaptation to the changing macro-financial environment. This drives a strong emphasis on product innovation and competitive pricing across the whole product range. As part of the Bank's Innovation 2025 strategy, all these activities and the supporting technology infrastructure have been significantly upgraded over the past six years.

The BIS's banking business is underpinned by a strong capital position as well as a stringent risk management framework (see page 154). It is conducted in accordance with relevant principles and industry standards, such as the FX Global Code and Swift Customer Security Programme, as well as best market practices and the highest ethical standards. As a key part of its institution-wide environmental sustainability agenda (see page 139), the BIS also strives to promote green finance. By providing a growing range of sustainable financial products, the Bank enables large-scale, climate-friendly investments and supports the adoption of relevant market standards for sustainability-focused financial instruments.

Highlights 2024/25

The financial year through end-March 2025 was exceptionally strong for the Banking Department, with new all-time records established across a range of key activity metrics. The financial market environment was generally supportive, with the overall monetary policy stance across the major economies adjusting more slowly than previously anticipated, giving rise to a "high-for-longer" sentiment. Term premia adjusted upwards and yield curves steepened, supporting carry income across the BIS's fixed income asset holdings. Repeated bouts of policy uncertainty, in turn, drove the gold price to record levels, increasing the valuation cushion provided by the Bank's gold holdings.

As a result, at end-March 2025, BIS total assets stood at a record SDR 431.3 billion, up from SDR 379.2 billion the previous year.

The Special Drawing Right, or SDR, is a basket of currencies defined by the International Monetary Fund, which serves as the Bank's unit of account or "numeraire".

With currency deposits (on a settlement date basis) climbing to a new all-time high, at SDR 355.3 billion on 30 December 2024, net profits reached SDR 843.7 million by end-March 2025. This was up from the SDR 831.5 million realised in financial year 2023/24, reflecting strong activity levels across all the Bank's business lines. Total comprehensive income, in turn, stood at a record high of SDR 3.4 billion at end-March, up from the previous record of SDR 2.2 billion at the end of financial year 2009/10, based on large unrealised valuation gains on the Bank's gold holdings and own funds fixed income portfolios (see Chapter 8).

The finalisation of the Banking 2025 strategy has underpinned strong activity growth across all business areas, taking deposits and total comprehensive income to new all-time highs

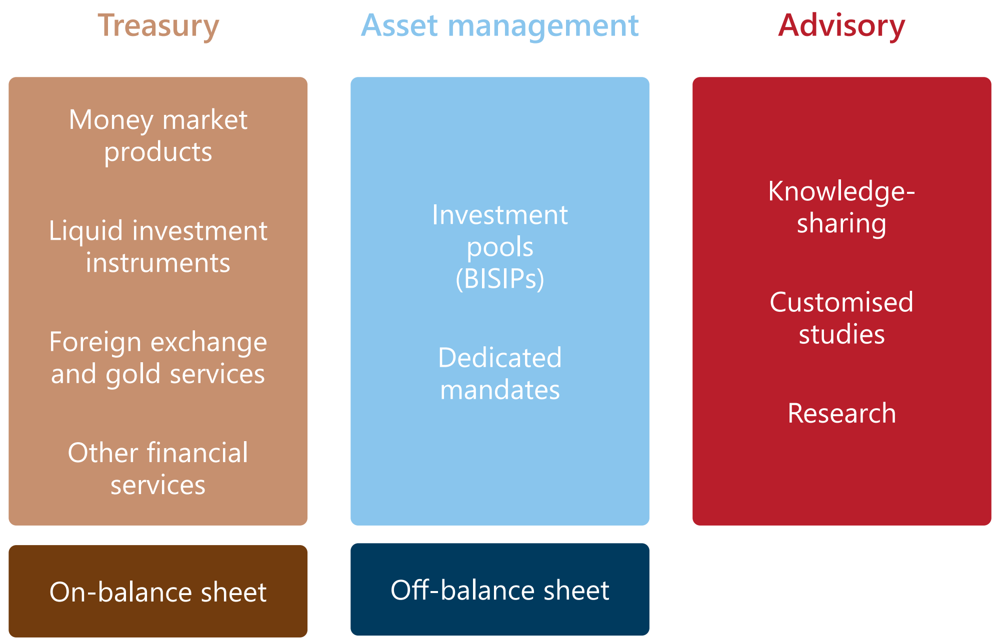
Luis Bengoechea
Head of Banking

These strong performance metrics provide a clear sign of success of the Banking Department's Innovation 2025 strategy, which is now fully complete (see Chapter 1). During the 2024/25 financial year, the focus of implementation shifted to finalising the business development and technology strategies, which complemented the investment strategy. Aided by accelerated development processes, this resulted in the addition of another round of new customer products and the successful wrapping up or transition to business-as-usual of all remaining projects. The completion of implementation of one last project, the new order execution and management system in Banking Treasury, was extended by six months to mid-2025 to ensure better management of change capacity, while staying within the allocated budget envelope.

Scope of banking services

The BIS offers a broad range of financial services to a global customer base of about 200 central banks, monetary authorities and international organisations (see the infographic below). To provide these services, BIS Banking operates from three interlinked dealing rooms, located in Basel and in our regional offices in Hong Kong SAR and Mexico City (see Chapter 3). Jointly, the three locations offer services on a near 24-hour basis to all BIS clients, and they help maintain close contact with reserve managers and other counterparties across the globe.

Products and services offered by the BIS Banking Department Graph 4.1

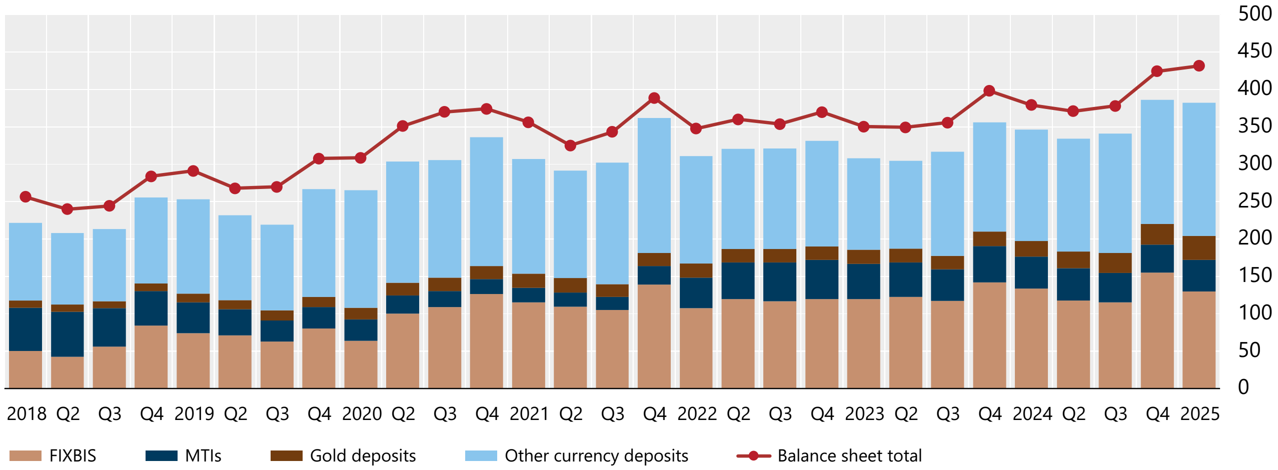


Source: BIS.

Reflecting further additions to the Bank's product range as well as adaptive pricing, average currency deposits (on a settlement date basis) over the financial year rose to around SDR 314.1 billion, from SDR 297.7 billion in 2023/24, closing the year at SDR 332.2 billion as of 31 March 2025. Total deposits, a broader measure covering additional placements including gold deposits and securities sold under repurchase agreements, stood at SDR 383.1 billion, from SDR 346.1 billion at end-March 2024 (see Graph 4.2).

Balance sheet total and deposits by product

Graph 4.2



End-quarter figures, in billions of SDR.
Source: BIS.

Financial products and services

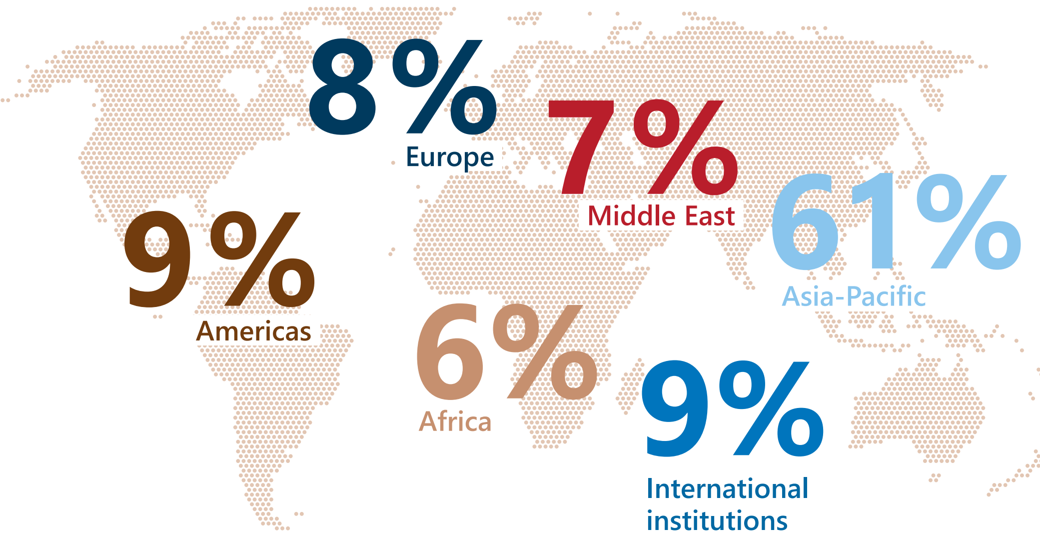
Money market and liquid investment instruments

The BIS Treasury offers money market placements, such as sight and notice accounts and fixed-term deposits, and liquid investment instruments in maturities ranging from one week to five years. Liquid investment instruments take the form of fixed rate investments at the BIS (so-called FIXBIS) and medium-term instruments (MTIs). All these products are collectively known as the Bank's borrowed funds business. They are designed and priced to offer returns that are competitive with those of comparable sovereign debt instruments, while providing the high credit quality and liquidity required by the Bank's reserve management clients.

> A strong product lineup and adaptive pricing have helped push deposits to new record levels.

The development of new customer products and the attractive pricing of existing ones have been, and will continue to be, key priorities even as the Banking 2025 product development strategy has concluded. These priorities have helped to further increase the volume of customer placements from an already high level. Underscoring the Bank's global reach, and broadly unchanged in terms of past regional patterns, some 61% of overall currency deposits came from the Asia-Pacific region, with the Americas contributing another 9% and much of the remainder shared by Africa, Europe and the Middle East (see Graph 4.3).

Geographical distribution of currency deposits — Graph 4.3



Percentage; based on balance sheet values in SDR, excluding gold; financial year-end.
Source: BIS.

In this context, reflecting growing client demand (see Box A), a particular focus was placed on the expansion of the Bank's existing sustainable products into the Treasury area. After the successful launch of various MTIs referencing the new benchmark risk-free rates in 2021–23, a new USD-denominated sustainable MTI (SMTI) was added in May 2024, with an additional SMTI series launched in early 2025. Furthermore, efforts are ongoing to introduce products in new currencies, such as the recently launched deposits denominated in Mexican pesos. The development of electronic trading capabilities for BIS instruments, based on the Bank's new order execution and management system, is expected to be completed by mid-2025.

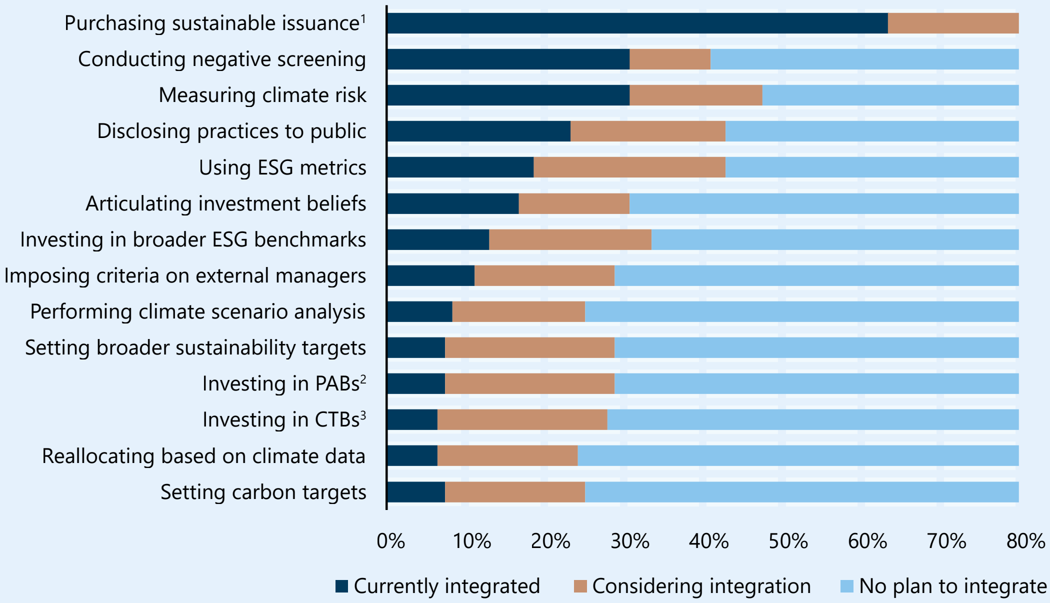
Sustainability in reserve management: survey results — Box A

Sustainability considerations in the reserve management process have clearly gained traction. While safety, liquidity and return remain the most important reserve management objectives, more than 50% of reserve managers participating in a recent BIS client survey indicated giving at least some emphasis to sustainability as a fourth objective. Typically, this is done with risk management considerations in mind, but – depending on central banks' mandates – economic impact can also play a role. What steps have reserve managers taken to include these considerations in their frameworks? And how do BIS banking services support these efforts?

The most common way to incorporate sustainability in the reserve management process is by purchasing sustainable instruments, such as labelled bonds. Indeed, use of such investments has increased noticeably. Over 60% of the respondents to the BIS survey indicate having investments in green, social or other labelled bonds and funds, up from 48% back in 2022. Additionally, 18% are considering the purchase of such instruments to incorporate sustainability into their reserve management practices. Labelled bonds and funds dedicated to these instruments, therefore, remain the instrument of choice in sustainable reserve management (see Graph A.1).

Approaches to sustainable investment

Graph A.1



[1] For example, green, social, sustainable and sustainability-linked bonds.
[2] Paris-aligned benchmarks.
[3] Climate-transition benchmarks.

Source: BIS, based on a survey of 120 reserve managers conducted in 2024.

The BIS supports these efforts via its three green bond BISIPs as well as the new sustainable MTI (see main text). An additional climate-aware corporate bond BISIP that aims to reduce the carbon footprint and, hence, transition risks relative to a standard market portfolio is soon being added. All these instruments come with regular impact reports that provide investing reserve managers with a sense of the climate risk-related effects that they can expect from their investments, aiding sustainability-related disclosures. According to the survey, some 40–50% of responding reserve managers indicate that they at least consider integration of such measurement and disclosure practices in their reserve management.

Investments tracking broad ESG (environmental, social and governance) benchmarks have also gained in popularity, with 14% of respondents incorporating them and an additional 22% considering doing so. This was despite recent signals that such broader ESG considerations have come under some scrutiny in the asset management industry. The survey also revealed that investments tied to Paris-aligned or other climate-aware benchmarks remain less widespread, with only 7% of respondents already investing, even as some 20% are considering whether to invest. This aligns with the fact that investments in corporate bonds or equities, for which such benchmarks are available, are eligible for only a subset of the reserve management community.

Meet our people

Vanessa

As a software developer and business analyst in Banking Information Technology, I focus on enhancing and maintaining our trading application systems. This past year, I have worked on the Innovation 2025 "Front Arena" project to implement a new trading system for Banking Treasury. In my role as Solution Architect, I combine my technical and business skills to lead the design of the new system, ensuring the implementation is delivering a modern, robust and scalable application. It has been an exciting journey, working within the cross-functional project team to deliver innovative solutions that enhance the daily work of our front office users and enable them to better serve our customers. I value most the atmosphere of continuous learning at the BIS. The project has brought together experts from across the department and cultivated exchanges of knowledge and ideas that have enhanced me personally and professionally.

Foreign exchange and gold services

Along with its main currency deposit products, the BIS also offers foreign exchange (FX) and gold-related services that have seen significant growth in activity over recent years. As part of this business, the Bank conducts FX transactions on behalf of its central bank customers, providing access to a large and diversified liquidity pool. BIS FX services encompass spot transactions, swaps, outright forwards, options and so-called dual currency deposits.

> US dollar volatility and rising gold prices helped to generate a record number of FX and gold deals in 2024/25.

Advanced electronic FX trading capabilities have been developed to provide BIS customers with enhanced liquidity and transparency for their spot transactions. This includes the Bank's e-FX platform, which offers price aggregator-based trade execution capabilities to help customers implement even large spot and FX swap trades at competitive rates. In 2024/25, about 50% of customer spot deals were handled via this platform, in line with the average share over previous years.

The BIS also provides comprehensive gold-related services that include buying and selling on a spot basis and via outright forwards, swaps and options. Other gold services comprise sight accounts, fixed-term and dual currency deposits as well as physical services, such as quality upgrading, refining, safekeeping and location exchange.

In 2024/25, client activity in both the gold and FX areas benefited from volatile, but strongly rising, gold prices as well as prolonged periods of one-sided valuation pressures and corresponding trading activity across a range of currencies vis-à-vis the US dollar. A record of over 50,000 deals were conducted by the FX and gold desk over the financial year.

Asset management services

Complementing the Treasury's deposit business, and leveraging the existing own funds management infrastructure (see details on page 114), the Bank offers two types of fee-based third-party asset management products: (i) dedicated mandates tailored to clients' specific requirements and (ii) open-ended fund structures – BIS Investment Pools or BISIPs – that allow groups of BIS customers to invest in a common pool of reserve assets.

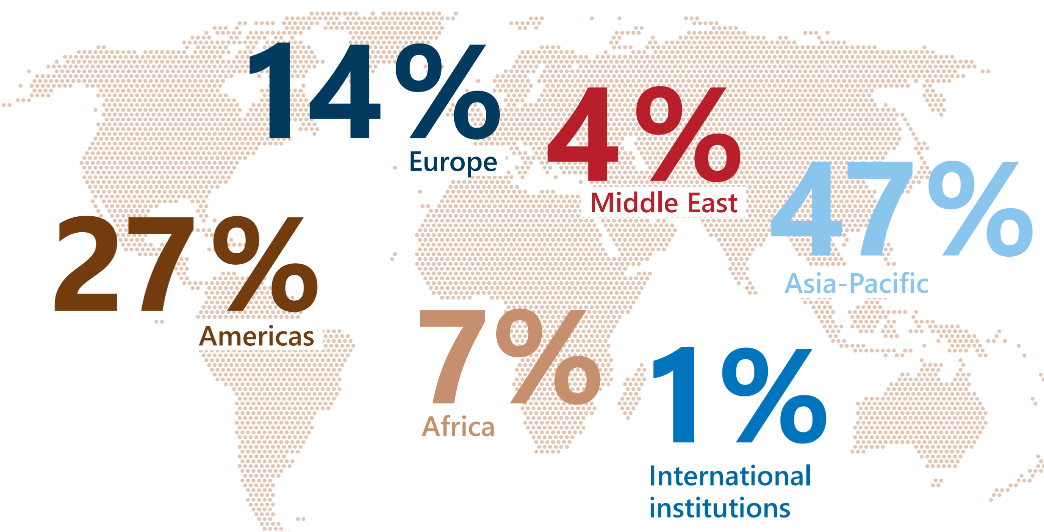
In addition to offering investments in core USD- and EUR-denominated sovereign bonds, the BISIP structure is a key tool to accommodate central bank interest in more diversified foreign exchange reserve portfolios in a cost-efficient fashion. As a pooled structure, BISIPs offer significant economies of scale for investments in asset classes such as US inflation-protected Treasury securities and sovereign bonds denominated in key emerging market economy currencies, including the onshore Chinese renminbi (CNY) and the Korean won (KRW). Returns are accrued for the benefit of the Bank's asset management clients and do not affect BIS profit and loss.

> Sustainable investment flows continued to be the key driver of the Bank's asset management business, taking green bond assets under management to record levels.

Client assets across both mandates and BISIPs, which are not included in the BIS balance sheet, amounted to SDR 22.5 billion at end-March 2025. This was down from the SDR 26.1 billion recorded at the end of financial year 2023/24, reflecting investment inflows and net valuation changes that did not fully compensate concentrated disinvestments from one of the Bank's BISIPs. Inflows into the three green bond BISIPs, however, remained strong, reflecting continued interest across the reserve management community in sustainable investments.

As a result, total assets under management for these green BISIPs rose to a record SDR 5.4 billion (USD 7.2 billion). More sustainable investment inflows are projected, with a forthcoming climate-aware corporate BISIP further broadening the range of sustainable investment options available to the Bank's clients (see Box A on page 106). In terms of geographical distribution, Asia-Pacific was the region with the highest share of assets under management (at around 47%), followed by the Americas (27%) and Europe (14%), with the remainder shared by Africa and the Middle East (see Graph 4.4).

Geographical distribution of assets under management — Graph 4.4



Percentage; based on client assets under management at financial year-end.
Source: BIS.

Other services

In addition to the products described above, the BIS offers a range of other financial services, including short-term liquidity facilities through which central banks can make drawings against high-quality collateral. Such liquidity facilities add to the crisis management toolkit available to central banks, with operational efficiency and speed of disbursement among the key advantages. BIS facilities come in two forms:

- standalone bilateral facilities, which are agreements between the BIS and individual central banks

- central bank liquidity facilities, established as a backstop mechanism for market liquidity stress episodes and offered in coordination with major reserve currency-issuing central banks.

The Bank may also act as a trustee and collateral agent in connection with international financial operations. This includes providing ancillary reserve management services, such as supporting client central banks in reviewing and assessing their reserve management practices, and customised quantitative studies and research on asset allocation topics.

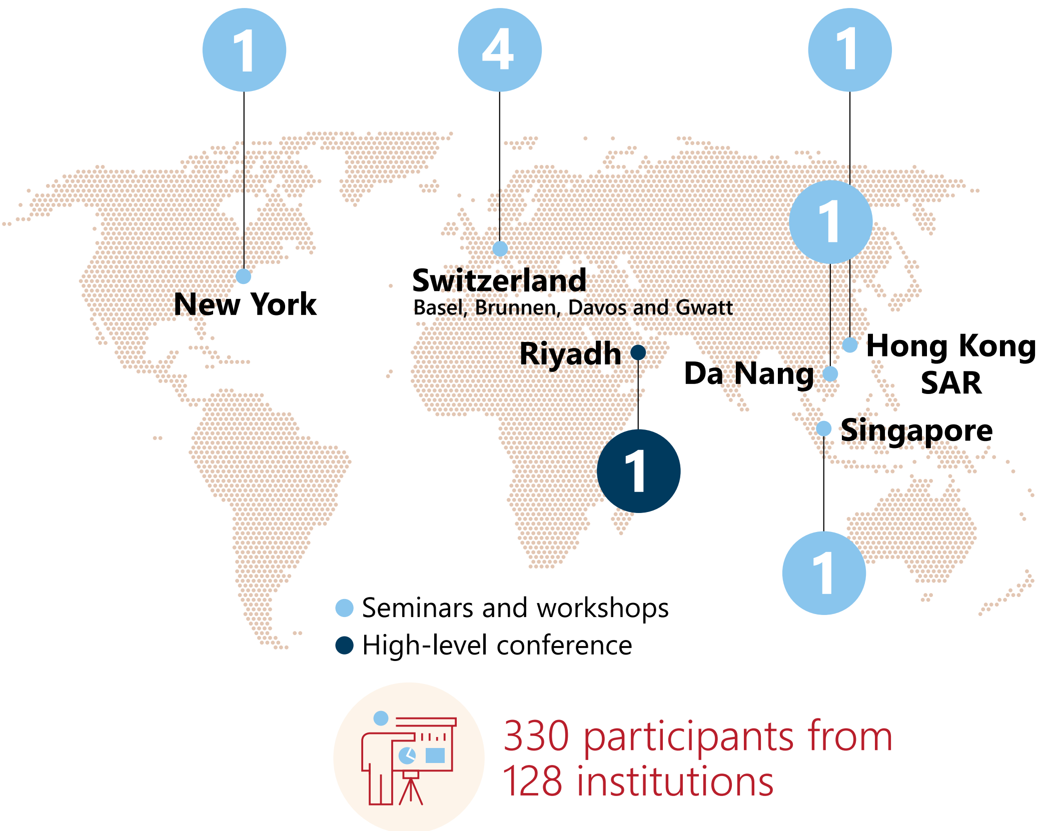
Outreach activities

The BIS Banking Department maintains an active programme of regular, bilateral client meetings as well as a schedule of larger seminar-style knowledge-sharing events. These are enhanced by more ad hoc outreach activities, such as seminars on particular topics or BIS products. BIS banking staff also regularly participate in events organised by other central banks or industry bodies. As part of the Bank's broader outreach activities, these meetings strengthen the feedback mechanism between the BIS and its banking customers, with the objective of informing product development as well as service delivery. They also facilitate the exchange of information among reserve managers and promote the development of investment and risk management capabilities within the reserve management community.

Expanding the number of client workshops, a total of eight workshops and seminars took place in 2024/25. This included one event co-organised with the Asian Development Bank and the Asian Development Bank Institute in Hong Kong SAR, one with the Federal Reserve Bank of New York in New York, one co-hosted by the State Bank of Vietnam in Da Nang, and one with the Bank

Two-day high-level reserve management conference organised with the Saudi Central Bank, in Riyadh of Italy, the Monetary Authority of Singapore and the World Bank in Singapore. Furthermore, in response to client demand for knowledge-sharing at a more senior level, a two-day high-level reserve management conference was organised, together with the Saudi Central Bank, in Riyadh. Together, these events involved a total of 330 participants from 128 BIS client institutions. Topics across these events included recent trends and challenges in foreign exchange reserve management, strategic asset allocation techniques, Islamic finance, and channels for the implementation of sustainable investments in reserve management.

Seminars, workshops and conferences — Graph 4.5



Source: BIS.

As in previous years, various additional events featuring BIS banking products and selected reserve management topics were organised for regional clients, leveraging the expertise of the two regional dealing rooms in Asia and the Americas. This included a new working group on reserve management practices in the Americas, reinforcing the role of the Bank's regional offices as a hub for regional cooperation. In the same spirit, part of the department's knowledge-sharing programme was offered in the form of various webinars and in time frames targeting particular regions, with a total of 900 participants from 115 institutions.

Management of the Bank's own funds

The objective of the BIS's own funds management is to maximise, within a defined set of risk constraints, the return on the Bank's equity capital. This equity capital stems from the paid-in capital of its shareholders and the retained earnings from its banking activities. At around SDR 28.3 billion as of end-March 2025, the asset side equivalent of this capital base was held in gold (102 tonnes at around SDR 7.7 billion) and high-quality, highly liquid fixed income instruments.

> The Banking 2025 strategy accounts for around 28% of the total own funds fixed income return over the strategy horizon.

The own funds are managed by the BIS Asset Management function (see page 109) and within the constraints established by the Bank's Risk Management Framework. Set by BIS Management in line with parameters established by the Board of Directors, the strategic benchmark for the Bank's fixed income investments is reviewed annually in the context of an established strategic asset allocation process.

With the SDR serving as the Bank's numeraire, the fixed income portion of the own funds is managed against a customised index comprising five groups of portfolios denominated in the SDR constituent currencies. To limit FX risk, these five currency portfolios are aligned with SDR basket weights and regularly rebalanced, with own funds fixed income returns driven mostly by interest rate and spread risk.

Reflecting the Bank's strategic objective to broaden the return drivers of the BIS own funds, changes under the Banking 2025 investment strategy have expanded the list of eligible assets beyond nominal sovereign and quasi-sovereign bonds. This includes instruments such as US inflation-linked (Treasury Inflation Protected Securities) and US mortgage-backed securities as well as USD-, EUR- and GBP-denominated corporate and European peripheral bonds. Overall, this has provided the own funds portfolio with further diversification and additional resiliency, with exposure to diversifying assets and related factors accounting for around 28% of the accumulated returns over the strategy horizon, with the remainder reflecting exposure to government yield curves.

5

Exploring public goods for central banks through digital innovation

In an era of rapid technological advancements, the BIS explores cutting-edge technologies to offer digital public goods to support central banks and strengthen the financial system. Through its broad project portfolio, the BIS Innovation Hub complements the research work of the BIS on innovation by exploring technological solutions together with central bank partners to enhance resilience, efficiency and global financial stability.

The Innovation Hub: exploring new technologies for the central banking community

The Innovation Hub was established in 2019 as a key initiative under Innovation BIS 2025, the Bank's medium-term strategy aimed at strengthening its role in a rapidly evolving financial and technological landscape. The Innovation Hub is governed by an Advisory Committee, which oversees the Innovation Hub's work programme and is chaired by Joachim Nagel, President of the Deutsche Bundesbank.

From its inception, the Innovation Hub has had a threefold mandate:

- **Identifying critical trends** by conducting in-depth analysis of technological developments that impact central banking
- **Developing public goods** in the technology space geared towards improving the functioning of the global financial system
- **Facilitating collaboration** by serving as a focal point for a global network of central bank experts on innovation.

Building on this foundation, the BIS is now a driving force in central bank innovation. Through collaboration, technological exploration and experimentation, the Bank aims to be thought leader on innovative financial technology within the central banking community. Acting as a global observatory of technological trends, our Innovation Hub is at the forefront of identifying emerging topics that can advance and support the financial system. This proactive approach allows the BIS to address the evolving needs of central banks in an increasingly tech-driven financial landscape.

Its project portfolio focuses on six key themes, each relevant to central banks and the future of the financial sector.

Regtech, suptech and monetary policy tech

Open finance

Next-generation financial market infrastructures (FMIs)

Cyber security

Central bank money

Green finance

This chapter highlights key BIS Innovation Hub initiatives and achievements from the past year.

Highlights 2024/25

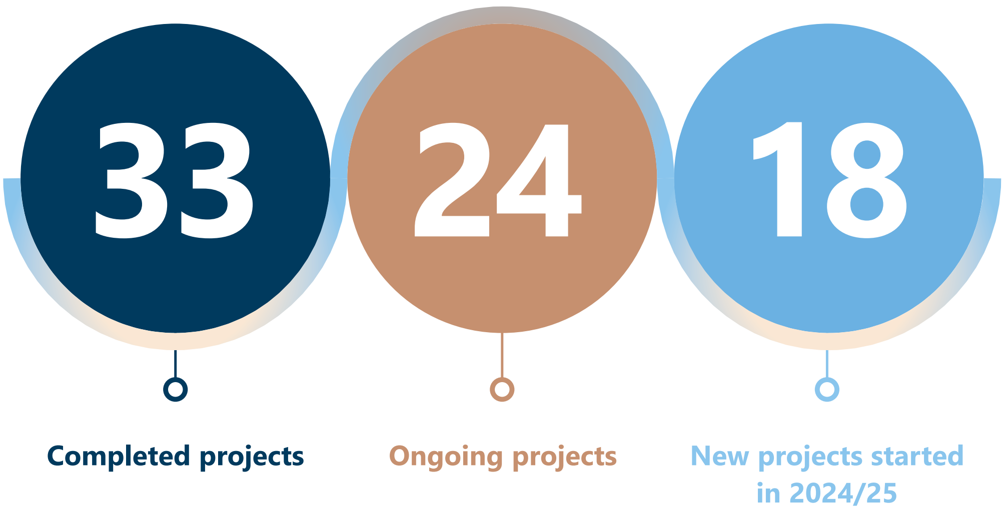
All centres operational

In 2024/25, all centres were fully operational wordwide following the opening of the Toronto centre. The BIS has seven centres – Singapore, Hong Kong SAR, Switzerland, the Nordic region (in Stockholm), London, the Eurosystem (with offices in Frankfurt and Paris) and Toronto – as well as a strategic partnership with the Federal Reserve Bank of New York.

Project highlights

Since the inception of the Innovation Hub in 2019, 33 projects have been completed, and 24 are currently in progress, addressing solutions for central banks, regulators and supervisors across the key themes. Of the projects in progress, 18 were launched in 2024/25, further broadening the scope of innovation (see Graph 5.1).

Overview of BIS Innovation Hub projects — Graph 5.1



Source: BIS.

These projects align closely with central banks' core functions – provision of money, monetary policy, payments infrastructure, financial stability and regulatory supervision. The Innovation Hub finds synergies across projects and themes, developing solutions that ensure technological advancements directly support these functions (see Graph 5.2).

Innovation Hub project toolkit: aligning technology with core central bank functions

Graph 5.2

1 Provision of money

Project	Description
Helvetia	Settling tokenised assets using central bank settlement asset
Icebreaker	Cross-border retail payments
Jura	Cross-border settlement with central bank settlement asset
Rialto	FX using central bank settlement asset

2 Monetary policy

Project	Description
Insight	Monitor global value chains
Neo	Predictive analytics
Spectrum	Inflation forecasting

3 Payments infrastructure

Project	Description
Agorá	Unified ledger
Aperta	Interoperability through open finance
FuSSE	Modern financial infrastructures
Leap	Quantum proofing
Mariana	Automated FX
Meridian FX	Synchronised settlements
Nexus	Instant cross-border payments
Polaris	Offline payments

4 Financial stability

Project	Description
Atlas	Monitor crypto
Dynamo	Stablecoins for supply chains
Genesis	Green bond tokenisation
Pyxtrial	Monitor stablecoins
Raven	Cyber security and cyber resilience maturity
Rio	FX markets

5 Regulation/ supervision

Project	Description
AISE	Virtual assistant for financial supervisors
Aurora	Cross-border anti-money laundering and anti-financial crime
Ellipse	Regulatory/ supervisory
Gaia	Stability risks of climate change
Hertha	Financial crime
Mandala	Compliance

Note that not all the BISIH projects are presented on this graph and one project might fit into more than one category.

Complete   Ongoing

A key strength of the BIS is its global nature and the way in which the lessons learned from some projects support the evolution of new ideas. The Innovation Hub is focused on collaborative frameworks that allow for shared insights, complementary expertise and faster work. By bringing together different teams and perspectives, in partnership with central banks, it aims to enhance the collective impact of the interaction on projects to advance exploration of public goods.

In 2024/25, the projects **Viridis, Pyxtrial, Mandala** and **Gaia Phase 1** were successfully completed.

Some of the Innovation Hub's advanced projects show potential for real-world deployment beyond their conceptual and exploratory phases. As with all BIS initiatives, implementation is ultimately up to partner central banks. In 2024/25, the Innovation Hub also announced the handover of two major projects to central bank partners. **Project Nexus** moved towards live implementation alongside national instant payment providers, while **Project mBridge** reached the minimum viable product stage and the BIS began an orderly transfer to the partner central banks.

Building on individual projects, the Innovation Hub strives to integrate initiatives, adopting a more holistic approach to address key areas of importance to central banks, such as enhancing cross-border payments and ensuring financial integrity, as outlined below.

Areas of focus in 2024/25

Representation and settlement of assets, tokenisation and cross-border payments

The BIS, in collaboration with central banks worldwide, has been exploring different technologies that ultimately lead to improved financial services, including the representation and settlement of assets to support domestic and cross-border payments. Highly scalable technologies and distributed ledger technology (DLT), among others, can provide new ways of recording value and transferring it among participants. Tokenisation is a good example of a technology that can be used in next-generation FMIs, thus supporting the mantra of enhancing the old and enabling the new.

Several projects have focused on practical applications of cross-border payments, using both existing and new technologies to enhance efficiency, speed and transparency – benefits closely aligned with the G20's goals for improving cross-border payments.

- **Project Nexus**, for which the BIS announced the handover process in 2024, proved to be particularly important in the context of cross-border payment solutions that make use of existing systems. Once established, the Nexus solution will simplify the connection of existing fast payment systems, enhancing existing infrastructure.

Signing of Project Nexus handover to partner central banks, July 2024.

- **Project Rialto** integrates a modular foreign exchange (FX) component with settlement in wholesale central bank reserves. By introducing an automatic FX settlement layer, it aims to enhance efficiency, reduce costs and strengthen the security of cross-border payment infrastructures.

Other projects also support new applications to improve the functioning of the payments system.

- **Project Mandala** addresses a key challenge by focusing on anti-money laundering/combatting the financing of terrorism (AML/CFT) compliance checks. It provides a privacy-preserving solution that allows entities to share compliance data while maintaining technology neutrality. This project aims to ensure the trust and integrity necessary for adequate functioning of the financial system.

- Finally, **Project Agorá**, launched in April 2024, is in its initial stage and involves seven central banks, including those that represent the five top international reserve currencies (the Bank of France, the Bank of Japan, the Bank of Korea, the Bank of Mexico, the Swiss National Bank, the Federal Reserve Bank of New York and the Bank of England) and more than 40 private financial firms. Its goal is to explore how tokenisation can enhance correspondent banking and cross-border payments.

Meet our people

Italo

As an adviser at the BIS Innovation Hub Hong Kong Centre, I explore how emerging technologies can enhance financial systems, particularly in areas such as blockchain, decentralised identity and tokenisation. This requires adaptability to evolving financial landscapes, a clear understanding of our financial system and a perspective on how so-called decentralised technologies can be applied in meaningful ways. It is energising to learn from the experiences of all those that participate in the financial ecosystem and to use creativity in designing experimental initiatives alongside central banks and financial sector participants. Working across multiple jurisdictions allows me to engage with different perspectives that shape discussions on security, interoperability and financial inclusion. The Innovation Hub has built an environment where innovation and practical applicability walk together, which, in my view, makes it a singular place to contribute to the evolution of finance.

Integrity and trust in the financial sector

Innovation Hub projects in this focus area showcase the potential of novel technologies to support financial integrity. They offer solutions that could be implemented by banks, payment systems and national authorities, contributing to the evolution of global financial practices. More broadly, the findings from these initiatives could inform the work of other international organisations. The application of both new and existing technologies, paired with innovative data utilisation strategies, is shaping the future of international standards and guidance.

Several interrelated projects address these issues:

- **Project Hertha** seeks to identify financial crime while preserving privacy, using an innovative approach that could outperform conventional methods.
- **Project Aurora** focuses on combatting money laundering, applying a holistic network analysis of payments data. The project's first phase has delivered promising results.
- **Project Raven** uses artificial intelligence (AI) tools to assess cyber security readiness in financial systems.
- **Project AISE** aims to investigate how AI agents could support supervisors of a growing number of institutions.

As these projects highlight, supervisory technology (suptech) and regulatory technology (regtech) are crucial not only for addressing current challenges but also for shaping the future of financial integrity. It is important to emphasise the relevance of continued innovation and collaboration in this area and to stress the need for greater cooperation between central banks, regulators and the private sector to protect and enhance the financial system.

"Suptech innovation continues to be essential to safeguarding our financial system. All of us – central banks, supervisors and regulators, the private sector – need to focus on this important task. To best achieve it, we need to operate within a framework that combines recognising the needs of multiple stakeholders with working more effectively with the private sector. We are genuinely excited to play our part, and we invite you to join us in creating the financial infrastructure of the future."

Cecilia Skingsley
Head of the BIS Innovation Hub

The emergence of generative artificial intelligence in central banking

The emergence of generative AI and large language models (LLMs) has created new opportunities for experimentation. With the rapid advancement of AI in recent years, these technologies could represent significant changes in the provision of financial services and central banking operations. As AI applications expand, central banks must assess their potential while managing risks to ensure financial stability and efficiency. The BIS is well placed to contribute to this effort.


Record keeping
Transactions are ultimately recorded in a high speed, two-tier, multi asset ledger
Entries
Event Pipeline
Modular by design
Easily integrated into FMIs as a building block, subcomponents are independently deployable
Learn more about Project FuSSE

Building on its extensive experience with technology projects and expertise across various fields, the BIS is exploring practical applications of AI in central banking, working to integrate these innovations in a way that aligns with the core needs of central banks.

So far, 10 projects – AISE, Aurora, Ellipse, Gaia I, Gaia II, Insight, Neo, Raven, Symbiosis and Spectrum – have employed AI methods across diverse use cases, including information collection, statistical compilation, payments oversight and supervision, macroeconomic and financial analysis, and monetary policy analysis (see Graph 5.3). These projects leverage both in-house expertise and external collaboration, broadening the scope of AI-driven innovation.

An overview of BIS Innovation Hub projects using AI

Graph 5.3

	Ellipse	Aurora	AISE	Gaia I	Gaia II	Symbiosis	Raven	Neo	Spectrum	Insight
Status	✓	↻	↻	✓	↻	↻	↻	↻	↻	↻
Key theme	Suptech/regtech			Green finance			Cyber security	Monetary policy tech		
LLM	✗	✗	✓	✓	✓	✓	✓	✓	✓	✗
NLP	✓	✗	✓	✓	✓	✓	✓	✗	✓	✗
SML	✗	✓	✓	✗	✗	✓	✗	✓	✗	✗
UML	✗	✓	✓	✗	✗	✓	✗	✓	✓	✗
Other	✗	✓	✓	✗	✗	✗	✓	✗	✗	✓[1]

✓ Completed ↻ Ongoing

LLM = large language model; NLP = natural language processing; SML = supervised machine learning (ML); UML = unsupervised ML.
[1] As the project is in its early stages, the types of AI technologies to be used are still to be determined.

Source: BIS Innovation Hub.

Collaboration: BIS as a catalyst for innovation

Box B

The BIS Innovation Hub continues to build strategic partnerships and initiatives that bring together central banks and the broader financial community. Key activities facilitate the exchange of ideas, accelerate the exploration of emerging technologies and promote experimentation to address the evolving challenges of the global financial system.

The horizon-scanning initiative is a key pillar of the Innovation Hub's threefold mandate, helping to identify critical trends in financial technology that may impact central banks. Through collaboration and knowledge-sharing with central banks and academia and across the centres, this initiative highlights new technologies and identifies gaps and areas for innovation. This supports the BIS's focus on identifying trends and risks and ensures that ongoing projects stay aligned with evolving areas such as quantum computing, generative AI and cyber crime. Horizon scanning also helps to develop solutions that support central banks' core responsibilities such as monetary policy, financial stability, payments infrastructure and regulation.

The BIS Innovation Network (BISIN) consists of six working groups designed to encourage collaboration and knowledge-sharing among nearly 290 central bank experts. These groups provide a forum for discussing cutting-edge technology and innovation topics, sharing insights and identifying emerging developments that may shape the future of central banking. By leveraging both in-house expertise and external partnerships, the BISIN plays an essential role in advancing technological experimentation and enhancing the capacity of central banks to address complex challenges.

The G20 TechSprint was launched in April 2024 under Brazil's G20 presidency as a collaboration between the BIS and the Central Bank of Brazil. This was the fifth edition of the global hackathon. The competition invited developers worldwide to present innovative solutions that address challenges related to the United Nations Sustainable Development Goals, driving technological innovation to tackle global issues.

The SupTech TechSprint in October 2024 brought together 97 participants from 30 regulatory authorities worldwide, highlighting the power of cross-border collaboration in addressing shared regulatory challenges. Over the course of three days, participants developed innovative solutions to handle the growing volumes of data collected by supervisors, regulators and policymakers. Their work focused on finding new ways to process and analyse data from multiple sources and formats, ultimately helping to unlock efficiencies and improve regulatory oversight.

The Analytics Challenge invited public and private sector participants to propose innovative technological solutions to combat financial crime and streamline compliance processes within financial institutions. Concluded in March 2025, this initiative exemplified the Innovation Hub's continued commitment to promoting collaboration across sectors and leveraging technology to address critical challenges in the global financial ecosystem. For more information, visit the Analytics Challenge webpage.

The conference on quantum readiness for central banks and supervisors, held in February 2025, was jointly organised by the BIS Innovation Hub's Eurosystem Centre and the BIS Cyber Resilience Coordination Centre. Over 150 participants gathered to discuss the cyber security challenges and strategic implications of quantum computing for the financial system. Discussions centred on the need for bold action to manage the transition to quantum technologies, with a focus on developing quantum-readiness roadmaps and ensuring resilience in financial systems. See Chapter 3.

Analytics Challenge, London, March 2025

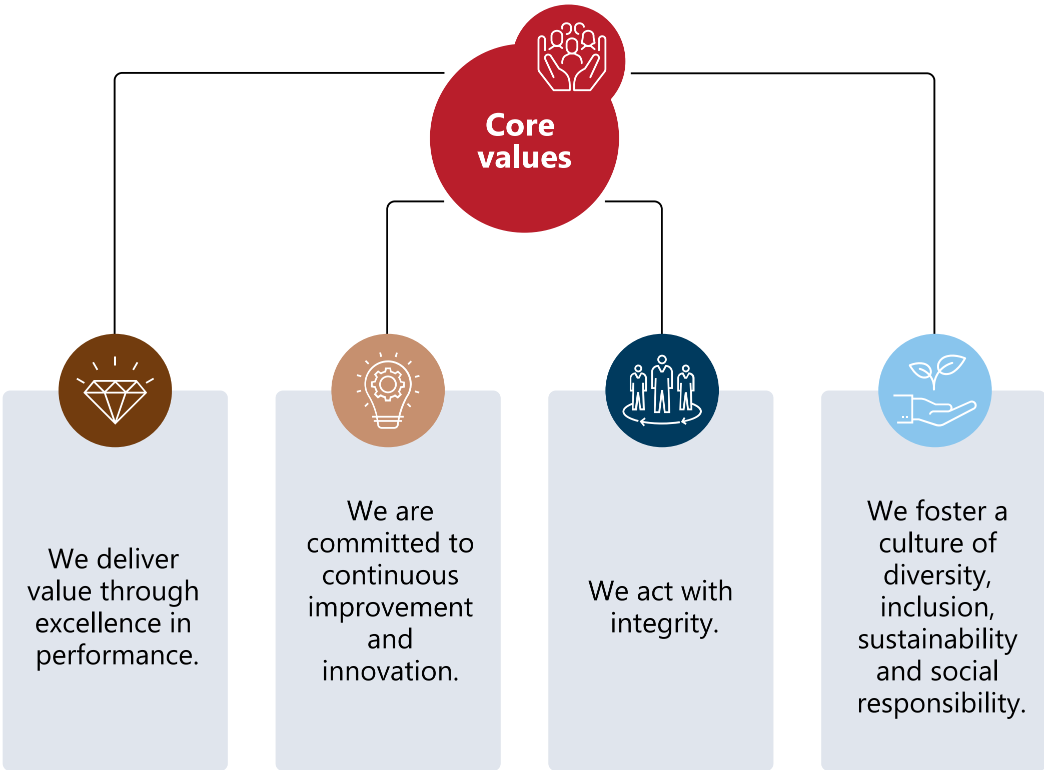
6

The way we work

Promoting international cooperation is central to our mission, and collaboration among our talented teams enables the Bank to fulfil our mission and support our stakeholders. Our work environment is anchored in strong core values that guide our actions and shape how we deliver on our mission.

BIS core values

The Bank's core values guide our actions and unite our people.



- Excellence drives us to achieve the highest standards in performance.
- Continuous improvement and innovation enables us to adapt quickly and proactively to new demands.
- Integrity ensures we act with honesty, transparency and accountability.
- Our values seek to foster an inclusive and welcoming environment which encourages sharing of perspectives, responsible practices and long-term thinking.

These principles ensure the Bank meets the evolving needs of our stakeholders and make the BIS a resilient organisation.

Evolving and collaborating across the organisation

Delivery of the Innovation BIS 2025 strategy has profoundly changed how we work together as teams, enhancing processes and practices (see Chapter 1). We have focused on improving how we work so that we operate at a faster pace, adapt to novel challenges and opportunities and constantly seek improvement. At the heart of this is the way we work together as colleagues. The Bank's key initiatives require contributions from across the organisation to strengthen our work, harness our diverse talent and amplify different perspectives.

To enable our organisational transformation, we continued to invest in our systems and our workplace strategy in 2024/25.

Highlights 2024/25

- Reviewing the terms of reference of a number of cross-departmental initiatives to reflect this way of delivering work to advance collaborative, cross-departmental initiatives (eg the Bank's Environmental Sustainability Steering Group and the Campus Development Project)
- The launch of a generative artificial intelligence (AI) technologies programme (Project Voyager)
- Opening our doors to the public as part of Open House Basel and the summer tours.

Achievements and impact

Innovation in the workplace

The Bank has invested heavily in its IT backbone to enhance digital services to support secure multilateral collaboration and meetings and leverage infrastructure. To accelerate our internal development, we have expanded capabilities through deployment of AI and new cloud technologies to support collaboration, external engagement and new ways of working.

Project Voyager

Project Voyager, launched in 2024, is a programme designed to integrate generative AI technologies into the Bank's institutional activities. This initiative is essential to address the rapid advancements in AI and its potential risks and challenges, and to incorporate it into the Bank's processes while developing workforce skills to ensure our people are well equipped to use these new technologies effectively.

The programme focuses on enabling AI experimentation across the Bank, developing necessary skills, implementing common platforms and tools and establishing foundations like risk and

Meet our people

Sukhvir

For the last year, I have been on special assignment as an AI specialist with Project Voyager, a programme to build and integrate generative artificial intelligence (AI) technologies into the Bank's activities. I contributed to the establishment of an AI development programme for colleagues, an initiative designed to further build up AI literacy throughout the organisation. I have also worked on the development of the Bank's in-house AI chatbot, along with various other AI applications, covering areas from procurement analysis to meeting services. What I value most about working at the BIS is the collaborative environment that enables us to innovate across different business areas. Understanding colleagues' specific needs and working together on solutions has been a particularly rewarding aspect of my assignment.

data management and model development. The programme is designed to organise and share AI projects and ideas, facilitating learning and capturing synergies.

Using AI in a secure way

To support our secure use of AI, an initial framework was established to manage AI risk, ensuring responsible and safe use. Efforts in internal knowledge building include deploying a learning portal, new webinars and online courses for central banks. A secure chat application was launched to enhance productivity by integrating generative AI technology into the Bank's regular tasks. Key initiatives showcased the importance of proper data preparation and sharing to achieve optimal AI results.

Cloud services

With the adoption of advanced cloud services, the Bank is ready to significantly enhance its technological capabilities, enabling innovation and efficiency. In 2024/25, the Bank introduced tools to enhance collaboration and quick prototyping for research and development in secure environments. These enable secure teamwork and help us to continue to meet new business demands, deliver high-quality services for customers and work seamlessly with our colleagues on projects across all of our global locations.

Meet our people

Adesola

Over the past year, I have led the Cloud Infrastructure project, enhancing our cloud capabilities to improve agility and scalability. This role strikes a balance between strategic planning and hands-on project leadership, allowing me to collaborate with a diverse group of talented colleagues. Working at the BIS has provided me with continuous learning opportunities from people with rich experiences and backgrounds. I have been part of initiatives that push the boundaries of technology, fostering a culture of innovation and continuous improvement. Modernising our processes and tools to boost productivity and drive data-driven decision-making is a key part of our mission. I am proud to contribute to an environment that values collaboration and inclusivity, making it a pleasure to work with such inspiring and dedicated individuals.

By leveraging cloud solutions, the Bank can also take advantage of the environmental goals of cloud providers, including sustainable practices and green energy resources. Our Cloud Programme has streamlined hardware outcomes, including virtual desktops, eco-friendly physical devices, carbon offset programmes and global recycling efforts. Redundant hardware is repurposed through a donation programme (see Donations and fundraising activities).

Key components of the Cloud Programme include a new information-labelling capability, a document management system, customer relationship management and digital identity systems. These features enhance the digital experience for all BIS stakeholders and improve engagement and collaboration. It supports a digital workplace that boosts productivity, mobility and remote working. This also reduces the need for physical travel, contributing to sustainability goals.

Excellence in performance

In an organisation that attracts and retains world-class talent, collaboration and sharing of perspectives is essential. During 2024/25, the Bank advanced a number of cross-departmental initiatives, from the Environmental Sustainability Steering Group, to our Campus Development Project, the Diversity Steering Committee, Project Voyager and the Pension Fund Committee. By connecting our people and pooling our skills, we deliver impactful outcomes.

Newcomer events

Recognising the importance of working together as a team and sharing perspectives, we have revamped our newcomer events. In 2024/25, we held two newcomer events, welcoming approximately 100 new staff members who had joined in the past year. Over two half-days, newcomers engaged with leaders, including the General Manager, through presentations and a Q&A panel. The events are about introducing new employees to the work and culture across the Bank and forging diverse connections to enhance our work.

Recognition scheme

In 2024/25, the BIS continued to highlight the importance of recognising exceptional individual performance through the Recognition Awards. These modest, one-off awards enable line managers to promptly recognise colleagues who go beyond their responsibilities and performance objectives and demonstrate the Bank's values. Open to all, they acknowledge outstanding contributions to specific projects or tasks. Over 120 colleagues received such awards in the past year.

Human Resources modernisation

The introduction or modification of new processes has aided in the identification, development, recognition and allocation of talent. To further support this, the BIS has embarked on an HR Modernisation Programme to enhance systems. A set of projects and initiatives are aimed at transforming experiences and related services to make them simpler, engaging and more efficient, to support productivity.

In July 2024, a significant milestone in the HR Modernisation journey was achieved with the successful launch of the initial phase of a new human resources management platform. This is the first of three milestones, with further work now under way to address recruiting and onboarding processes.

BIS newcomer day, March 2025

Campus development

Updated masterplan public consultation process

In developing the headquarters site in Basel, we envision a campus that draws together our community of shareholders, visitors and employees in an environment that inspires thought leadership and collaboration.

The Campus Development project reached a milestone in the past year with the approval of its revised masterplan by Basel-Stadt authorities in early 2025, following its submission in late 2024, enabling the project to progress to detailed design development.

This revised masterplan builds on the existing development plan from 2015 and introduces updated planning regulations for a new high-rise building on the site.

To ensure transparency and community engagement, the BIS held a neighbourhood event to inform residents in our community about the revised masterplan and gather feedback. Following this, the Basel-Stadt authorities conducted a public consultation, during which no objections were received. Subsequently, the Government Council approved the application.

This approval allows the Bank to move forward to the next milestone in the project's design phase – the preparation of building permit applications to the Basel-Stadt authorities. The design phase based on the winning proposal from the competition and related planning and workplace vision and design will continue until 2027.

Activity-based working

As the BIS looks to future designs of its workplace, it continues to explore new working styles that foster collaboration. Building on the insights from an initial pilot project, the BIS expanded the implementation of activity-based working (ABW) across its headquarters in 2024/25. ABW aims to enhance and explore collaboration and innovation by offering diverse workspaces tailored to specific activities.

The pilot project has highlighted the need to design workspaces that accommodate the various ways teams operate and interact, as well as the critical role of centralised services and seamless information technology and audiovisual systems. The knowledge gained from these efforts will inform the design of future BIS campus workspaces.

Inclusion and belonging

BIS
Where perspectives meet

Mission and vision

In 2024/25, the BIS reviewed and updated our mission and vision to reflect our strengthened commitment to inclusion. Embracing different backgrounds and perspectives has become essential to our values, and we strive to create an environment where talent can excel. This commitment is integral to our work and is reflected in our updated Competency Framework, which defines the behaviours we expect and support at the BIS.

We aim to build teams that mirror our global membership, and our staff come from nearly 60 countries. By valuing a variety of perspectives and working styles, we enhance our understanding of global economic developments, drive innovation and provide thought leadership to our member central banks. We are dedicated to inclusive leadership and practices that enable the BIS to fulfil its global mandate of serving central banks.

Our behaviours and competencies were updated to reflect alignment with our values. These changes will be integrated into various stages of the employment lifecycle to advance a culture of belonging where innovation thrives, where everyone feels respected and where sharing of perspectives and experiences is integral to the success of every team.

Networks

These networks are run by colleagues and focus on fostering a supportive culture and environment for our people to connect, engage and inspire each other to achieve their full potential.

This year, key developments included the introduction of the Accessibility, Neurodiversity and Disability (AND) Network (see photo on page 138), which focuses on supporting individuals with disabilities and neurodiverse conditions. This network aims to raise awareness, challenge stigma and create a more equitable and supportive environment for all employees. The AND Network has already organised workshops and information sessions to educate colleagues on neurodiversity and disability issues, promoting a better understanding within the workplace.

WE @BIS

WE@BIS helps women and their allies support each other to achieve their full potential at the BIS and beyond.

PRIDE @BIS

PRIDE@BIS helps to promote a working environment where everyone, regardless of sexual orientation or gender identity, feels accepted and valued.

PARENTS +CARERS @BIS

The **Parents and Carers** network promotes connection, information exchange and knowledge-sharing among parents and carers.

EMBRACE @BIS

EMBRACE@BIS celebrates and promotes ethnic and cultural richness at the BIS.

AND @BIS

The **Accessibility, Neurodiversity, and Disability** network is where individuals with disabilities and their allies come together to support each other in reaching their full potential at the BIS.

Sustainability and social responsibility

The Environmental Sustainability Steering Group (ESSG)

The BIS is committed to promoting environmental sustainability through our work for and with the central banking community and in our drive to strengthen our effort as an environmentally responsible international financial institution.

The Bank's Environmental Sustainability Steering Group (ESSG) supports the implementation of this commitment. The ESSG brings together our competencies – from knowledge in economics, financial markets, innovative technologies and international policy forums to experience in corporate operations – to advise Management and help coordinate Bank-wide sustainability-related activities.

The Bank's most significant work on sustainability concerns economic analysis (see Chapter 2), outreach and international cooperation (see chapters 3 and 5) and the provision of sustainable banking products for customers (see Chapter 4). The fourth Green Swan conference, which the BIS co-organised with the Bank of Japan, the Bank of Spain and the Network for Greening the Financial System (NGFS), was a notable highlight during 2024/25. The conference explored the impact of climate change on the real economy and its implications for business and monetary policy.

Green Swan conference, November 2024

The Bank regularly integrates sustainability enhancements into its corporate operations. In 2024/25, we completed several energy efficiency projects on our Basel premises, including heat pump replacement and low energy consumption lighting installation.

We implemented waste tracking in our restaurants and piloted food waste reduction initiatives. We also updated our procurement procedures to encourage the incorporation of sustainability criteria into procurement decisions. Building on our previous annual measurement of our headquarters' environmental footprint, we began work in September 2024 to calculate the full carbon footprint for the Bank, in line with the guidance of the Greenhouse Gas Protocol.

These efforts extend to our Representative Offices.

The Representative Office for Asia and the Pacific advanced its sustainability initiatives by donating old laptops, televisions and screens to a government programme aimed at recycling electronic waste, a major issue for Hong Kong SAR's landfills. Within its premises, the Office continued to work with building management to ensure strict recycling of paper, plastic and metal waste.

The Representative Office for the Americas Office recycles a significant portion of the waste generated in the workplace, including electronic waste, batteries, coffee capsules, paper and cardboard. The Office also supports the Banco de Tapitas Foundation by collecting and recycling plastic bottle caps. The proceeds from this initiative help fund cancer treatments for children.

Geothermal investigation

In 2024, the Bank conducted a subsoil investigation at the BIS headquarters site, as part of the feasibility studies for the BIS Campus development project. This included geothermal drilling to explore the potential for using geothermal energy for heating, cooling and power generation.

These investigations are crucial for planning the new construction and support the project's sustainability goals, including achieving LEED platinum, which is the highest level in the international LEED certification scheme for sustainable buildings.

Preliminary results indicate that the site conditions at our headquarters in Basel are favourable for both structural stability and geothermal energy use, and further investigations are under way to explore the potential to use geothermal energy for the existing tower as well as the new building.

Donations and fundraising activities

As part of its social responsibility commitment, the BIS provides modest financial support for charities and selected social and cultural activities in locations where the Bank maintains business operations. The BIS also makes special donations to global charities for major disaster relief efforts, including, on occasion, by matching funds raised by employees.

The Bank's people also often play a role in supporting charitable and social causes. During the year, the BIS organised three blood donation drives for colleagues in Basel. The Bank and its people also made impactful donations to the international charity Save the Children.

The Bank contributed used hardware to Labdoo Switzerland, a global humanitarian social network dedicated to providing educational resources to underprivileged schools around the world.

In addition to supporting various Mexican foundations through the Donations Committee, the Representative Office for the Americas Office extended its impact by contributing to several other meaningful initiatives, including Kardias, A Favor del Niño, Casa Hogar Monte Halac AC and Capacitación y Desarrollo Integral.

The commitment of the Representative Office for Asia and the Pacific to the local community was demonstrated through participation in charitable initiatives, such as the Bloomberg Square Mile Relay, which raised $30,000 for a local charity partner.

Blutspende SRK beider Basel, blood donation drive, August 2024

In 2024/25, the funds of the Donations Committee were distributed internationally to the following organisations:

- **Basel:** Stiftung ProUKBB, Orchesterschule Insel, Kammerorchester Basel, Neustart, Stiftung Blindenheim, Pro Polizeimuseum Baselland, Offene Tür, Gustav Benz Haus, Naturhistorisches Museum, Heilsarmee Region Basel, trauern hilft, Café Einzigartig, ThanksGiver Tafel Schweiz, Stiftung Theodora, Schwarzer Peter, Der Sonnenhof, WohnWerk, Verein Phari

- **Hong Kong SAR:** The Ebenezer School & Home for the Visually Impaired Ltd, Feeding Hong Kong

- **Mexico City:** Movimiento con Alegría, Vida y Familia México, Ayuda y Solidaridad con las Niñas de la Calle, La Cana Proyecto de Reinserción Social, Todo Cambiará Albergues

Public outreach

For the second year, the BIS opened its doors for Open House Basel 2024, offering the public architectural tours of buildings around the city. The event was well received, with all available places quickly filling up, indicating strong local interest in the headquarters. Around 600 visitors participated in 29 guided tours led by BIS volunteer guides, exploring the building's unique architecture and interior design.

The BIS also provided members of the public guided tours of the Tower building in the summer months of 2024, offering people the opportunity to learn more about the BIS in Basel. Visitor registrations for the four tours also filled quickly, with 80 people signing up to get a peak inside the Tower building, which has been a distinctive presence in Basel for more than 50 years.

These events provided an opportunity to engage with the community and share insights into the BIS's history and the architectural significance of its headquarters.

Open House Basel, May 2024

Bike to Work Challenge

In June 2024, 30 teams from across the BIS participated in Switzerland's annual Bike to Work Challenge, joining 3,840 companies and 109,090 participants across the country. BIS teams collectively cycled 15,333 kilometres, resulting in savings of 2,208 kilograms of carbon dioxide.

Bike to Work Challenge, June 2024

7 Governance and organisation

The BIS is governed at three levels: the General Meetings of member central banks, the Board of Directors and BIS Management. Each of these bodies participates in the governance and decision-making related to BIS activities in the areas of international cooperation, policy analysis, banking operations, corporate operations and innovation.

BIS member central banks and General Meetings

Sixty-three central banks and monetary authorities are currently members of the BIS.

The BIS Annual General Meeting (AGM) is held within four months of the end of the financial year on 31 March. The AGM approves the Annual Report and the accounts of the Bank, decides on the distribution of a dividend and elects the Bank's auditor. Each of the BIS member central banks has rights of voting and representation at General Meetings.

Bank of Algeria	Algeria
Central Bank of Argentina	Argentina
Reserve Bank of Australia	Australia
Central Bank of the Republic of Austria	Austria
National Bank of Belgium	Belgium
Central Bank of Bosnia and Herzegovina	Bosnia and Herzegovina
Central Bank of Brazil	Brazil
Bulgarian National Bank	Bulgaria
Bank of Canada	Canada
Central Bank of Chile	Chile
People's Bank of China	China
Central Bank of Colombia	Colombia
Croatian National Bank	Croatia
Czech National Bank	Czechia
Danmarks Nationalbank	Denmark
Bank of Estonia	Estonia
European Central Bank	Euro area
Bank of Finland	Finland
Bank of France	France
Deutsche Bundesbank	Germany
Bank of Greece	Greece
Hong Kong Monetary Authority	Hong Kong SAR
Magyar Nemzeti Bank	Hungary
Central Bank of Iceland	Iceland
Reserve Bank of India	India
Bank Indonesia	Indonesia

Central Bank of Ireland	Ireland
Bank of Israel	Israel
Bank of Italy	Italy
Bank of Japan	Japan
Bank of Korea	Korea
Central Bank of Kuwait	Kuwait
Bank of Latvia	Latvia
Bank of Lithuania	Lithuania
Central Bank of Luxembourg	Luxembourg
Central Bank of Malaysia	Malaysia
Bank of Mexico	Mexico
Bank Al-Maghrib (Central Bank of Morocco)	Morocco
De Nederlandsche Bank	Netherlands
Reserve Bank of New Zealand	New Zealand
National Bank of the Republic of North Macedonia	North Macedonia
Central Bank of Norway	Norway
Central Reserve Bank of Peru	Peru
Bangko Sentral ng Pilipinas	Philippines
Narodowy Bank Polski	Poland
Banco de Portugal	Portugal
National Bank of Romania	Romania
Central Bank of the Russian Federation	Russia
Saudi Central Bank	Saudi Arabia
National Bank of Serbia	Serbia
Monetary Authority of Singapore	Singapore
National Bank of Slovakia	Slovakia
Bank of Slovenia	Slovenia
South African Reserve Bank	South Africa
Bank of Spain	Spain
Sveriges Riksbank	Sweden
Swiss National Bank	Switzerland
Bank of Thailand	Thailand
Central Bank of the Republic of Türkiye	Türkiye
Central Bank of the United Arab Emirates	United Arab Emirates
Bank of England	United Kingdom
Board of Governors of the Federal Reserve System	United States
State Bank of Vietnam	Vietnam

Board of Directors

The Board determines the Bank's strategic and policy direction, supervises BIS Management and fulfils specific tasks as set out in the Bank's Statutes. It meets at least six times a year. The Board elects a Chair from among its members for a three-year term and may elect a Vice-Chair. The current Board Chair is François Villeroy de Galhau, Governor of the Bank of France, who was re-elected on 12 November 2024 for a second three-year term effective 12 January 2025.

Changes in the Board

On 30 September 2024, Thomas Jordan stepped down from his position as Chairman of the Governing Board of the Swiss National Bank and therefore also from the BIS Board. His successor, Martin Schlegel, was elected as a member of the Board for a three-year period, starting on 1 October 2024.

Shaktikanta Das retired from his position as Governor of the Reserve Bank of India on 10 December 2024 and therefore also left the BIS Board. The Board elected Sanjay Malhotra, the new Governor of the Reserve Bank of India, as a Board member for a three-year period, starting on 9 January 2025.

Roberto de Oliveira Campos Neto's term as Governor of the Central Bank of Brazil ended on 31 December 2024, and he therefore also left the BIS Board. His successor, Gabriel Galípolo, was elected as a member of the Board for a three-year period, starting on 9 January 2025.

Board remuneration

The AGM approves the remuneration of members of the Board of Directors, with adjustments taking place at regular intervals. The total fixed annual remuneration paid to the Board was CHF 1,105,755 as of 1 April 2025. Board members also receive an attendance fee for each Board meeting in which they participate. Assuming that the full Board is represented in all Board meetings, the annual total of these attendance fees for financial year 2024/25 amounts to CHF 1,046,376.

François Villeroy de Galhau
Chair; Bank of France, Paris

Andrew Bailey
Bank of England, London

Gabriel Galípolo
Central Bank of Brazil, Brasília

Pan Gongsheng
People's Bank of China, Beijing

Klaas Knot
De Nederlandsche Bank, Amsterdam

Christine Lagarde
European Central Bank, Frankfurt am Main

Tiff Macklem
Bank of Canada, Ottawa

Sanjay Malhotra
Reserve Bank of India, Mumbai

Joachim Nagel
Deutsche Bundesbank, Frankfurt am Main

Fabio Panetta
Bank of Italy, Rome

Jerome H Powell
Board of Governors of the Federal Reserve System, Washington DC

Martin Schlegel
Swiss National Bank, Zurich

Chang Yong Rhee
Bank of Korea, Seoul

Victoria Rodríguez Ceja
Bank of Mexico, Mexico City

Erik Thedéen
Sveriges Riksbank, Stockholm

Kazuo Ueda
Bank of Japan, Tokyo

John C Williams
Federal Reserve Bank of New York, New York

Pierre Wunsch
National Bank of Belgium, Brussels

BIS Management

The management of the Bank is directed by the General Manager, who is responsible to the Board of Directors for the conduct of the Bank. The General Manager is assisted by the Deputy General Manager and advised by the Executive Committee.

The Executive Committee is chaired by the General Manager and includes the Deputy General Manager, the Heads of the four BIS departments (the Banking Department, the General Secretariat, the BIS Innovation Hub and the Monetary and Economic Department) and the General Counsel.

Other BIS senior officials are the Deputy Heads of these departments, the Chair of the Financial Stability Institute, the Head of Risk Management, the Head of the BIS Representative Office for Asia and the Pacific and the Head of the BIS Representative Office for the Americas.

Changes in senior management

Luis Bengoechea became Head of the Banking Department and a member of the Executive Committee of the BIS on 1 June 2024 for a five-year term. Mr Bengoechea succeeded Peter Zoellner upon his retirement. Previously, Mr Bengoechea was Deputy Head of Banking.

Nithya Navaratnam was appointed Deputy Head of Banking in July 2024 for a five-year term. Previously, she was Head of Credit Risk Management.

In September, Dessislava Guetcheva-Cheytanova was appointed General Counsel and a member of the Executive Committee of the BIS, for a five-year term, upon the retirement of Diego Devos. Previously, she was the Bank's Deputy General Counsel.

It was announced in November 2024 that Pablo Hernández de Cos would become General Manager of the BIS for a five-year term, starting on 1 July 2025. Mr Hernández de Cos will succeed Agustín Carstens, whose term ends at the end of June 2025. Mr Hernández de Cos was previously Governor of the Bank of Spain, a position he held from 2018 until June 2024.

In December 2024, Véronique Sani became Secretary General for a five-year term. She succeeded Monica Ellis, who retired at the end of 2024. Ms Sani joined the Bank from Advasio Consulting, where she was President.

Also in December, Frank Smets was appointed Deputy Head of the Monetary and Economic Department (MED) for a five-year term. He joined the BIS from the European Central Bank, where he was Adviser to the Executive Board. Along with Gaston Gelos he is one of two Deputy Heads of MED.

In January 2025, Hyun Song Shin, assumed the joint role of Economic Adviser and Head of MED, upon the retirement of Claudio Borio at the end of 2024.

Senior management remuneration

The salaries of senior officials are regularly benchmarked against compensation in comparable institutions and market segments. As of 1 July 2024, their annual remuneration, before expatriation and other applicable allowances, is based on the salary structure of CHF 722,356 for the General Manager, CHF 611,224 for the Deputy General Manager and CHF 555,659 for Heads of Department. In addition, the General Manager enjoys enhanced pension rights.

Agustín Carstens
General Manager

Andréa M Maechler
Deputy General Manager

Véronique Sani
Secretary General and
Head of General Secretariat

Luis Bengoechea
Head of Banking Department

Hyun Song Shin
Economic Adviser
Head of Monetary and Economic Department

Cecilia Skingsley
Head of BIS Innovation Hub

Dessislava Guetcheva-Cheytanova
General Counsel

Bertrand Legros
Deputy Secretary General

Nithya Navaratnam
Deputy Head of Banking Department

Gaston Gelos
Deputy Head of Monetary and Economic
Department, Head of Financial Stability Policy

Frank Smets
Deputy Head of Monetary and Economic Department
Head of Economic Analysis and Statistics

Fernando Restoy
Chair of Financial Stability Institute

Jens Ulrich
Head of Risk Management

Tao Zhang
Chief Representative for Asia and the Pacific

Alexandre Tombini
Chief Representative for the Americas

Organisation

The BIS has four main departments. They encompass economic research, banking activities, support to central bank collaboration on technological developments impacting the financial system, and general internal support.

Departments and business units

The **Monetary and Economic Department** (see Chapter 2) undertakes research and analysis to shape the understanding of policy issues concerning central banks, including innovation and monetary policy frameworks, provides committee support and organises key meetings of senior central bankers and other officials in charge of financial stability.

The **Banking Department** (see Chapter 4) provides a range of financial services to support central banks in the management of their foreign exchange and gold reserves and invests the BIS's own capital.

The **BIS Innovation Hub** department (see Chapter 5) identifies and develops in-depth insights into critical trends in financial technology of relevance to central banks, explores the development of public goods to enhance the functioning of the global financial system, and serves as a focal point for a network of central bank experts on innovation.

The **General Secretariat** provides the organisation with comprehensive corporate services in the areas of information technology, cyber security, operational resiliency, operational risk management, human resources, finance, facilities management, security and meeting services.

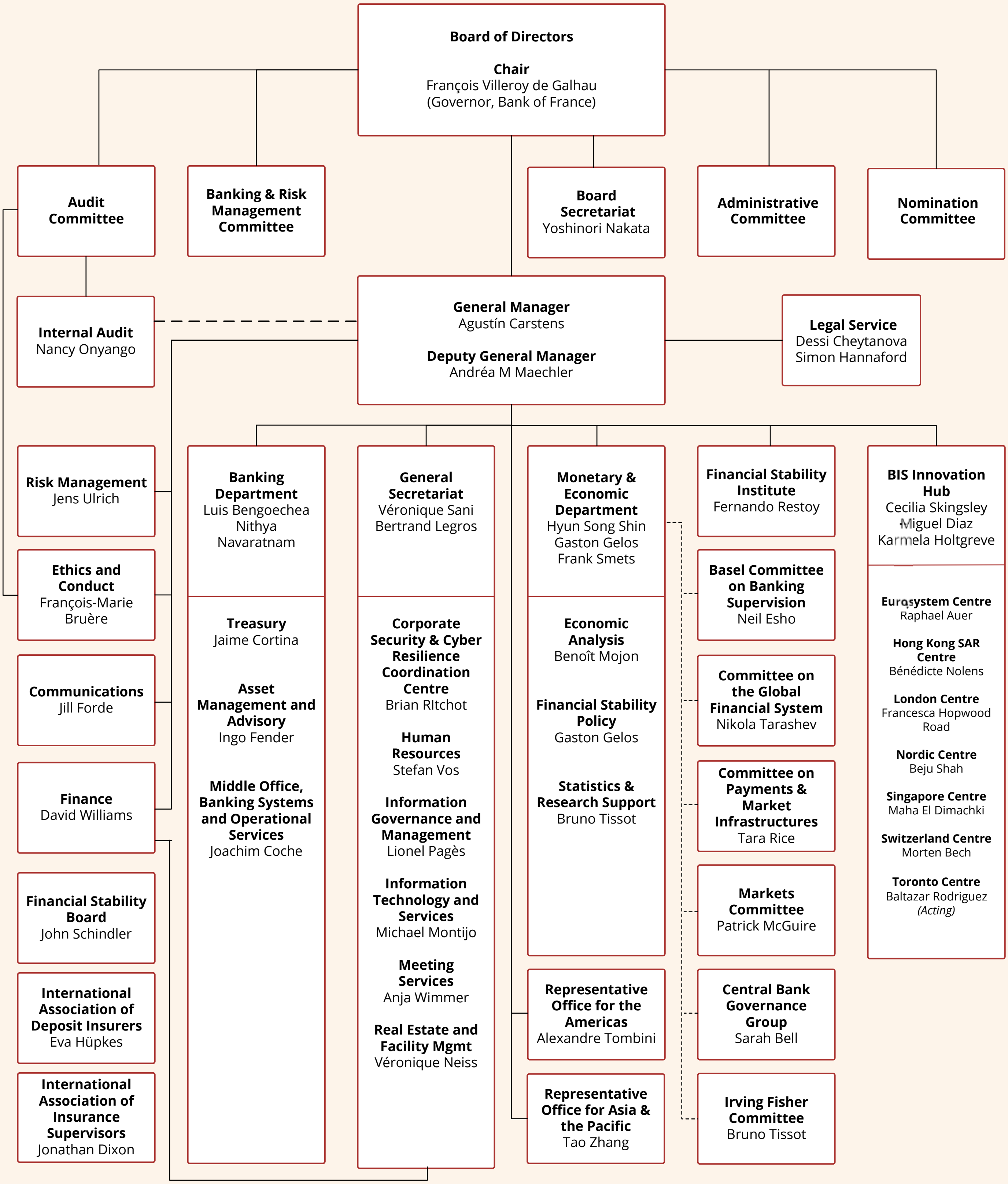
The BIS is further supported by the **Legal Service** and the **Risk Management**, **Internal Audit, Ethics and Conduct** and **Communications** units.

The BIS's **Financial Stability Institute** (see Chapter 3) promotes the implementation of global regulatory standards and sound supervisory practices worldwide.

The BIS has two **Representative Offices**: one for Asia and the Pacific, located in Hong Kong SAR, and one for the Americas, located in Mexico City (see Chapter 3).

A number of **international groups** engaged in the pursuit of financial stability have their secretariats at the BIS (see Chapter 3).

Organisation of the BIS*



* Organisational chart as of 1 June 2025

Risk management

The BIS has risk management policies and practices in place to ensure that risks are duly identified, measured, monitored and reported. To achieve these objectives, the Bank has an independent Risk Management function covering financial and operational risks. The Risk Management function continuously monitors and manages the Bank's risks. The Head of Risk Management is part of the Management of the BIS, reports directly to the Deputy General Manager and acts as deputy in matters related to financial risk management.

Financial risks

The BIS manages its financial risks within a risk management framework established by the Board. The implementation of the framework is monitored by the Board's Banking and Risk Management Committee. Within this framework, BIS Management has established policies designed to ensure that the Bank's financial risk exposures – credit, market and liquidity risks – are identified, appropriately measured and controlled, and monitored and reported. Risk Management develops policies and proposals while monitoring adherence to defined rules and limits. It continuously assesses the Bank's capital adequacy, considering both balance sheet leverage and economic capital utilisation.

The financial risk management framework ensures that the Bank maintains a prudent risk profile by:

- maintaining an exceptionally strong capital position
- ensuring a high level of liquidity
- carefully managing its market risk exposures, which include strategic positions such as the Bank's gold holdings
- investing its assets predominantly in high credit quality financial instruments and seeking to diversify its assets across a range of sectors.

The resulting superior financial strength and robust liquidity have allowed the BIS to navigate a challenging market environment characterised by higher inflation and monetary policy tightening, slower global growth and the repercussions of geopolitical tensions on commodity markets and global trade flows.

In 2024/25, the Bank remained flexible in its approach to managing its balance sheet and continued to support its central bank customers in responding to economic challenges.

Operational risks

The Bank's Management takes a cautious approach to operational risk management under the guidance of the Board of Directors. As the Bank continues to embrace dynamic ways of working and technological innovation, it is refining its approach to risk management. This is to ensure that its control environments evolve in tandem with new practices in order to sustain the Bank's operational excellence and resilience.

The three lines of defence model

It is important that the Bank's control activities keep pace with evolving activities and ways of working to protect its financial resources and reputation. Therefore, as part of the Innovation BIS 2025 programme, the BIS has strengthened its approach to operational risk management, expanding its three lines of defence model. It has revised its Operational Risk and Resiliency Framework, expanded risk management capabilities and increased the frequency of risk assessment and monitoring activities to ensure risk conditions are aligned with the Bank's risk appetite. The final components of the operational risk framework were put into place in 2024/25, including a dedicated second line of defence function for process management risk. In addition, Bank-wide efforts have been made to further strengthen technology-related risk practices to reflect the ever-changing technology footprint.

Risk advisory activities

A range of risk advisory activities for operational risk exist throughout the BIS in accordance with the Bank's three lines of defence approach to operational risk management. Notably, the Risk Management function, jointly with the Legal Service, provides advisory services and monitoring for compliance risk related to BIS banking services.

Resiliency

The Bank is committed to continuously enhancing its resiliency to unexpected disruptions, recognising that the nature of business disruptions is constantly changing. Management and staff regularly participate in preparedness exercises to help ensure that the Bank is able to deal with business continuity matters.

Audit mechanisms

All BIS operations are audited and examined regularly. The Bank's audit mechanisms include an Internal Audit unit and an independent external audit firm.

Internal Audit

The Internal Audit unit evaluates and improves the effectiveness of risk management, control and governance systems and processes. It aims to promote an effective control environment.

Internal Audit operates within a mandate established by the BIS Board of Directors, and its activities are overseen by the Board's Audit Committee. To ensure independence, the Head of Internal Audit reports functionally to the Chair of the Audit Committee of the Board and administratively to the General Manager. Every activity and entity of the Bank, including outsourced activities, falls within the scope of Internal Audit.

To fulfil its responsibilities, Internal Audit conducts assurance and consulting engagements that lead to recommendations. These recommendations are subsequently followed up on to ensure that effective remedial actions are being taken by Management. To maintain objectivity, Internal Audit does not have operational responsibility for or authority over any of the activities audited.

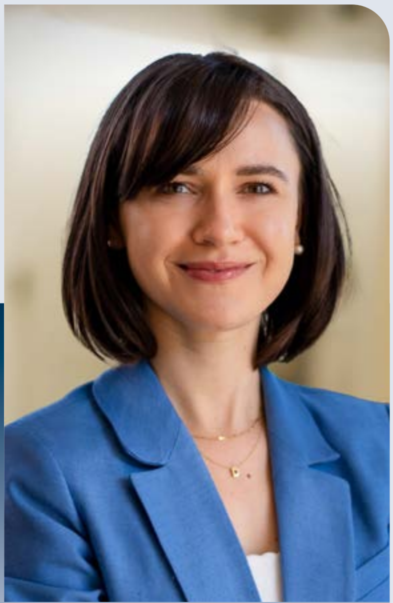
Independent external auditor

In addition, the BIS engages an independent external auditor to confirm that its annual financial statements give a true and fair view of the Bank's financial position, financial performance and cash flows.

In accordance with Article 46 of the BIS Statutes, the Annual General Meeting is invited to elect a new independent auditor for the ensuing year and to fix the auditor's remuneration. The Board policy is to rotate the auditor on a regular basis. For the year ended 31 March 2025, PricewaterhouseCoopers was the auditing firm chosen to audit the Bank's financial statements, which can be found in the annex at the end of this report. This was the sixth year of PricewaterhouseCoopers' term as auditor.

Meet our people

Dorina



In my role as Head of Finance Operations, I enjoy a variety of tasks, from overseeing daily Banking operations and cost control to contributing to key projects. My team and I produce the Bank's financial statements and the related Management reports. I also participate in working groups to align Finance requirements with the ever-evolving Banking products. Beyond my core responsibilities, I have contributed to broader initiatives, such as serving as secretary to the Third-Party Asset Management Oversight Committee during the implementation of a new portfolio management system. I also recently became a staff representative on the Pension Fund Committee. Participating on these committees is genuinely inspiring, with every session offering new insights and opportunities to learn. The combination of impactful work, continuous learning and collaboration with exceptional professionals makes working at the BIS truly rewarding.

Legal Service

The BIS Legal Service advises the BIS Board, Management and business areas on all legal matters relating to the Bank's activities, to ensure that the Bank acts at all times with due respect for the rule of law. It also assists in internal rule-making and maintains the Bank's central repository of internal policies, procedures and rules. In addition, it facilitates discussion and cooperation among central bank legal experts and other professionals on legal topics of common interest.

In addition to its main advisory role, the Legal Service contributes to the identification, management and control of legal risks, including litigation. Jointly with Risk Management, the Legal Service contributes as a second line of defence to monitoring and providing guidance on compliance risk regarding banking activities under the applicable BIS rules and policies.

In 2024/25, the Legal Service advised on key strategic initiatives. These include supporting Innovation Hub projects, including the implementation of the privileges and immunities framework of the BIS in Canada and the opening of the BIS Innovation Hub Centre in Toronto, the development of new banking products and trading platforms, the Bank's adoption of transformative technologies and the Campus Development project.

Ethics and conduct

The Bank's Management and Board of Directors attach the highest importance to ethics and conduct. Ethical conduct is one of the BIS's core values and therefore a key pillar of its corporate culture (see Chapter 6). The Bank's independent Ethics and Conduct function provides assurance that the activities of the BIS and its personnel are conducted in accordance with the highest ethical standards and the relevant codes of conduct. The Chief Ethics and Conduct Officer reports to the General Manager and the Deputy General Manager and has direct access to the Board's Audit Committee.

Working with integrity

The BIS Code of Conduct requires that all BIS staff members:

- maintain the highest standards of conduct, both inside and outside the Bank
- devote their working activities to the service of the Bank
- avoid possible conflicts of interest
- not accept other functions or employment unless explicitly authorised to do so by the Bank
- maintain the utmost discretion with regard to confidential information concerning the Bank.

To uphold integrity and the highest ethical standards, all new staff members receive mandatory training on the Code of Conduct and fraud awareness. In addition, all staff participate in periodic retraining on ethics topics. In 2024/25, 410 people attended one of the 36 training sessions provided. In addition, 511 staff members completed fraud awareness retraining through a tutorial.

Safe and respectful workplace and speaking up

The Bank has a Safe and Respectful Workplace Policy and does not tolerate any form of harassment, discrimination, abuse of authority or retaliation. The Safe and Respectful Workplace Policy and the Code of Conduct encourage staff to report any incidents related to such forms of improper behaviour that they notice or are subject to, thus helping to ensure that the BIS remains a respectful work environment in which every individual is treated with dignity and respect. Managers and designated HR staff are expected to play a specific role outlined in the Safe and Respectful Workplace Policy. By the end of 2024/25, designated human resources staff and 90% of line managers had attended dedicated training sessions. In 2025/26, new line managers will receive training and, in addition, courses on this topic will be offered to all staff.

The Bank also has a whistleblowing policy that encourages employees and third parties to report potential breaches of BIS rules. The Bank does not seek to identify anonymous whistleblowers. Whistleblowers who acted in good faith are protected against retaliation, regardless of the outcome of the investigation conducted by the Chief Ethics and Conduct Officer. The Bank will take appropriate action if the investigation identifies a breach of its rules.

Budget and remuneration

On an annual basis, Management prepares an overall business plan for the forthcoming financial year consistent with the strategic direction and financial framework agreed with the BIS Board of Directors. Corresponding resource requirements are assessed and plans prioritised to produce a draft budget for discussion with the Board. The agreement of the Board on the Bank's budget and related business plans is required before the start of each financial year.

The budget of the Bank comprises three key components:

- The regular administrative budget, which covers the Bank's ongoing annual expenditure, and its direct contribution to support the secretariats of the Financial Stability Board, the International Association of Insurance Supervisors and the International Association of Deposit Insurers.
- The regular capital budget, which covers annual expenditure on fixed assets (such as buildings, IT hardware and software).
- Special budgets, which are occasionally established to support large multi-year change programmes and include both administrative and capital elements. An example of this is the budget for the Innovation BIS 2025 strategy – a multi-year envelope covering all costs related to the programme as well as targeted savings.

The consolidation of these various components represents the overall budget of the Bank. Regular reporting on expenditure relative to the approved budget is provided to Management and the Board throughout the year to support oversight and monitoring.

Remuneration policy

Jobs and roles at the BIS are classified into grades associated with a structure of salary ranges. The salaries of individual staff members move within the ranges of the structure on the basis of performance.

The BIS regularly carries out comprehensive surveys to benchmark its salaries against compensation in comparable institutions and market segments.

The Annual General Meeting approves the remuneration of members of the Board of Directors, with adjustments taking place at regular intervals (see page 148).

BIS staff members have access to a contributory health insurance plan and a contributory defined benefit pension plan. Subject to certain conditions, staff members who are not nationals of the host countries where the BIS offices are located, including senior officials, are entitled to expatriation benefits as well as an education allowance for the international schooling of their children.

Taxation

Pursuant to host country agreements or legislation, BIS staff members are generally exempt from income tax on Bank salaries and allowances that would otherwise be levied by the relevant host countries. However, they remain subject to tax levied in the host countries on income from sources other than the Bank, as well as other taxes (eg wealth or property tax). The exemption from national taxation reflects a well established international practice for international organisations.

8

Financial results and profit allocation

The Bank's balance sheet and financial results are driven mainly by its banking activities and by the management of the funds associated with its shareholders' equity. The annual net profit is allocated as a dividend or transferred to a reserve fund according to the Bank's Statutes.

Portfolio organisation

The Bank's portfolios are organised into simple layers, which helps with portfolio management and supports the analysis of profit and risk. The structure of the main portfolios is as follows:

Own funds

The Bank invests most of its shareholders' equity in fixed income portfolios.

Own gold

The remainder of the Bank's shareholders' equity is invested in gold and gold loans.

Borrowed funds

The BIS takes currency deposits and invests the proceeds, earning a margin.

Borrowed gold

The Bank also operates a gold deposit business.

The own funds and the own gold position relate to the investment of the Bank's shareholders' equity. They are primarily accounted for as fair value through other comprehensive income assets. This means that they are included in the balance sheet at fair value, while their contribution to the profit reflects the accrual of interest along with realised gains and losses on sales. The Bank's total comprehensive income reflects their total change in fair value, including unrealised valuation movements.

The borrowed funds represent currency deposits from central banks and other official sector customers, and the investment of the proceeds and associated hedging through derivative financial instruments. These portfolios are managed on an overall fair value basis. They are primarily accounted for as fair value through profit and loss. This means that they are included in the balance sheet at fair value and their contribution to the Bank's profit reflects the total change in value, including interest accruals and realised and unrealised valuation movements.

The borrowed gold portfolio represents deposits in gold and the associated investment of proceeds. These portfolios are primarily accounted for as amortised cost. This means that they are included in the balance sheet at their weight in gold (translated at the gold market price into SDR) plus accrued interest.

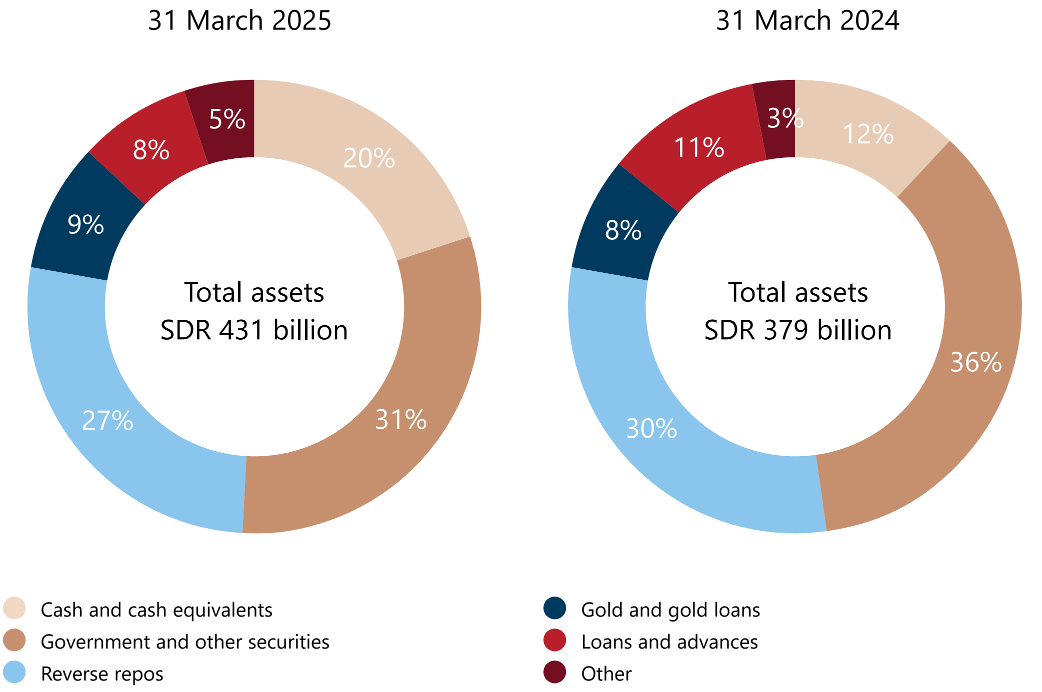
Apart from the portfolios mentioned above, the Bank has other portfolios and associated sources of income, which include the income from asset management services and income from foreign exchange and gold services (see Chapter 4 for more details).

Balance sheet

The BIS's balance sheet total as of 31 March 2025 was SDR 431 billion. The composition of the Bank's assets is shown in Graph 8.1.

Balance sheet asset composition

Graph 8.1



The balance sheet increased by SDR 52 billion over the year. This reflected an SDR 49 billion increase in total liabilities and an SDR 3 billion increase in shareholders' equity. Within total liabilities, currency deposits increased by SDR 25 billion, gold deposits increased by SDR 11 billion and other liabilities (principally the volume of transactions awaiting settlement) increased by SDR 13 billion.

Currency deposits	Gold deposits	Other liabilities	Total liabilities
SDR 350 billion	SDR 32 billion	SDR 21 billion	SDR 403 billion
31 March 2025	31 March 2025	31 March 2025	31 March 2025
SDR 325 billion	SDR 21 billion	SDR 8 billion	SDR 354 billion
31 March 2024	31 March 2024	31 March 2024	31 March 2024
+ SDR 25 billion	+ SDR 11 billion	+ SDR 13 billion	+ SDR 49 billion

Financial performance

Net profit

The net profit for 2024/25 was SDR 843.7 million, comprising:

Borrowed funds total income		Own funds total income		Income on other business		Operating expense
SDR 685.1 million	+	SDR 507.5 million	+	SDR 57.3 million	–	SDR 406.2 million
reflecting the margin earned on an average currency deposit volume of SDR 314 billion				including own gold, borrowed gold, asset management services, and foreign exchange and gold services		

The net profit for 2024/25 was SDR 12.2 million higher than the profit recorded in the prior year. This can be explained primarily by three partially offsetting factors.

First, the total income on own funds was SDR 173.2 million higher than in 2023/24. This growth was driven by increased interest accruals from reinvestments in a higher-yield environment, along with gains on financial instruments accounted for at fair value through profit and loss.

Second, the total income on borrowed funds was SDR 135.2 million lower than in 2023/24. This reflected a lower margin due to smaller unrealised gains from changes in valuation spreads. The average volume of currency deposits was SDR 314 billion (measured on a settlement date basis), which was SDR 16 billion higher than in 2023/24.

Third, the operating expense increased by SDR 30.6 million, reflecting higher costs along with the impact of the stronger Swiss franc.

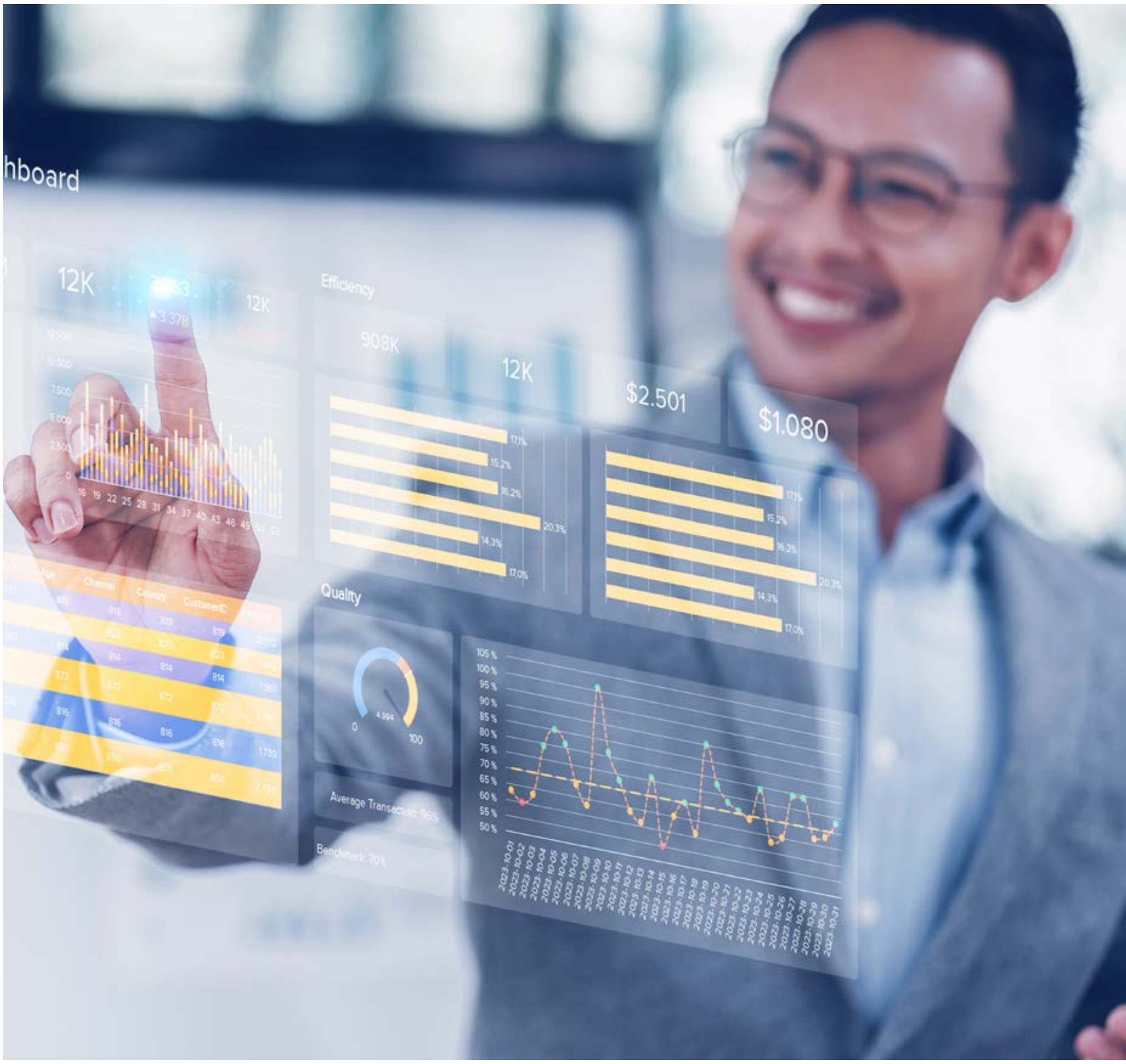
Total comprehensive income

The Bank's total comprehensive income for 2024/25 was SDR 3,396.7 million. Total comprehensive income includes the net profit along with three valuation changes which are reflected in other comprehensive income.

First, the unrealised valuation gain on own gold of SDR 2,212.8 million was due to the 40% rise in the gold price over the year.

Second, the unrealised valuation gain on own funds securities of SDR 412.8 million reflected the fall in bond yields, along with a transfer to the profit and loss account when own funds securities were sold during the year.

Third, an actuarial remeasurement loss of SDR 72.6 million on the Bank's post-employment defined benefit obligations was mainly due to the decline in long-dated Swiss franc bond yields, which lowered the discount rates used to compute the present value of the obligations.



Proposed dividend

The dividend policy of the BIS has three fundamental principles:

- The Bank should maintain an exceptionally strong capital position.
- The dividend should be predictable, stable and sustainable.
- The dividend should be an annual decision reflecting prevailing financial circumstances.

The policy incorporates a normal dividend, which usually increases by SDR 10 per share per annum, with the payout ratio between 20 and 50% in most years. The Special Dividend Reserve Fund would be drawn on to support dividend payments in years when profits are low (when the payout ratio would be above 50%). Conversely, when profits are high (and the payout ratio would be below 30%), the dividend policy allows for the Special Dividend Reserve Fund to be replenished by an allocation of profit. The policy also allows for the possibility of a supplementary dividend.

Consistent with the dividend policy, the Bank proposes to declare a normal dividend of SDR 305 per share for financial year 2024/25. Additionally, in the light of the exceptional total comprehensive income and strong profit for the year, the Bank proposes the payment of a supplementary dividend of SDR 75 per share. This would bring the proposed total dividend to SDR 380 per share, which would be paid on 567,125 eligible shares at a total cost of SDR 215.5 million. This would represent a payout ratio of 26% of net profit. A further SDR 17 million is proposed to be allocated to the Special Dividend Reserve Fund to support expected dividend payments over the coming three years.

Proposed allocation to reserves

In accordance with Article 51 of the BIS Statutes, the Board of Directors recommends that the General Meeting allocate the 2024/25 net profit of SDR 843.7 million in the following manner:

SDR 215.5 million	SDR 31.4 million	SDR 17.0 million	SDR 579.8 million
to be paid out as dividend	to be transferred to the General Reserve Fund	to be transferred to the Special Dividend Reserve Fund	to be transferred to the Free Reserve Fund

Annex

Financial statements

The BIS's financial statements for the financial year ended 31 March 2025 provide an analysis of the Bank's balance sheet and profit and loss account, together with other financial, capital adequacy and risk management disclosures. The financial statements are prepared in accordance with the Statutes and accounting policies of the Bank, and are externally audited.

Letter to shareholders

Submitted to the Annual General Meeting of the Bank for International Settlements held in Basel on 29 June 2025

Ladies and gentlemen

It is our pleasure to submit to you the financial statements of the Bank for International Settlements for the financial year ended 31 March 2025.

Pursuant to Article 49 of the Bank's Statutes, they are presented in a form approved by the General Manager, Deputy General Manager and Head of Finance on 20 May 2025, and are subject to approval by shareholders at the Annual General Meeting.

The net profit for the year was SDR 843.7 million. The Board of Directors proposes to allocate this profit as follows. First, SDR 215.5 million to pay a dividend of SDR 380 per share, comprising the normal dividend of SDR 305 and a supplementary dividend of SDR 75. Second, SDR 31.4 million to the General Reserve Fund. Third, SDR 17.0 million to the Special Dividend Reserve Fund. Fourth, SDR 579.8 million to the Free Reserve Fund.

Basel, 20 May 2025

Agustín Carstens General Manager	Andréa M Maechler Deputy General Manager

Contents

Balance sheet

As at 31 March

SDR millions	Note	**2025**	2024
Assets			
Cash and cash equivalents	1	86,083.9	46,574.8
Securities purchased under resale agreements	2	114,355.8	112,107.8
Loans and advances	2	32,851.8	42,609.2
Government and other securities	2	134,153.5	135,987.2
Gold and gold loans	3	40,580.8	30,353.9
Derivative financial instruments	4	3,463.7	6,207.5
Accounts receivable and other assets	5	19,599.0	5,092.2
Land, buildings and equipment	6	244.7	222.8
Total assets		**431,333.2**	379,155.4
Liabilities			
Currency deposits	7	350,235.5	325,150.0
Securities sold under repurchase agreements	8	676.6	296.1
Gold deposits	9	32,138.2	20,973.3
Derivative financial instruments	4	3,726.0	2,444.3
Accounts payable	10	15,105.1	4,043.3
Other liabilities	11	1,182.6	1,166.1
Total liabilities		**403,064.0**	354,073.1
Shareholders' equity			
Share capital	13	710.2	710.2
Less: shares held in treasury	13	(1.7)	(1.7)
Statutory reserves	14	19,408.8	18,787.1
Profit and loss account		843.7	831.5
Other equity accounts	15	7,308.2	4,755.2
Total shareholders' equity		**28,269.2**	25,082.3
Total liabilities and shareholders' equity		**431,333.2**	379,155.4

Profit and loss account

For the financial year ended 31 March

SDR millions	Note	**2025**	2024
Interest income	16	694.4	543.9
Interest expense	17	(2,744.4)	(2,589.4)
Change in expected credit loss impairment provision	18	(1.3)	0.6
Net income on financial assets and liabilities at fair value through profit and loss	19	3,272.4	3,188.0
Net interest and valuation income		**1,221.1**	1,143.1
Net loss on sales of currency assets at fair value through other comprehensive income	20	(23.9)	(42.0)
Net fee income	21	18.7	16.7
Net foreign exchange income	22	34.0	89.3
Total income		**1,249.9**	1,207.1
Administrative expense	23	(375.8)	(345.1)
Depreciation and amortisation	6	(30.4)	(30.5)
Operating expense		**(406.2)**	(375.6)
Net profit		**843.7**	831.5

Statement of comprehensive income

For the financial year ended 31 March

SDR millions	Note	**2025**	2024
Net profit		**843.7**	831.5
Other comprehensive income			
Items that are or may be reclassified subsequently to profit and loss			
Currency assets at fair value through other comprehensive income:			
Net change in fair value during the year		387.7	162.2
Net change in expected credit loss impairment provision		1.2	(0.6)
Reclassification to profit and loss	20	23.9	42.0
Net movement on currency assets at fair value through other comprehensive income		**412.8**	203.6
Gold at fair value through other comprehensive income:			
Net change in fair value during the year	15B	2,212.8	661.8
Reclassification to profit and loss		–	–
Net movement on gold at fair value through other comprehensive income		**2,212.8**	661.8
Items that will not be reclassified to profit and loss			
Re-measurement of defined benefit obligations	15C	**(72.6)**	(158.0)
Total comprehensive income		**3,396.7**	1,538.9

Statement of cash flows

For the financial year ended 31 March

SDR millions	Note	**2025**	2024
Cash flow from / (used in) operating activities			
Interest income received		536.8	413.3
Interest expense paid		(2,667.6)	(2,472.8)
Net fee income	21	18.7	16.7
Net gain on foreign exchange transactions	22	46.0	87.6
Administrative expense	23	(375.8)	(345.1)
Adjustments for non-cash flow items			
Net income on financial assets and liabilities at fair value through profit and loss	19	3,272.4	3,188.0
Net change in expected credit loss impairment provision	18	(1.3)	0.6
Net foreign exchange translation gain / (loss)	22	(12.0)	1.7
Lease interest expense	17	(0.3)	(0.1)
Change in accruals		78.4	14.0
Change in operating assets and liabilities			
Currency deposits		11,190.1	31,233.7
Currency banking assets		20,314.0	(48,756.5)
Gold deposits		11,164.9	1,779.2
Gold banking assets		(8,011.4)	(2,011.1)
Change in cash collateral balance on derivatives transactions		76.4	(23.3)
Accounts receivable and other assets		(4.2)	(4.9)
Accounts payable and other liabilities		79.3	78.4
Net derivative financial instruments		4,025.5	(5,330.9)
Net cash flow from / (used in) operating activities		**39,729.9**	(22,131.5)
Cash flow from / (used in) investment activities			
Change in currency investment assets		(339.5)	(1,093.7)
Change in securities sold under repurchase agreements in investment portfolios		380.5	296.1
Capital expenditure on land, buildings and equipment	6	(48.6)	(38.3)
Net cash flow from / (used in) investment activities		**(7.6)**	(835.9)

SDR millions	Note	**2025**	2024
Cash flow from / (used in) financing activities			
Dividends paid	24	(209.8)	(161.6)
Repayment of principal on lease liabilities		(3.4)	(3.3)
Net cash flow from / (used in) financing activities		**(213.2)**	(164.9)
Total net cash flow		**39,509.1**	(23,132.3)
Net effect of exchange rate changes on cash and cash equivalents		317.9	(1,740.5)
Net movement in cash and cash equivalents		39,191.2	(21,391.8)
Net change in cash and cash equivalents		**39,509.1**	(23,132.3)
Cash and cash equivalents, beginning of year	1	**46,574.8**	69,707.1
Cash and cash equivalents, end of year	1	**86,083.9**	46,574.8

Movements in shareholders' equity

SDR millions	Note	Share capital	Shares held in treasury	Statutory reserves	Profit and loss	Other equity accounts: Defined benefit obligations	Other equity accounts: Securities revaluation	Other equity accounts: Gold revaluation	Shareholders' equity
Balance as at 31 March 2023		**710.2**	**(1.7)**	**18,270.0**	**678.7**	**412.3**	**(699.1)**	**4,334.6**	**23,705.0**
Payment of 2022/23 dividend		–	–	–	(161.6)	–	–	–	(161.6)
Allocation of 2022/23 profit		–	–	517.1	(517.1)	–	–	–	–
Total comprehensive income	15	–	–	–	831.5	(158.0)	203.6	661.8	1,538.9
Balance as at 31 March 2024		**710.2**	**(1.7)**	**18,787.1**	**831.5**	**254.3**	**(495.5)**	**4,996.4**	**25,082.3**
Payment of 2023/24 dividend		–	–	–	(209.8)	–	–	–	(209.8)
Allocation of 2023/24 profit		–	–	621.7	(621.7)	–	–	–	–
Total comprehensive income	15	–	–	–	843.7	(72.6)	412.8	2,212.8	3,396.7
Balance as at 31 March 2025		**710.2**	**(1.7)**	**19,408.8**	**843.7**	**181.7**	**(82.7)**	**7,209.2**	**28,269.2**

Introduction

The Bank for International Settlements (BIS, “the Bank”) is an international financial institution which was established pursuant to the Hague Agreements of 20 January 1930 as well as the Bank’s Constituent Charter and its Statutes. The headquarters of the Bank are at Centralbahnplatz 2, 4002 Basel, Switzerland. The objectives of the BIS, as laid down in Article 3 of its Statutes, are to promote cooperation among central banks, to provide additional facilities for international financial operations and to act as trustee or agent for international financial settlements.

The financial statements were approved for issue by the General Manager, Deputy General Manager and Head of Finance on 20 May 2025 and are subject to approval by the Annual General Meeting of shareholders on 29 June 2025.

Accounting policies

The accounting policies set out below have been applied to both of the financial years presented unless otherwise stated.

1. Critical judgments and estimates

The preparation of the financial statements requires the Bank’s Management to apply judgment and to make estimates. The most significant judgements affecting the financial statements involve selecting and applying accounting policies to ensure that the financial statements present a true and fair view of the financial position and performance of the Bank. The most critical accounting policies for the Bank’s financial reporting are those which concern:

- the scope of the financial statements (see accounting policy 3);
- the functional and presentation currency (see accounting policy 4);
- the classification and measurement of financial instruments, and the application of these policies to the Bank’s portfolios (see accounting policies 5–7); and
- accounting for gold assets and liabilities, and for the Bank’s overall own gold position (see accounting policies 11 and 15).

The critical estimates having the most significant effect on the amounts recognised in the financial statements are those which concern:

- the valuation of currency deposits classified as fair value through profit and loss; and
- post-employment obligations, the estimation of which depends on long-term actuarial assumptions.

There are also judgments involved in making disclosures, including the methodology used to determine the fair value hierarchy disclosures.

When making estimates, Management exercises judgment based on available information. Actual results could differ significantly from these estimates.

2. Impact of climate risk on financial reporting judgments and estimates

Where appropriate, the Bank considers climate-related matters when making financial reporting judgments and estimates. While developments are monitored closely, in Management's view climate-related risks do not currently have a significant impact on the financial statements of the Bank. The items most directly impacted by climate-related matters are:

Classification of sustainability-linked financial assets

For financial assets with sustainability-linked features, the Bank determines whether the instrument passes the solely payments of principal and interest test by considering whether the features provide commensurate compensation for basic lending risks, such as credit risk. The impact was assessed to be immaterial at 31 March 2025.

Fair value measurement and Expected Credit Loss (ECL) impairment provision

Management assumes that climate change variables are best reflected in the market price of financial instruments, and in the market data and methodologies used by the Bank to estimate probabilities of default and loss given default. Consequently, Management considers that climate risk has been adequately reflected within the fair value of the Bank's assets and liabilities, and in the determination of the ECL impairment provision.

3. Scope of the financial statements

These financial statements recognise all assets and liabilities controlled by the Bank and in respect of which the economic benefits, as well as any rights and obligations, lie with the Bank.

As part of its activities, the Bank undertakes financial transactions in its own name but for the economic benefit of other parties, including transactions on a custodial or agency basis. These include transactions undertaken on behalf of the staff pension fund and BIS Investment Pools (BISIPs). These are reporting entities with their own financial statements, but which do not have separate legal personality from the Bank. The Bank also undertakes transactions in its name on behalf of dedicated mandates, where the Bank is the investment manager of a customer investment portfolio. Unless otherwise stated, such transactions are not included in these financial statements. Note 26 provides further information on BISIPs and dedicated mandates. Note 12 provides further information on the staff pension fund.

The Bank hosts the secretariats of three independent associations – the Financial Stability Board (FSB), the International Association of Deposit Insurers (IADI) and the International Association for Insurance Supervisors (IAIS) – and supports the activities of the BIS Sports Club. It also acts in an administrative capacity for the International Journal of Central Banking (IJCB). These five associations each have their own legal personality and financial statements, and are therefore independent of the Bank. Unless otherwise stated, the activities of these five independent associations are not included in these financial statements.

The BIS Innovation Hub is a department of the BIS that fosters international collaboration on innovative financial technology in the central banking community. All the assets and liabilities associated with the Innovation Hub are included in these financial statements, with the costs included within "Administrative expense". Cost-sharing arrangements have been established with the host central banks and in connection with certain BIS Innovation Hub projects. Contributions received under cost sharing arrangements are included within "Net fee income" on an accruals basis.

4. Functional and presentation currency

The functional and presentation currency of the Bank is the Special Drawing Right (SDR) as defined by the International Monetary Fund (IMF). The composition of the SDR is subject to periodic review. As currently calculated, one SDR is equivalent to the sum of USD 0.57813, EUR 0.37379, RMB 1.0993, JPY 13.452 and GBP 0.08087.

Monetary assets and liabilities are translated into SDR at the exchange rates ruling at the balance sheet date. Other assets and liabilities and profits and losses are translated into SDR at the exchange rates ruling at the date of the transaction. Exchange differences arising from the retranslation of monetary assets and liabilities and from the settlement of transactions are included as net foreign exchange income in the profit and loss account.

All figures in these financial statements are presented in SDR millions unless otherwise stated. Amounts are presented to the nearest SDR 0.1 million, and may be rounded up or down to reduce summation differences within disclosures or rounding differences between disclosures.

5. Recognition, de-recognition, classification and measurement of financial assets

The Bank recognises financial assets on the trade date, being the date on which the Bank commits to purchase the assets. Financial assets are de-recognised on the trade date of a sale (when the Bank commits to transfer substantially all the risks and rewards of ownership), or when the contractual cash flows from the assets have expired. On initial recognition, financial assets are classified as either:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVPL).

The classification determines the measurement of financial assets, and how this is reflected in the Bank's financial statements. The classification depends on the business model for managing the assets and on the cash flow characteristics of the assets, as described below.

Amortised cost

Financial assets can be classified as amortised cost if they are not a derivative financial asset, and the following two criteria are met:

1. the financial assets are held within a business model with the objective of holding the assets to collect the contractual cash flows; and
2. the contractual terms on the financial assets give rise to cash flows that are solely payments of principal or interest.

Amortised cost financial assets are measured in the balance sheet using the effective interest rate method, with the carrying value adjusted by the ECL for each asset. Interest is included in the profit and loss account under "Interest income" or "Interest expense" (negative interest) on an accruals basis. The movement in the ECL impairment provision on these assets is recognised in the profit and loss account under "Change in expected credit loss impairment provision".

Fair value through other comprehensive income (FVOCI)

Financial assets can be classified as FVOCI if they are not a derivative financial asset, and the following two criteria are met:

1. the financial assets are held within a business model with the objective of collecting the contractual cash flows or potentially selling the assets; and
2. the contractual terms on the financial assets give rise to cash flows that are solely payments of principal or interest. A contractual cash flow characteristic does not affect the classification of the financial asset if it could have only a de-minimis effect on the contractual cash flows of the financial asset, or if it could have an effect that is more than de-minimis but the characteristic is not genuine because it relates to circumstances that are extremely rare, highly abnormal and very unlikely to occur.

FVOCI financial assets are measured in the balance sheet at fair value. In addition, an amortised cost book value is calculated using the effective interest rate method, including an adjustment for the ECL impairment provision of each asset. Changes in the book value (due to the accrual of interest) are included as "Interest income" or "Interest expense" (negative interest) in the profit and loss account. Unrealised valuation movements, adjusted by the ECL impairment provision, are recognised through the "Securities revaluation account" in other comprehensive income (OCI). Interest revenue, the movement in ECL impairment provision and foreign exchange gains or losses are recognised in the profit and loss account. Upon disposal of the assets, gains or losses are recognised in the profit and loss account as "Net gain/(loss) on sales of financial assets at fair value through other comprehensive income".

Fair value through profit and loss (FVPL)

All other financial assets are classified as FVPL. These include:

- derivative financial assets;
- assets that are held for trading, or that are held within a business model that is managed on a fair value basis; and
- assets which contain contractual terms that give rise to cash flows that are not solely payments of principal or interest.

In addition, the Bank chooses to classify financial assets as FVPL if the use of the classification removes or significantly reduces an accounting mismatch. Any such classification is made on the date of initial recognition and is irrevocable.

FVPL financial assets are measured in the balance sheet at fair value. The accrual of interest and all realised and unrealised movements in fair value are included within "Net income on financial assets and liabilities at fair value through profit and loss".

Reclassification

Groups of financial assets are reclassified if there is a fundamental change to the way they are managed. Reclassifications are applied prospectively from the date of change, with no restatement of previously recognised gains, losses or interest. Financial assets which are classified as FVPL in order to remove or significantly reduce an accounting mismatch cannot be reclassified.

Impairment of financial assets

The Bank assesses impairment on financial assets which are classified as either FVOCI or amortised cost, and also for loan commitments. Impairment is assessed from the date of initial recognition using a three-stage model.

Stage 1 applies to financial assets on which there has not been a significant increase in credit risk since initial recognition. The ECL impairment provision is calculated on a 12-month forward-looking basis.

Stage 2 applies to financial assets on which there has been a significant increase in credit risk since initial recognition. The ECL impairment provision is calculated taking into account the full expected life of the financial asset.

Stage 3 applies to financial assets which are considered to be credit-impaired. The ECL impairment provision is calculated on a lifetime basis, but the effective interest rate on the financial asset is recalculated based on the amortised cost (including the ECL).

The key inputs into the measurement of the ECL impairment provision are:

- The probability of default (PD), which is the estimated likelihood of a borrower defaulting on its financial obligation over a time period. PDs are regularly re-estimated using a combination of internal and external data, along with judgment.
- Loss-given-default (LGD) is the proportion of an exposure that is lost because of a counterparty default. LGD estimates are informed by observed external LGD data.
- Exposure at default (EAD) is the magnitude of the exposures in the event of a default and is determined based on the future expected cash flows discounted at the effective interest rate. The EAD reflects the offsetting effects of any collateral received.

The ECL impairment provision is presented in the balance sheet as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the asset;
- for financial assets measured at FVOCI: within the securities revaluation account, reported under "Other equity accounts"; and
- for loan commitments: as a provision within "Loans and advances".

6. Recognition, de-recognition, classification and measurement of financial liabilities

The Bank recognises financial liabilities on the trade date, being the date on which the Bank commits to issue the liabilities. Financial liabilities are de-recognised on the trade date of a repurchase (when the Bank commits to buy back the financial liability), or when the contractual cash flows from the financial liabilities have expired. On initial recognition, financial liabilities are classified as either:

- fair value through profit and loss; or
- amortised cost.

The classification determines the measurement of financial liabilities, and how this is reflected in the Bank's financial reporting. The classification depends on the characteristics of the liabilities, as described below.

Fair value through profit and loss (FVPL)

Financial liabilities are classified as FVPL if they are derivative financial liabilities or are held for trading. In addition, the Bank chooses to classify financial liabilities as FVPL if the use of the classification removes or significantly reduces an accounting mismatch. Any such classification is made on the date of initial recognition and is irrevocable.

FVPL financial liabilities are measured in the balance sheet at fair value. The accrual of interest and all realised and unrealised movements in fair value are included within "Net income on financial assets and liabilities at fair value through profit and loss".

Amortised cost

All other financial liabilities are classified as amortised cost.

Amortised cost financial liabilities are measured in the balance sheet using the effective interest rate method. Interest is included in the profit and loss account under "Interest expense" or "Interest income" (negative interest) on an accruals basis. Any gains or losses on redemption are recognised in the profit and loss account.

7. The application of the classification and measurement approach to the Bank's portfolios

All very short-dated financial assets (cash and cash equivalents) and liabilities (sight and notice deposit accounts) are classified as amortised cost. The classification of other financial assets and liabilities is determined by the Bank's asset and liability portfolio structure. The Bank's assets and liabilities are organised into four sets of portfolios.

Currency banking portfolios (borrowed funds)

The Bank operates a currency banking book (comprising currency deposit liabilities, and related assets and derivatives). The Bank acts as a market-maker in its currency deposit liabilities. As a result of this activity, the Bank incurs realised profits or losses when these liabilities are repurchased from customers. Under the Bank's accounting policies, some of these financial instruments would be classified as FVPL, while others would be classified as FVOCI or amortised cost. In accordance with the Bank's risk management policies, the market risk inherent in this activity is managed on an overall fair value basis. As such, the realised and unrealised profits or losses on currency deposit liabilities are largely offset by realised and unrealised losses or profits on the related assets and derivatives. To reduce the accounting inconsistency that would otherwise arise from recognising realised and unrealised profits and losses on different bases, the Bank chooses to classify all financial assets and liabilities (other than those which are very short-dated) in its currency banking portfolios as FVPL.

Gold banking portfolio (borrowed gold)

The Bank operates a gold banking book (comprising gold deposit liabilities and related gold loan assets). All gold loan and deposit financial assets and liabilities in this portfolio are classified as amortised cost.

Currency investment portfolios (own funds)

The Bank's investment portfolios comprise assets, liabilities and derivatives relating principally to the investment of the Bank's shareholders' equity.

The Bank invests most of its shareholders' equity in financial instruments. Most of the currency financial assets in investment portfolios (other than those which are very short-dated) are classified as FVOCI. Any related currency financial liabilities (including securities sold under repurchase agreements) are classified as amortised cost.

In addition, the Bank invests some of its shareholders' equity in portfolios that are managed with a mandate which permits active trading. The financial instruments in these portfolios (other than those which are very short-dated) are classified as FVPL currency assets and liabilities.

Gold investment portfolio (own gold)

The Bank invests some of its shareholders' equity in gold and gold loans. These assets are classified as amortised cost. The Bank's overall own gold position is treated as an FVOCI asset (as further described in accounting policy 11 below).

Accounting policies 8 to 15 below describe the application of these accounting policies to individual items in the balance sheet.

8. Cash and cash equivalents

Cash and cash equivalents consist of cash and sight and notice accounts with banks, which are very short-term financial assets that typically have notice periods of three days or less. Cash and cash equivalents are classified as amortised cost.

9. Securities purchased under resale agreements

Securities purchased under resale agreements ("reverse repurchase agreements") are collateralised loan transactions through which the Bank lends cash and receives an irrevocable commitment from the counterparty to return the cash, plus interest, at a specified date in the future. As part of these agreements, the Bank receives collateral in the form of securities to which it has full legal title, but must return equivalent securities to the counterparty at the end of the agreement, subject to the counterparty's repayment of the cash. As the Bank does not acquire the risks or rewards associated with ownership of these collateral securities, they are not recognised as assets in the Bank's balance sheet. The collateralised loans relating to securities purchased under resale agreements are recognised as assets, and are classified as either FVPL (currency banking portfolios) or FVOCI (currency investment portfolios).

10. Loans and advances, and government and other securities

Loans and advances comprise fixed-term loans to commercial banks, and advances under committed and uncommitted standby facilities which the Bank provides for its customers. Government and other securities are debt securities issued by governments, international institutions, other public sector institutions, commercial banks and corporates. They include treasury bills, commercial paper, certificates of deposit, fixed and floating rate bonds, covered bonds and asset-backed securities.

These financial assets are classified as either FVPL (currency banking portfolios) or FVOCI (currency investment portfolios).

11. Gold and gold loans

Gold comprises gold bar assets held in custody at central banks and sight accounts denominated in gold. Gold loans comprise fixed-term gold loans. Gold and gold loans are classified as amortised cost, and are included in the balance sheet at their weight in gold (translated at the gold market price and USD exchange rate into SDR) plus accrued interest.

Gold loans are recognised on a trade date basis. Purchases and sales of gold bar assets are recognised on a settlement date basis, with forward purchases or sales treated as derivatives prior to settlement date.

The Bank trades most of its gold swaps under its derivative ISDA contracts, and accounts for them in a similar manner to currency swaps. As such, gold balances in the balance sheet include gold received (and exclude gold paid) in respect of gold swap contracts.

The treatment of realised gains or losses on gold transactions, and unrealised gains or losses on the retranslation of the net gold position, depends on the management objective for which the gold is held, as described below:

Gold banking portfolio (borrowed gold)

Gains or losses on the retranslation of the net position in gold in the banking portfolio are included under "Net foreign exchange income" as net translation gains or losses.

Gold investment portfolio (own gold)

The Bank's overall own gold position is treated as an FVOCI asset.

Unrealised gains or losses on the Bank's gold investment assets over their deemed cost are included in the gold revaluation account, reported under "Other equity accounts". The movement in fair value is included in the statement of comprehensive income under the heading "Gold at fair value through other comprehensive income – net change in fair value during the year".

All of the Bank's gold investment assets were held on 31 March 2003 (when the Bank changed its functional and presentation currency from the gold franc to the SDR). The deemed cost of these assets is approximately SDR 151 per ounce, based on the value of USD 208 per ounce that was applied from 1979 to 2003 following a decision by the Bank's Board of Directors, translated at the 31 March 2003 exchange rate.

Realised gains or losses on disposal of gold investment assets are included in the profit and loss account as "Net gain on sales of gold investment assets".

12. Derivative financial instruments

Derivatives are used either to manage the Bank's market risk or for trading purposes. The Bank trades most of its gold swaps under its derivative ISDA contracts, and accounts for them in a similar manner to currency swaps. Derivatives are classified as FVPL, and are included in the balance sheet as either assets or liabilities, depending on whether the contract has a positive or a negative fair value for the Bank.

13. Currency deposits

Currency deposits comprise sight and notice deposit accounts along with BIS deposit instruments.

Sight and notice deposit accounts are very short-term monetary liabilities that typically have notice periods of three days or less. They are classified as amortised cost.

BIS deposit instruments comprise currency deposit products offered by the Bank to its customers. They are classified as FVPL.

Some BIS deposit instruments contain embedded derivative financial instruments, such as currency or call options. These embedded derivatives are also classified as FVPL, and are included within the currency deposits balance sheet value.

14. Securities sold under repurchase agreements

Securities sold under repurchase agreements ("repurchase agreements") are collateralised deposit transactions through which the Bank receives cash and provides an irrevocable commitment to return the cash, plus interest, at a specified date in the future. As part of these agreements, the Bank transfers legal title of collateral securities to the counterparty. At the end of the contract, the counterparty must return equivalent securities to the Bank, subject to the Bank's repayment of the cash. As the Bank retains the risks and rewards associated with ownership of these securities, they continue to be recognised as assets in the Bank's balance sheet. The collateralised deposits are recognised as liabilities and are classified as either FVPL (currency banking portfolios) or amortised cost (currency investment portfolios).

15. Gold deposits

Gold deposits comprise unallocated sight account and fixed-term deposits of gold from central banks.

Unallocated gold deposits provide customers with a general claim on the Bank for delivery of gold of the same weight and quality as that delivered by the customer to the Bank, but do not provide the right to specific gold bars. All unallocated gold deposits (whether sight or fixed-term) are classified as amortised cost. Unallocated gold sight account deposits are included in the balance sheet on a settlement date basis at their weight in gold (translated at the gold market price and the USD exchange rate to SDR). Unallocated fixed-term deposits of gold are included in the balance sheet on a trade date basis at their weight in gold (translated at the gold market price and the USD exchange rate to SDR) plus accrued interest.

Allocated (or "earmarked") gold deposits provide depositors with a claim for delivery of the specific gold bars deposited by the customer with the Bank on a custody basis. Beneficial ownership and risk remain with the customer. As such, allocated gold deposit liabilities and the related gold bar assets are not included in the Bank's balance sheet and are disclosed as off-balance sheet items.

16. Securities lending

The Bank participates in securities lending transactions in which it lends debt securities in exchange for a fee. The transactions are conducted under standard agreements employed by financial market participants. The securities which have been transferred are not de-recognised from the balance sheet since the risks and rewards of ownership are not transferred, even if the borrower has the right to sell or re-pledge the securities. Such Bank-owned securities transferred to a borrower are presented in the balance sheet as part of "Government and other securities".

17. Determination of fair value of financial instruments

The majority of the Bank's financial instruments are classified as either FVPL or FVOCI, and hence are included in the balance sheet at fair value. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market (or most advantageous), regardless of whether that price is directly observable or estimated using a valuation technique.

The Bank considers published price quotations in active markets as the best evidence of fair value. Where no reliable price quotations exist, the Bank determines fair values using a valuation technique appropriate to the particular financial instrument. Such valuation techniques may involve using market prices of recent arm's length market transactions in similar instruments or may make use of financial models such as discounted cash flow analyses and option pricing models. Where financial models are used, the Bank aims to make maximum use of observable market inputs as appropriate, and relies as little as possible on its own estimates. The Bank values its positions at their exit price, so that assets are valued at the bid price and liabilities at the offer price. Derivative financial instruments are valued on a bid-offer basis, with valuation reserves, where necessary, included in derivative financial assets and liabilities.

18. Interest income and interest expense

Interest income and interest expense relate to financial instruments which are classified as either FVOCI or amortised cost. Interest income includes negative interest on liabilities, while interest expense includes negative interest on assets and interest on lease liabilities.

Interest income and interest expense are recognised in the profit and loss account using the effective interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of an asset, except for assets which are purchased (or subsequently become) credit-impaired (impairment stage 3). For financial assets purchased as credit-impaired, the original credit adjusted effective interest rate is applied to the amortised cost of the financial asset. For financial assets which subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the amortised cost value of the asset.

19. Accounts receivable and accounts payable

Accounts receivable and accounts payable are principally short-term amounts relating to the settlement of financial transactions. They are recognised on a trade date basis and subsequently accounted for at amortised cost until their settlement.

20. Land, buildings and equipment

Expenditure on land, buildings and equipment is recognised as an asset in the balance sheet where it is probable that the Bank will obtain future economic benefits. Buildings and equipment assets are depreciated on a straight-line basis over the estimated useful lives of the assets concerned, as follows:

- buildings – 50 years;
- building installations and machinery – 15 years;
- information technology equipment – 4 years;
- other equipment – 4 to 10 years; and
- computer software intangible assets – 4 years.

The Bank's land is not depreciated. Right-of-use assets are depreciated on a straight-line basis over the lease term. The Bank undertakes an annual review of impairment of land, buildings and equipment. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down to the lower value.

21. Leases

On initial recognition of lease contracts and contracts that contain lease components, the Bank calculates a right-of-use asset and a lease liability, both of which are based on the present value of lease payments. The Bank's incremental borrowing rate (or, if applicable, the interest rate implicit in the lease) is used as the discount rate for determining the present value. The right-of-use asset is included under "Land, buildings and equipment", and is depreciated on a straight-line basis over the term of the lease. It is reviewed for impairment annually. The lease liability is included under "Other liabilities", and is reduced when the Bank makes payments under the lease. Interest expense is calculated based on the outstanding lease liability and the discount rate.

The Bank leases certain premises under contracts that can contain non-lease components (such as maintenance). The Bank does not separate such components from the lease payments, and therefore the right-of-use asset and lease liability are based on the total lease payment.

22. Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of events arising before the balance sheet date and it is probable that economic resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Best estimates and assumptions are used when determining the amount to be recognised as a provision.

23. Taxation

The Bank's special legal status in Switzerland is set out principally in its Headquarters Agreement with the Swiss Federal Council. Under the terms of this document, the Bank is exempted from virtually all direct and indirect taxes at both federal and local government level in Switzerland. Similar tax exemptions have been established by the government of the People's Republic of China with respect to Hong Kong SAR, and the governments of Canada, France, Germany, Mexico, Singapore, Sweden and the United Kingdom. Income and gains received by the Bank may be subject to tax imposed in other countries. Tax expense is recognised under "Net fee income".

24. Post-employment benefit obligations

The Bank operates three post-employment benefit arrangements, respectively, for staff pensions, Directors' pensions and staff medical benefits. An independent actuarial valuation is performed annually for each arrangement. The staff pension arrangement is funded (ie it has specifically allocated assets); the other two arrangements are unfunded.

Staff pensions

The liability for the staff pension arrangement is based on the present value of the defined benefit obligation less the fair value of the pension fund assets, both at the balance sheet date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined from the estimated future cash outflows. The rate used to discount the cash flows is determined by the Bank based on the market yield of highly rated corporate debt securities in Swiss francs which have a duration approximating that of the related liability.

The amount charged to the profit and loss account represents the sum of the current service cost of the benefits accruing for the year under the scheme, and interest at the discount rate on the net of the defined benefit obligation less the fair value of the pension fund assets. Past service costs from plan amendments are immediately recognised through profit and loss. Gains and losses arising from re-measurement of the obligations, such as experience adjustments (where the actual outcome is different from the actuarial assumptions previously made) and changes in actuarial assumptions, are charged to other comprehensive income in the year in which the re-measurement is applied. They are not reclassified to profit and loss in subsequent years.

Directors' pensions and staff post-employment medical benefits

The defined benefit obligation, the amount charged to the profit and loss account, and the gains and losses arising from re-measurement in respect of the Bank's other post-employment benefit arrangements are calculated on a similar basis to that used for the staff pension arrangement.

25. Presentation of financial statements

Balance sheet

The Bank presents its balance sheet in order of the liquidity of each line item.

Statement of cash flows

The Bank's statement of cash flows is prepared using an indirect method. It is based on the movements in the Bank's balance sheet, adjusted for changes in financial transactions awaiting settlement.

Notes to the financial statements

1. Cash and cash equivalents

Cash and cash equivalents comprise sight accounts at central and commercial banks, as well as notice accounts at commercial banks and international financial institutions. Included within the cash balances is cash collateral received from counterparties in relation to derivatives transactions. Cash balances are analysed in the table below:

As at 31 March

SDR millions	**2025**	2024
Balance at central banks	84,682.8	45,013.2
Balance at commercial banks	83.2	30.3
Total cash and sight accounts	**84,766.0**	45,043.5
Notice accounts	1,317.9	1,531.3
Total cash and cash equivalents	**86,083.9**	46,574.8

2. Currency assets

Currency assets comprise the following products:

Securities purchased under resale agreements are collateralised loan transactions. During the term of the agreement, the Bank monitors the fair value of the loan and related collateral securities, and may call for additional collateral (or be required to return collateral) based on movements in their market value.

Loans and advances comprise fixed-term loans to commercial banks and advances. Advances are drawings of committed and uncommitted standby facilities which the Bank provides for its customers.

Government and other securities are debt securities issued by governments, international institutions, other public sector institutions, commercial banks and corporates. They include treasury bills, commercial paper, certificates of deposit, fixed and floating rate bonds, covered bonds, inflation-linked securities and asset-backed securities.

The following tables analyse the Bank's holdings of currency assets in accordance with their classification.

As at 31 March 2025

SDR millions	FVPL	FVOCI	**Total**
Securities purchased under resale agreements	**113,679.2**	**676.6**	**114,355.8**
Loans and advances	**32,851.8**	**–**	**32,851.8**
Government and other securities			
Sovereigns and central banks	81,822.4	16,282.4	98,104.8
Other	33,954.8	2,093.9	36,048.7
Total government and other securities	**115,777.2**	**18,376.3**	**134,153.5**
Total currency assets	**262,308.2**	**19,052.9**	**281,361.1**

As at 31 March 2024

SDR millions	FVPL	FVOCI	Total
Securities purchased under resale agreements	111,811.7	296.1	112,107.8
Loans and advances	42,609.2	–	42,609.2
Government and other securities			
Sovereigns and central banks	89,509.5	15,743.4	105,252.9
Other	28,557.0	2,177.3	30,734.3
Total government and other securities	118,066.5	17,920.7	135,987.2
Total currency assets	272,487.4	18,216.8	290,704.2

Government and other securities classified as FVPL as at 31 March 2025 include SDR 852.5 million (2024: SDR 868.0 million) of securities that are part of the currency investment portfolios (own funds) that have been classified as FVPL because the portfolio mandate permits active trading.

The Bank lends some of its securities in exchange for a fee. The amount of government and other securities which were transferred in securities lending transactions (and were not subject to de-recognition from the balance sheet to the extent of the Bank's continuing involvement) was SDR 56.9 million as at 31 March 2025 (2024: SDR 103.2 million).

The Bank gives or pledges as collateral some of its debt securities in certain derivative and repurchase agreement transactions. For more detail, see the "Risk management" section, note 3C, "Credit risk mitigation".

3. Gold and gold loans

As at 31 March

SDR millions	2025	2024
Gold investment assets	7,717.0	5,501.4
Gold banking assets	32,863.9	24,852.5
Impairment loss allowance	(0.1)	–
Total gold and gold loan assets	**40,580.8**	30,353.9
Comprising:		
Gold bars	37,885.2	29,488.3
Sight accounts denominated in gold	437.4	363.8
Gold loans	2,258.2	501.8

The Bank's gold investment assets are included in the balance sheet at their weight in gold (translated at the gold market price and USD exchange rate into SDR) plus accrued interest on gold loans. The excess of this value over the deemed cost value is included in the gold revaluation account, which is reported under "Other equity accounts".

Included in "Gold banking assets" is SDR 724.2 million (10 tonnes) of gold that the Bank holds in connection with gold swap contracts (2024: SDR 3,878.1 million; 72 tonnes).

4. Derivative financial instruments

The main types of derivative instruments used by the Bank are as follows:

Currency and gold options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, to either buy (call option) or sell (put option), by or on a set date, a specific amount of a currency or gold at a predetermined price. The seller receives a premium from the purchaser for granting this right.

Currency and gold swaps, cross-currency swaps and interest rate swaps are contractual agreements to exchange cash flows related to currencies, gold or interest rates (for example, fixed rate for floating rate). Cross-currency interest rate swaps involve the exchange of cash flows related to a combination of interest rates and foreign exchange rates. Except for certain currency and gold swaps and cross-currency interest rate swaps, no exchange of principal takes place.

Currency and gold forwards are contractual agreements involving the exchange of foreign currencies or gold at a future date.

Futures contracts are primarily bond and interest rate futures, which represent contractual agreements to receive or pay a net amount based on changes in bond prices or interest rates at a future date. Also included under this line are two other types of contracts which are traded in smaller volumes by the BIS. First, equity futures, which are traded for the management of the staff pension fund only. These are contractual agreements to receive or pay a net amount based on changes in equity index levels at a future date. Second, options on futures, which are contractual agreements that confer the right, but not the obligation, to buy or sell a futures contract at a predetermined price during a specified period of time. All futures contracts are settled daily with the exchange. Associated margin payments are settled by cash or marketable securities.

TBAs ("to be announced") are forward contracts for investment in mortgage-backed securities, whereby the investor acquires or sells a portion of a pool of as yet unspecified mortgages, which will be announced on a given delivery date. The Bank classifies these financial instruments as derivatives because it typically opens and closes the positions before the delivery date.

The Bank enters into derivatives transactions for its own benefit, and also on behalf of customers, investment entities operated by the Bank, and the staff pension fund. Over-the-counter (OTC) derivatives transactions are legally documented under the Bank's derivative master contracts, and are subject to its collateralisation processes (and netting rules in the event of default of one of the parties). The Bank recognises all derivatives transacted in its name. Where the economic benefit lies with a customer, an investment entity or the staff pension fund, the Bank recognises both the original derivative contract and an exactly offsetting derivative contract with the beneficial party.

As at 31 March SDR millions	2025 Notional amounts	2025 Fair values Assets	2025 Fair values Liabilities	2024 Notional amounts	2024 Fair values Assets	2024 Fair values Liabilities
Cross-currency swaps	4,591.5	91.5	(39.4)	2,580.3	31.9	(63.6)
Currency and gold forwards	27,641.7	227.2	(216.6)	13,834.7	27.6	(12.9)
Currency and gold options	14,770.3	118.2	(119.4)	761.0	2.0	(2.0)
Currency and gold swaps	288,574.4	2,013.6	(2,458.1)	282,269.3	4,759.8	(1,026.3)
Futures contracts	2,571.7	0.5	(0.5)	2,093.4	0.2	(0.1)
Interest rate swaps	472,402.7	1,012.5	(891.7)	447,344.2	1,385.6	(1,339.2)
TBAs	1,050.5	0.2	(0.3)	135.3	0.4	(0.2)
Total derivative financial instruments	**811,602.8**	**3,463.7**	**(3,726.0)**	749,018.2	6,207.5	(2,444.3)

5. Accounts receivable and other assets

As at 31 March

SDR millions	**2025**	2024
Financial transactions awaiting settlement	19,565.1	5,061.6
Other assets	33.9	30.6
Total accounts receivable and other assets	**19,599.0**	5,092.2

"Financial transactions awaiting settlement" are short-term receivables, typically due within three business days or less, where transactions have been effected but cash has not yet been received.

6. Land, buildings and equipment, and depreciation and amortisation

For the financial year ended 31 March *SDR millions*	Land	Buildings and installations	IT and other equipment	Computer software intangible assets	Assets under construction	Right-of-use assets	**2025** Total	2024 Total
Historical cost								
Balance at beginning of year	**46.4**	**322.7**	**25.5**	**106.3**	**26.0**	**24.3**	**551.2**	514.7
Capital expenditure	–	–	–	–	48.6	–	48.6	38.3
Transfers from assets under construction	–	6.3	1.4	34.8	(42.5)	–	–	–
Change in right-of-use assets	–	–	–	–	–	3.7	3.7	10.1
Disposals and retirements	–	(1.4)	(2.7)	(8.0)	–	–	(12.1)	(11.9)
Balance at end of year	**46.4**	**327.6**	**24.2**	**133.1**	**32.2**	**27.9**	**591.4**	551.2
Accumulated depreciation and amortisation								
Balance at beginning of year	**–**	**239.8**	**14.3**	**60.2**	**–**	**14.1**	**328.4**	309.8
Depreciation and amortisation	–	9.8	2.4	15.1	–	3.1	30.4	30.5
Disposals and retirements	–	(1.4)	(2.7)	(8.0)	–	–	(12.1)	(11.9)
Balance at end of year	**–**	**248.2**	**14.0**	**67.3**	**–**	**17.2**	**346.7**	328.4
Net book value at end of year	**46.4**	**79.4**	**10.2**	**65.8**	**32.2**	**10.7**	**244.7**	222.8

Changes in right-of-use assets includes new lease transactions along with amendments of existing leases. Assets under construction are not subject to depreciation until they are completed, put into service and transferred to the appropriate asset category.

The Bank's practice is to retire assets from the fixed asset register, generally when their age reaches twice their estimated useful life. Due to retirement of assets, SDR 12.1 million has been removed from the historical cost and from accumulated depreciation for the year ended 31 March 2025 (2024: SDR 11.9 million).

7. Currency deposits

Currency deposits comprise the following products:

Sight and notice deposit accounts are very short-term financial liabilities, typically having a notice period of three days or less.

Medium-Term Instruments (MTIs) are fixed rate investments at the Bank issued with initial maturities of between one and five years.

FIXBIS are fixed rate investments at the BIS for any maturities between one week and one year.

FRIBIS are floating rate investments at the BIS with maturities of one year or longer for which the interest rate is reset in line with prevailing market conditions.

Fixed-term deposits are fixed rate investments at the BIS, typically with an initial maturity of less than one year.

Dual-currency deposits (DCDs) are fixed-term deposits that are repayable on the maturity date either in the original currency or at a fixed amount in a different currency at the option of the Bank. The balance sheet for DCDs includes the fair value of the embedded foreign exchange option. These deposits all mature during April or May 2025 (2024: during April or May 2024).

The Bank acts as the sole market-maker in certain of its currency deposit liabilities and has undertaken to repay some of these financial instruments at fair value, in whole or in part, at one to three business days' notice.

The amount the Bank is contractually obliged to pay at maturity in respect of its FVPL currency deposits that were outstanding at 31 March 2025 (including the undiscounted value of any interest payment on maturity) is SDR 291,196.7 million (2024: SDR 266,013.2 million).

Sight and notice deposit accounts are classified as amortised cost, while all other deposits are classified as FVPL.

As at 31 March 2025

SDR millions	FVPL	Amortised cost	**Total**
Repayable at one to three days' notice			
Sight and notice deposit accounts	–	63,369.1	63,369.1
Medium-Term Instruments (MTIs)	42,033.7	–	42,033.7
Fixed Rate Investments at the BIS (FIXBIS)	129,893.4	–	129,893.4
	171,927.1	63,369.1	**235,296.2**
Other currency deposits			
Floating Rate Investments of the BIS (FRIBIS)	1,267.7	–	1,267.7
Fixed-term deposits	113,556.5	–	113,556.5
Dual-currency deposits (DCDs)	115.1	–	115.1
	114,939.3	–	**114,939.3**
Total currency deposits	286,866.4	63,369.1	**350,235.5**

As at 31 March 2024

SDR millions	FVPL	Amortised cost	**Total**
Repayable at one to three days' notice			
Sight and notice deposit accounts	–	65,160.5	65,160.5
Medium-Term Instruments (MTIs)	42,529.5	–	42,529.5
Fixed Rate Investments at the BIS (FIXBIS)	133,784.7	–	133,784.7
	176,314.2	65,160.5	**241,474.7**
Other currency deposits			
Floating Rate Investments of the BIS (FRIBIS)	1,549.2	–	1,549.2
Fixed-term deposits	82,060.1	–	82,060.1
Dual-currency deposits (DCDs)	66.0	–	66.0
	83,675.3	–	**83,675.3**
Total currency deposits	259,989.5	65,160.5	**325,150.0**

8. Securities sold under repurchase agreements

As at 31 March

SDR millions	**2025**	2024
Amortised cost	676.6	296.1
Fair value through profit and loss	–	–
Total securities sold under repurchase agreements	**676.6**	296.1

Further information on the collateral related to the repurchase agreements is provided in the "Risk management" section, note 3C, "Credit risk mitigation".

9. Gold deposits

Gold deposit liabilities placed with the Bank originate entirely from central banks.

10. Accounts payable

"Accounts payable" consists of financial transactions awaiting settlement, relating to short-term payables where transactions have been effected but cash has not yet been transferred.

11. Other liabilities

As at 31 March

SDR millions	**2025**	2024
Post-employment benefit obligations		
Staff pensions	505.0	416.3
Directors' pensions	13.6	13.0
Medical benefits	581.8	528.1
Lease liabilities	11.2	10.5
Other liabilities	71.0	198.2
Total other liabilities	**1,182.6**	1,166.1

12. Post-employment benefit obligations

The Bank operates three post-employment arrangements:

- *Staff pensions:* A defined benefit pension arrangement for its staff in the event of retirement, disability or death. The arrangement also applies to the staff of the three independent associations hosted by the Bank (the FSB, the IADI and the IAIS). Under this arrangement, benefits accrue according to years of participation and pensionable remuneration. These benefits are paid out of a pension fund without separate legal personality. Contributions are made to this fund by the Bank and by staff. The fund is the beneficial owner of assets on which it receives a return. These assets are administered by the Bank for the sole benefit of the participants in the arrangement. Except as shown in this note, and as described in note 4, "Derivative financial instruments", these assets are not recognised as assets of the Bank. The Bank remains ultimately liable for all benefits due under the arrangement. The defined benefit obligation and the related expense for the staff pension plan includes amounts related to an unfunded legacy arrangement for cleaning staff. The disbursements for this arrangement are not paid out of the assets in the fund, as described above.
- *Directors' pensions:* An unfunded defined benefit arrangement for its Directors, whose entitlement is based on a minimum service period of 49 months.
- *Post-employment medical benefits:* An unfunded post-employment medical benefit arrangement for its staff and their dependents. Employees who leave the Bank after becoming eligible for early retirement benefits from the pension arrangement are eligible for post-employment medical benefits. The arrangement also applies to the staff of the three independent associations hosted by the Bank (the FSB, the IADI and the IAIS).

All three arrangements operate in Swiss francs (CHF) and are valued annually by an independent actuary. During 2025/26, the Bank expects to make contributions of CHF 53.0 million (2024/25: CHF 52.9 million of actual contribution) to its post-employment benefit arrangements.

All matters concerning the general policy and management of the pension fund assets are overseen by the Pension Fund Committee. The committee is chaired by the Deputy General Manager, and includes members of management, staff representatives and external pension experts. The Pension Fund Committee determines the investment policies of the fund, sets its risk tolerance, and establishes the long-term strategic allocation policy through regular asset and liability management studies. It also supervises the arrangements made by the Bank in this regard, including selecting external investment managers. The Pension Fund Committee assesses the funding position of the pension fund using a through-the-cycle discount rate. If necessary, it recommends changes to the contribution rate of the Bank to ensure the long-term actuarial equilibrium of the Pensions System, including a sufficient safety margin.

A. Amounts recognised in the balance sheet

As at 31 March	Staff pensions		Directors' pensions		Post-employment medical benefits	
SDR millions	**2025**	2024	**2025**	2024	**2025**	2024
Present value of obligations	(1,874.9)	(1,777.6)	(13.6)	(13.0)	(581.8)	(528.1)
Fair value of fund assets	1,369.9	1,361.3	–	–	–	–
Net liability at end of year	**(505.0)**	(416.3)	**(13.6)**	(13.0)	**(581.8)**	(528.1)

B. Present value of defined benefit obligations

As at 31 March	Staff pensions		Directors' pensions		Post-employment medical benefits	
SDR millions	**2025**	2024	**2025**	2024	**2025**	2024
Present value of obligations at beginning of year	(1,777.6)	(1,568.9)	(13.0)	(11.7)	(528.1)	(457.0)
Employee contributions	(13.0)	(12.3)	–	–	–	–
Benefit payments	83.4	68.6	0.6	0.6	5.0	4.9
Service cost, including past service cost	(60.0)	(53.2)	(0.5)	(0.4)	(19.4)	(15.7)
Interest cost	(26.6)	(32.0)	(0.2)	(0.2)	(8.0)	(9.5)
Re-measurements:						
Experience adjustments	(4.3)	0.3	–	–	(4.8)	3.8
Changes in financial assumptions	(45.3)	(135.3)	(0.2)	(0.9)	(17.1)	(41.8)
Foreign exchange differences	(31.5)	(44.8)	(0.3)	(0.4)	(9.4)	(12.8)
Present value of obligations at end of year	**(1,874.9)**	(1,777.6)	**(13.6)**	(13.0)	**(581.8)**	(528.1)

The following table shows the weighted average duration of the defined benefit obligations for the Bank's three post-employment benefit arrangements:

As at 31 March	Staff pensions		Directors' pensions		Post-employment medical benefits	
Years	**2025**	2024	**2025**	2024	**2025**	2024
Weighted average duration	**16.7**	16.4	**13.5**	13.4	**24.1**	23.7

C. Amounts recognised in the profit and loss account

For the financial year ended 31 March	Staff pensions		Directors' pensions		Post-employment medical benefits	
SDR millions	**2025**	2024	**2025**	2024	**2025**	2024
Service cost	(60.0)	(53.2)	(0.5)	(0.4)	(19.4)	(15.7)
Interest cost on net liability	(6.0)	(4.9)	(0.2)	(0.2)	(8.0)	(9.5)
Amounts recognised in operating expense	**(66.0)**	(58.1)	**(0.7)**	(0.6)	**(27.4)**	(25.2)

D. Amounts recognised in other comprehensive income

For the financial year ended 31 March	Staff pensions		Directors' pensions		Post-employment medical benefits	
SDR millions	**2025**	2024	**2025**	2024	**2025**	2024
Return on plan assets in excess of opening discount rate	(5.3)	3.9	–	–	–	–
Experience adjustments	(4.3)	0.3	–	–	(4.8)	3.8
Changes in financial assumptions	(45.3)	(135.3)	(0.2)	(0.9)	(17.1)	(41.8)
Foreign exchange gain / (loss)	2.5	7.7	(0.1)	(0.1)	2.0	4.4
Amounts recognised in other comprehensive income	**(52.4)**	(123.4)	**(0.3)**	(1.0)	**(19.9)**	(33.6)

E. Analysis of movement on fair value of fund assets for staff pensions

For the financial year ended 31 March

SDR millions	**2025**	2024
Fair value of fund assets at beginning of year	1,361.3	1,311.3
Employer contributions	39.6	37.6
Employee contributions	13.0	12.3
Benefit payments	(83.4)	(68.6)
Interest income on plan assets	20.6	27.1
Return on plan assets in excess of opening discount rate	(5.3)	3.9
Foreign exchange differences	24.1	37.7
Fair value of fund assets at end of year	**1,369.9**	1,361.3

F. Composition and fair value of assets for the pension fund

The pension assets expose the Bank to investment risk, if the assets do not generate the expected returns. The table below analyses the fair values of each major class of pension fund assets using the fair value hierarchy defined in note 28. The pension fund does not invest in financial instruments issued by the Bank.

As at 31 March	2025			2024		
SDR millions	Level 1	Levels 2 and 3	Total	Level 1	Levels 2 and 3	Total
Cash (including margin accounts)	16.7	–	16.7	3.9	–	3.9
Debt securities	232.4	–	232.4	344.7	–	344.7
Fixed income funds	349.8	–	349.8	289.3	–	289.3
Equity funds	417.2	–	417.2	387.1	–	387.1
Real estate funds	–	146.9	146.9	–	149.5	149.5
Infrastructure funds	–	139.4	139.4	–	118.1	118.1
Commodity investments	69.2	–	69.2	67.0	–	67.0
Derivative financial instruments	0.7	(2.4)	(1.7)	–	1.7	1.7
Total	**1,086.0**	**283.9**	**1,369.9**	1,092.0	269.3	1,361.3

G. Principal actuarial assumptions used in these financial statements

As at 31 March	2025	2024
Applicable to staff pension arrangement		
Discount rate	1.35%	1.50%
Assumed average salary increase rate	2.45%	2.45%
Applicable to post-employment medical benefit arrangement		
Discount rate	1.35%	1.50%
Long-term medical cost inflation assumption	3.25%	3.25%
Applicable to Directors' pension arrangement		
Discount rate	1.30%	1.45%
Assumed Directors' pensionable remuneration increase rate	1.25%	1.25%
Applicable to staff and Directors' pension arrangements		
Assumed increase in pensions payable	1.25%	1.25%
Applicable to all arrangements		
Long-term inflation assumption	1.25%	1.25%

The mortality assumptions used for all three arrangements as at 31 March 2025 were based on the BVG 2020 table with generational projection CMI 2019 and a long-term improvement rate of 1.25% (2024: same mortality assumptions).

H. Life expectancies

The life expectancies, at age 65, used in the actuarial calculations for the staff pension arrangement are:

As at 31 March *Years*	**2025**	2024
Current life expectancy of members aged 65		
Male	21.9	21.9
Female	23.7	23.6
Life expectancy of members aged 65 projected forward in 10 years' time		
Male	22.8	22.7
Female	24.5	24.4

I. Sensitivity analysis of significant actuarial assumptions

The table below shows the estimated impact on the defined benefit obligations resulting from a change in key actuarial assumptions:

As at 31 March	**Staff pensions** Increase / (decrease) in defined benefit obligation	
SDR millions	**2025**	2024
Discount rate		
Increase by 0.5%	(144.4)	(135.1)
Decrease by 0.5%	168.7	154.7
Rate of salary increase		
Increase by 0.5%	41.2	37.3
Decrease by 0.5%	(37.5)	(35.6)
Rate of pension payable increase		
Increase by 0.5%	123.7	112.0
Decrease by 0.5%	(110.6)	(101.3)
Life expectancy		
Increase by 1 year	65.6	58.7
Decrease by 1 year	(65.6)	(60.4)

As at 31 March	**Directors' pensions** Increase / (decrease) in defined benefit obligation	
SDR millions	**2025**	2024
Discount rate		
Increase by 0.5%	(0.8)	(0.8)
Decrease by 0.5%	0.9	0.9
Rate of pension payable increase		
Increase by 0.5%	0.9	0.8
Decrease by 0.5%	(0.8)	(0.8)
Life expectancy		
Increase by 1 year	0.7	0.7
Decrease by 1 year	(0.7)	(0.7)

As at 31 March	Post-employment medical benefits Increase / (decrease) in defined benefit obligation	
SDR millions	**2025**	2024
Discount rate		
Increase by 0.5%	(64.0)	(57.6)
Decrease by 0.5%	75.1	67.6
Medical cost inflation rate		
Increase by 1.0%	126.1	113.7
Decrease by 1.0%	(94.2)	(85.0)
Life expectancy		
Increase by 1 year	51.8	45.9
Decrease by 1 year	(48.3)	(43.3)

The above estimates were arrived at by changing each assumption individually, holding other variables constant. They do not include any correlation effects that may exist between variables.

13. Share capital

The Bank's share capital consists of:

As at 31 March

SDR millions	**2025**	2024
Authorised capital: 600,000 shares, each of SDR 5,000 par value, of which SDR 1,250 is paid up	3,000.0	3,000.0
Issued capital: 568,125 shares	2,840.6	2,840.6
Paid-up capital (25%)	**710.2**	710.2

As at 31 March 2025 the number of member central banks was 63 (2024: 63).

The number of shares eligible for dividend is:

As at 31 March	**2025**	2024
Issued shares	568,125	568,125
Shares held in treasury	(1,000)	(1,000)
Outstanding shares eligible for dividend	**567,125**	567,125

Shares held in treasury consist of 1,000 shares of the Albanian issue which were suspended in 1977.

14. Statutory reserves

The Bank's Statutes provide for application of the Bank's annual net profit, by the Annual General Meeting at the proposal of the Board of Directors, to three specific reserve funds: the legal reserve fund, the general reserve fund and the special dividend reserve fund; the remainder of the net profit after payment of any dividend is generally allocated to the free reserve fund.

Legal reserve fund. This fund is currently fully funded at 10% of the Bank's paid-up capital.

General reserve fund. After payment of any dividend, 5% of the remainder of the Bank's annual net profit currently must be allocated to the general reserve fund.

Special dividend reserve fund. A portion of the remainder of the annual net profit may be allocated to the special dividend reserve fund, which shall be available, in case of need, for paying the whole or any part of a declared dividend. Dividends are normally paid out of the Bank's net profit.

Free reserve fund. After the above allocations have been made, any remaining unallocated net profit is generally transferred to the free reserve fund.

Proceeds from the subscription of the Bank's shares are allocated to the legal reserve fund as necessary to keep it fully funded, with any excess being credited to the general reserve fund.

The free reserve fund, general reserve fund and legal reserve fund are available, in that order, to meet any losses incurred by the Bank. In the event of liquidation of the Bank, the balances of the reserve funds (after settling the Bank's liabilities and covering liquidation costs) would be distributed among the Bank's shareholders.

The table below analyses the movements in the Bank's statutory reserves over the last two years:

SDR millions	Legal reserve fund	General reserve fund	Special dividend reserve fund	Free reserve fund	Total statutory reserves
Balance at 31 March 2023	**71.0**	**4,113.6**	**484.0**	**13,601.4**	**18,270.0**
Allocation of 2022/23 profit	–	25.9	34.9	456.3	517.1
Balance at 31 March 2024	**71.0**	**4,139.5**	**518.9**	**14,057.7**	**18,787.1**
Allocation of 2023/24 profit	–	31.1	17.0	573.6	621.7
Balance at 31 March 2025	**71.0**	**4,170.6**	**535.9**	**14,631.3**	**19,408.8**

As at 31 March 2025, statutory reserves included share premiums of SDR 1,385.1 million (2024: SDR 1,385.1 million).

In accordance with Article 51 of the Bank's Statutes, the following profit allocation will be proposed at the Bank's Annual General Meeting for the 2024/25 profit:

SDR millions	**2025**
Net profit	**843.7**
Proposed dividend:	
SDR 380 per share on 567,125 shares	(215.5)
Profit available for allocation	**628.2**
Proposed transfers to reserves:	
General reserve fund	(31.4)
Special dividend reserve fund	(17.0)
Free reserve fund	(579.8)
Balance after allocation to reserves	**–**

15. Other equity accounts

Other equity accounts comprise the revaluation accounts for FVOCI assets (gold and currency investment assets) as well as the re-measurement gains or losses on defined benefit obligations.

As at 31 March

SDR millions	**2025**	2024
Securities revaluation account	(82.7)	(495.5)
Gold revaluation account	7,209.2	4,996.4
Re-measurement of defined benefit obligations	181.7	254.3
Total other equity accounts	**7,308.2**	4,755.2

A. Securities revaluation account

This account contains the difference between the fair value and the amortised cost of the Bank's currency investment assets classified as FVOCI.

For the financial year ended 31 March

SDR millions	**2025**	2024
Fair value of assets	19,052.9	18,216.8
Historical cost	19,139.7	18,715.2
Securities revaluation account (excluding ECL)	**(86.8)**	(498.4)
Of which:		
Gross gains	134.9	52.7
Gross losses	(221.7)	(551.1)
ECL impairment provision	**4.1**	2.9
Securities revaluation account	**(82.7)**	(495.5)

B. Gold revaluation account

This account contains the difference between the book value and the deemed cost of the Bank's gold investment assets. All of the Bank's gold investment assets were held on 31 March 2003 (when the Bank changed its functional and presentation currency from the gold franc to the SDR). The deemed cost of these assets is approximately SDR 151 per ounce, based on the value of USD 208 per ounce that was applied from 1979 to 2003 following a decision by the Bank's Board of Directors, translated at the 31 March 2003 exchange rate. The movement in the gold revaluation account was as follows:

For the financial year ended 31 March

SDR millions	**2025**	2024
Balance at beginning of year	4,996.4	4,334.6
Gold price movement	2,212.8	661.8
Balance at end of year	**7,209.2**	4,996.4

C. Re-measurement of defined benefit obligations

This account contains the gains and losses from re-measurement of the Bank's post-employment benefit obligations.

For the financial year ended 31 March

SDR millions	**2025**	2024
Balance at beginning of year	254.3	412.3
Net movement on the re-measurement of defined benefit obligations		
Staff pensions	(52.4)	(123.4)
Directors' pensions	(0.3)	(1.0)
Post-employment medical benefits	(19.9)	(33.6)
	(72.6)	(158.0)
Balance at end of year	**181.7**	254.3

16. Interest income

For the financial year ended 31 March

SDR millions	**2025**	2024
Assets classified as amortised cost		
Cash and cash equivalents	199.2	174.2
Gold loan and sight accounts denominated in gold	0.7	0.8
	199.9	175.0
Financial assets classified as FVOCI		
Securities purchased under resale agreements	19.3	2.4
Government and other securities	475.2	366.5
	494.5	368.9
Total interest income	**694.4**	543.9

17. Interest expense

For the financial year ended 31 March

SDR millions	**2025**	2024
Liabilities classified as amortised cost		
Currency deposits: sight and notice deposit accounts	(2,722.8)	(2,500.7)
Securities sold under repurchase agreements	(18.6)	(2.3)
Interest on lease liabilities	(0.3)	(0.1)
	(2,741.7)	(2,503.1)
Interest expense on assets classified as amortised cost or FVOCI	**(2.7)**	(86.3)
Total interest expense	**(2,744.4)**	(2,589.4)

18. Change in ECL impairment provision

The Bank assesses impairment of financial assets which are classified as either FVOCI or amortised cost, and also in relation to loan commitments. The Bank takes a prudent stance on investments and managing its credit exposures. It monitors its exposures on an ongoing basis. It uses its standard credit risk methodology for assessing ECL and related key inputs for its ECL calculation, including estimates for probability of default, loss given default and exposure at default for individual exposures. No significant changes in estimation techniques were made during the reporting period.

Estimating ECL involves judgement. While there were a limited number of internal rating downgrades over the last financial year, the overall credit quality of the portfolio has remained robust. The review of credit exposures in scope of the ECL calculation concluded that all credit exposures were assessed to be in stage 1 during the financial year ended 31 March 2025, unchanged from 31 March 2024.

For the financial year ended 31 March

SDR millions	**2025**	2024
Financial assets classified as amortised cost	(0.1)	–
Financial assets classified as FVOCI	(1.2)	0.6
Change in ECL impairment provision	**(1.3)**	0.6

19. Net income on financial assets and liabilities at fair value through profit and loss

For the financial year ended 31 March

SDR millions	**2025**	2024
Financial assets		
Securities purchased under resale agreements	3,679.8	3,098.8
Loans and advances	1,546.5	2,448.1
Government and other securities	3,075.5	2,178.6
	8,301.8	7,725.5
Financial liabilities		
Securities sold under repurchase agreements	(0.3)	–
Currency deposits	(12,232.2)	(11,670.5)
	(12,232.5)	(11,670.5)
Derivative financial instruments	**7,203.1**	7,133.0
Net income on financial assets and liabilities at FVPL	**3,272.4**	3,188.0

The net income on financial assets and liabilities at fair value through profit and loss comprises the accrual of effective interest, along with realised and unrealised valuation movements, as further analysed in the following table:

For the financial year ended 31 March

SDR millions	**2025**	2024
Financial assets		
Interest	7,606.2	7,320.4
Realised and unrealised valuation movements	695.6	405.1
	8,301.8	7,725.5
Financial liabilities		
Interest	(11,549.8)	(11,317.5)
Realised and unrealised valuation movements	(682.7)	(353.0)
	(12,232.5)	(11,670.5)
Derivative financial instruments		
Interest	7,097.1	7,162.7
Realised and unrealised valuation movements	106.0	(29.7)
	7,203.1	7,133.0
Net income on financial assets and liabilities at FVPL	**3,272.4**	3,188.0

20. Net loss on sales of currency assets at FVOCI

For the financial year ended 31 March

SDR millions	**2025**	2024
Disposal proceeds	4,065.0	2,620.6
Amortised cost	(4,088.9)	(2,662.6)
Net loss on sales of currency assets at FVOCI	**(23.9)**	(42.0)
Of which:		
Gross realised gains	19.8	9.5
Gross realised losses	(43.7)	(51.5)

21. Net fee income

For the financial year ended 31 March

SDR millions	**2025**	2024
Third-party asset management net fee income	17.4	17.2
Contributions received under cost sharing arrangements	5.8	5.7
Other income	4.9	3.0
Other fees and expenses	(9.4)	(9.2)
Net fee income	**18.7**	16.7

22. Net foreign exchange income

For the financial year ended 31 March

SDR millions	**2025**	2024
Net gain on foreign exchange transactions	46.0	87.6
Net foreign exchange translation gain / (loss)	(12.0)	1.7
Net foreign exchange income	**34.0**	89.3

23. Administrative expense

The following table analyses the Bank's administrative expense in Swiss francs (CHF), the currency in which most expenditure is incurred:

For the financial year ended 31 March

CHF millions	**2025**	2024
Board of Directors		
Directors' fees	2.2	2.1
Pensions to former Directors	0.8	0.8
Travel and other costs	1.1	0.9
	4.1	3.8
Management and staff		
Remuneration	159.1	149.7
Pensions	75.6	67.4
Other personnel-related expense	61.5	57.9
	296.2	275.0
Office and other expense	**122.9**	114.0
BIS administrative expense	**423.2**	392.8
Direct contributions to hosted international organisations	17.8	15.2
Total administrative expense in CHF millions	**441.0**	408.0
Total administrative expense in SDR millions	**375.8**	345.1

The average number of full-time equivalent senior officials and staff employed on behalf of the Bank during the financial year ended 31 March 2025 was 649 (2024: 631). In addition to the above regular BIS staff, the Bank accommodates up to 19 graduates a year and supports secondments from other organisations. The Bank also employs one cleaner. The cost of all these employees is included within "Management and staff" expense.

The Bank hosts the secretariats of three independent associations – the FSB, the IADI and the IAIS. The Bank makes a financial contribution to support these international associations including paying some salaries and post-employment costs. These amounts are shown under "Direct contributions to hosted organisations". The staff employed on behalf of the independent associations are not included within the average number of employees quoted above. The Bank also provides indirect support for these organisations, in the form of logistical, administrative and staffing-related support. The cost of this support is included within the Bank's regular administrative expense categories.

24. Dividend per share

For the financial year ended 31 March	2025	2024
Net profit for the financial year (SDR millions)	843.7	831.5
Weighted average number of shares eligible for dividend	567,125.0	567,125.0
Proposed dividend per share (SDR per share)	380.0	370.0
Total proposed dividend (SDR millions)	**215.5**	209.8

The Bank's dividend policy requires that the dividend be set at a sustainable level which should vary over time in a predictable fashion. The policy also requires that the dividend reflects the Bank's capital needs and its prevailing financial circumstances, with a pay-out ratio of between 20% and 50% in most years. The Special Dividend Reserve Fund could also be drawn on to help smooth the flow of dividends to shareholders if the pay-out ratio were to be above 50%.

In line with the Bank's dividend policy, it is proposed to declare a normal dividend for 2024/25 of SDR 305 per share, SDR 10 per share higher than the normal dividend for the previous year. In addition, it is proposed to pay a supplementary dividend of SDR 75 per share. The proposed total dividend of SDR 380 per share represents a pay-out ratio of 26% of net profit (2024: 25%).

25. Exchange rates

The following table shows the principal exchange rates and prices used to translate balances in foreign currency and gold into SDR:

	Spot rate as at 31 March		Average rate for the financial year	
	2025	2024	**2025**	2024
USD	0.754	0.755	0.756	0.751
EUR	0.813	0.816	0.811	0.815
JPY	0.0050	0.0050	0.0050	0.0052
GBP	0.973	0.954	0.964	0.944
RMB	0.104	0.104	0.105	0.105
CHF	0.852	0.838	0.853	0.848
Gold (per ounce)	2,344.6	1,671.4	1,950.5	1,494.1

26. Off-balance sheet items

The following items are not included in the Bank's balance sheet:

As at 31 March

SDR millions	**2025**	2024
Gold bars held under earmark arrangements	33,588.2	20,641.5
Nominal value of securities:		
Securities held under safe custody arrangements	4,667.2	3,698.0
Net asset value of portfolio management mandates:		
BISIPs	18,809.8	22,427.0
Dedicated mandates	3,694.1	3,638.1

Gold bars held under earmark arrangements comprise specific gold bars deposited with the Bank on a custody basis. They are included in the table above at their weight in gold (translated at the gold market price and the USD exchange rate into SDR). As at 31 March 2025, gold bars held under earmark amounted to 446 tonnes of gold (2024: 384 tonnes).

Portfolio management mandates include BISIPs and dedicated mandates.

BISIPs are a range of open-ended investment funds created by the Bank. BISIPs do not have a separate legal personality from the Bank, but are a series of separate reporting entities, each with its own financial statements. The Bank has an agency relationship with BISIPs. Transactions are conducted in the name of the BIS, and investments are held by a custodian appointed by the BIS, but all of the economic benefit lies with the BISIP customers. The Bank does not invest for its own account in BISIPs. Because the Bank does not participate in the risks or rewards of BISIPs, the financial instruments transacted on behalf of BISIPs are excluded from the BIS balance sheet, and are reported as off-balance sheet items, except as otherwise described below.

Dedicated mandates are portfolios which are managed by the Bank in accordance with investment guidelines set by the customer. Transactions are conducted in the name of the customer, investments are held by a custodian appointed by the customer, and all of the economic benefit lies with the customer. Because the Bank does not participate in the risks or rewards of dedicated mandates, the financial instruments transacted on behalf of dedicated mandates are excluded from the BIS balance sheet, and are reported as off-balance sheet items, except as otherwise described below.

The Bank transacts derivative financial instruments on behalf of BISIPs and dedicated mandates. Such derivatives are governed by the Bank's ISDA contracts, and are subject to the netting and offsetting arrangements specified in those contracts. In certain circumstances, derivatives transacted on behalf of BISIPs and dedicated mandates could be offset against other derivatives transacted by the BIS on behalf of the Bank, the staff pension fund, other BISIPs or other dedicated mandates. For this reason, all derivatives transacted by the Bank are included in the Bank's balance sheet. Such derivatives transacted on behalf of BISIPs and dedicated mandates are reported at fair value in the BIS balance sheet, along with an equal and offsetting transaction between the Bank and BISIP or dedicated mandate.

27. Commitments

As at 31 March 2025, there were no outstanding committed facilities that were collateralised (2024: nil) or uncollateralised (2024: nil).

The BIS is committed to supporting the operations of the three independent associations – the FSB, the IADI and the IAIS. In each case, the Bank has a separate agreement specifying the terms of support and the length of the commitment. In accordance with these agreements, the Bank was the legal employer of 85 staff members (2024: 85) working in the secretariats of the hosted international organisations.

28. Fair value hierarchy

The Bank categorises its financial instrument fair value measurements using a hierarchy that reflects the observability of inputs used in measuring that value. A valuation level is assigned according to the least observable input that is significant to the fair value measurement in its entirety. An input is determined to be significant if its contribution to the value of the financial instrument is greater than 5%. Market liquidity is an important factor in determining whether an input is observable, and hence its fair value hierarchy level. The fair value hierarchy used by the Bank comprises the following levels:

Level 1 – Instruments valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 – Instruments valued with valuation techniques using inputs which are observable for the financial instrument either directly (ie as a price) or indirectly (ie derived from prices for similar financial instruments). This includes observable interest and foreign exchange rates, spreads and volatilities. It also includes instruments valued using unadjusted quoted prices in less active markets.

Level 3 – Instruments valued using valuation techniques where the significant inputs are not observable in financial markets. This includes illiquid prices and spreads derived from illiquid prices. It also includes instruments valued using unadjusted quoted prices in illiquid markets.

As at 31 March 2025

SDR millions	Level 1	Level 2	Level 3	**Total**
Financial assets classified as FVPL				
Securities purchased under resale agreements	–	113,679.2	–	113,679.2
Loans and advances	–	32,851.8	–	32,851.8
Government and other securities	70,753.3	43,905.9	1,118.0	115,777.2
Derivative financial instruments	4.3	3,459.4	–	3,463.7
Financial assets classified as FVOCI				
Securities purchased under resale agreements	–	676.6	–	676.6
Government and other securities	17,338.5	839.2	198.6	18,376.3
Total financial assets accounted for at fair value	**88,096.1**	**195,412.1**	**1,316.6**	**284,824.8**
Financial liabilities classified as FVPL				
Currency deposits	–	(286,866.4)	–	(286,866.4)
Derivative financial instruments	(4.0)	(3,722.0)	–	(3,726.0)
Total financial liabilities accounted for at fair value	**(4.0)**	**(290,588.4)**	**–**	**(290,592.4)**

As at 31 March 2024

SDR millions	Level 1	Level 2	Level 3	Total
Financial assets classified as FVPL				
Securities purchased under resale agreements	–	111,811.7	–	111,811.7
Loans and advances	–	42,609.2	–	42,609.2
Government and other securities	72,522.2	44,548.6	995.7	118,066.5
Derivative financial instruments	2.8	6,204.7	–	6,207.5
Financial assets classified as FVOCI				
Securities purchased under resale agreements	–	296.1	–	296.1
Government and other securities	16,880.1	935.8	104.8	17,920.7
Total financial assets accounted for at fair value	89,405.1	206,406.1	1,100.5	296,911.7
Financial liabilities classified as FVPL				
Currency deposits	–	(259,989.5)	–	(259,989.5)
Derivative financial instruments	(2.4)	(2,441.9)	–	(2,444.3)
Total financial liabilities accounted for at fair value	(2.4)	(262,431.4)	–	(262,433.8)

A. Transfers between levels in the fair value hierarchy

Of the debt securities categorised as level 1 as at 31 March 2025, SDR 871.1 million related to assets that were categorised as level 2 as at 31 March 2024. Of the debt securities categorised as level 2 as at 31 March 2025, SDR 869.7 million related to assets that were categorised as level 1 and SDR 296.9 million related to assets that were categorised as level 3 as at 31 March 2024. Of the debt securities categorised as level 3 as at 31 March 2025, SDR 32.6 million related to assets that were categorised as level 1 and SDR 93.8 million related to assets that were categorised as level 2 as at 31 March 2024.

The transfer of financial assets between levels 1, 2 and 3 reflected specific market conditions existing at the reporting dates that affected the observability of the inputs used in measuring fair value. No financial liabilities or other types of financial asset were transferred between the fair value hierarchy levels.

B. Assets and liabilities categorised at fair value level 3

As at 31 March 2025, a small percentage of the Bank’s financial instrument valuations were produced using valuation techniques that utilised significant unobservable inputs. These financial instruments are categorised as level 3. For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on Management’s own judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealised gains and losses for assets and liabilities within level 3 presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The financial instruments categorised as level 3 comprise illiquid bonds. As at 31 March 2025, the Bank categorised SDR 1,316.6 million of securities as level 3 in the fair value hierarchy. Of these securities, SDR 578.4 million were valued using prices, and SDR 738.2 million were valued by a discounted cash flow model based on individual bond spreads to a yield curve.

As at 31 March 2025

SDR millions	FVPL	FVOCI	**Total**
Balance at the beginning of the year	**995.7**	**104.8**	**1,100.5**
Purchases	923.8	150.2	1,074.0
Maturities and sales	(606.9)	(73.2)	(680.1)
Transfers in	77.9	48.4	126.3
Transfers out	(272.8)	(31.6)	(304.4)
Valuation impact recognised in net profit or other comprehensive income	0.3	–	0.3
Balance at end of the year	**1,118.0**	**198.6**	**1,316.6**
Unrealised gains / (losses) relating to assets still held as at the reporting date	3.7	2.8	6.5

As at 31 March 2024

SDR millions	FVPL	FVOCI	Total
Balance at the beginning of the year	2,216.0	93.1	2,309.1
Purchases	429.6	104.8	534.4
Maturities and sales	(1,704.8)	(93.1)	(1,797.9)
Transfers in	114.2	–	114.2
Transfers out	(73.0)	–	(73.0)
Valuation impact recognised in net profit or other comprehensive income	13.7	–	13.7
Balance at end of the year	995.7	104.8	1,100.5
Unrealised gains / (losses) relating to assets still held as at the reporting date	(6.7)	(0.3)	(7.0)

C. Quantitative disclosures of valuation techniques

The following tables provide the representative range of minimum and maximum values and the associated weighted averages of each significant unobservable input for level 3 assets by the related valuation technique most significant to the related financial instrument.

As at 31 March 2025

	Fair value *SDR millions*	Valuation technique	Unobservable input	Minimum value of input	Maximum value of input	Weighted average of input	Unit	Relationship of unobservable input to fair value
Debt securities	578.4	Price	Bond prices	99.6	100.2	100.0	Points	A change in the prices of 1 point would increase / decrease the fair value by SDR 5.8 million
Debt securities	738.2	Discounted cash flow based on spread to yield curve	Bond spreads	-30.0	55.0	32.3	Basis-points	A change in the spreads of 100 basis-points would increase / decrease the fair value by SDR 15.5 million
Total level 3 assets at fair value	**1,316.6**							

As at 31 March 2024

	Fair value *SDR millions*	Valuation technique	Unobservable input	Minimum value of input	Maximum value of input	Weighted average of input	Unit	Relationship of unobservable input to fair value
Debt securities	1,100.5	Discounted cash flow based on spread to yield curve	Bond spreads	-40.0	73.0	35.4	Basis-points	A change in the spreads of 100 basis-points would increase / decrease the fair value by SDR 15.4 million
Total level 3 assets at fair value	1,100.5							

D. Financial instruments not measured at fair value

In accordance with its accounting policies, the Bank accounts for certain financial instruments at amortised cost. Using the same valuation techniques as used for fair valued financial instruments, Management estimates that the fair values of these financial instruments would be materially the same as the carrying values shown in these financial statements for both 31 March 2025 and 31 March 2024. If the valuation of these instruments were categorised using the fair value hierarchy, the valuation of gold loans and securities sold under repurchase agreements would be considered level 2. All other amortised cost financial instruments would be considered level 1.

E. Impact of changes in the Bank's creditworthiness

The fair value of the Bank's liabilities may be affected by any change in its creditworthiness. A deterioration in the Bank's creditworthiness would lead to a decrease in the value of its liabilities, with the resulting change in value reflected as a movement in other comprehensive income. The Bank regularly assesses its creditworthiness as part of its risk management processes. The Bank's assessment of its creditworthiness did not indicate a change which could have had an impact on the fair value of the Bank's liabilities during the period under review.

F. Valuation of financial assets and liabilities

The Bank is the sole market-maker in certain of its currency deposit products, while in other currency deposit products there is no active market. As such, judgment is involved in determining the appropriate assumptions to derive the fair value of currency deposits. The Bank uses valuation techniques to estimate the fair value of its currency deposits. These valuation techniques comprise discounted cash flow models and option pricing models. The discounted cash flow models value the expected cash flows of financial instruments using discount factors that are partly derived from quoted interest rates (eg rates on derivatives) and partly based on assumptions about spreads at which each product would be repurchased from customers. For short-term products, repurchase spreads are based on recent market transactions. For MTIs, repurchase spreads are based on those used when the deposit was sold to the customer. If a deposit was sold with an enhanced rate, the enhancement is reflected in the valuation spread as it would be applied if the Bank were to buy back the deposit from the customer. The option pricing models include assumptions about volatilities that are derived from market quotes. The valuation of OTC derivatives is also subject to judgment.

Stressed market conditions can increase the degree of judgment involved in the valuation of the Bank's financial assets and liabilities. In such circumstances, the Bank reconsiders some of its valuation processes, and applies judgment in determining the appropriate valuation methods and inputs for each financial instrument. Level 1 observable prices may not always be available for some financial assets, and these may instead be valued using a discounted cash flow model based on a spread to a standard market yield curve. Such valuations are level 2 or level 3, and require estimation of appropriate valuation parameters. Changes in estimates of these parameters could significantly affect the reported fair values. The valuation impact of a 1 basis point parallel upward change in the underlying yield curve assumptions of key financial instruments is shown in the table below:

For the financial year ended 31 March

SDR millions	**2025**	2024
Securities purchased under resale agreements	(0.4)	(0.4)
Loans and advances	(0.7)	(1.0)
Government and other securities	(17.9)	(15.1)
Currency deposits	10.8	12.2
Derivative financial instruments	3.1	(0.6)

The accuracy of the Bank's valuations is ensured through an independent price verification exercise performed by the valuation control function within the Finance unit.

29. Geographical analysis

A. Total liabilities

As at 31 March

SDR millions	**2025**	2024
Africa and Europe	101,680.6	82,445.9
Asia-Pacific	236,377.1	221,160.1
Americas	36,933.1	38,207.8
International organisations	28,073.2	12,259.3
Balance at end of year	**403,064.0**	354,073.1

B. Off-balance sheet items

As at 31 March

SDR millions	2025			2024		
	Gold bars held under earmark arrangements	Nominal value of securities	Net asset value of portfolio management mandates	Gold bars held under earmark arrangements	Nominal value of securities	Net asset value of portfolio management mandates
Africa and Europe	12,268.3	–	4,835.6	8,447.4	–	4,295.3
Asia-Pacific	12,631.1	4,667.2	11,590.8	5,999.9	3,698.0	11,180.0
Americas	8,688.8	–	6,077.5	6,194.2	–	10,589.9
Total	**33,588.2**	**4,667.2**	**22,503.9**	20,641.5	3,698.0	26,065.1

The geographical distribution in the above table reflects the geographical origin of the underlying investors in the above off-balance sheet items, and not the geographical location of the investment assets.

30. Related parties

The Bank considers the following to be its related parties:

- the members of the Board of Directors;
- the senior officials of the Bank;
- close family members of the above individuals;
- the Bank's post-employment benefit arrangements; and
- central banks whose Governor is a member of the Board of Directors and institutions that are connected with these central banks.

A listing of the members of the Board of Directors and senior officials is shown in the sections of the Annual Report entitled "Board of Directors" and "BIS Management". The Bank provides services to the pension fund on a free-of-charge basis, including investment management, accounting, reporting, valuation and monitoring. Note 12 provides further details of the Bank's post-employment benefit arrangements.

A. Related party individuals

Note 23 provides details of the total compensation of the Board of Directors.

The total compensation of the senior officials recognised in the profit and loss account amounted to:

For the financial year ended 31 March

CHF millions	2025	2024
Salaries, allowances and medical benefits	9.1	8.9
Post-employment benefits	2.7	2.8
Total compensation	**11.8**	11.7
SDR equivalent in millions	10.1	9.9

The Bank offers personal deposit accounts for staff members and Directors. The accounts bear (or charge) interest at a rate equivalent to the rate applied by the Swiss National Bank on its sight deposits.

The movements and total balance on personal deposit accounts relating to members of the Board of Directors and the senior officials of the Bank were as follows:

For the financial year ended 31 March

CHF millions	**2025**	2024
Balance at beginning of year	6.8	5.8
Deposits taken and other inflows	1.6	1.0
Withdrawals and other outflows	(7.5)	–
Balance at end of year	**0.9**	6.8
SDR equivalent in millions	0.8	5.7
Of which: Interest income on deposits in CHF millions	**0.1**	0.1
SDR equivalent in millions	0.1	0.1

Balances related to individuals who are appointed as members of the Board of Directors or as senior officials of the Bank during the financial year are included in the table above as other inflows. Balances related to individuals who ceased to be members of the Board of Directors or senior officials of the Bank during the financial year are included in the table above as other outflows.

In addition, the Bank operates a blocked personal deposit account for certain staff members who were previously members of the Bank's savings fund, which closed on 1 April 2003. The terms of these blocked accounts are such that staff members cannot make further deposits or withdrawals and the balances are paid out when they leave the Bank. The accounts bear (or charge) interest at a rate equivalent to the rate applied by the Swiss National Bank on its sight deposits plus 1%. The total balance of blocked accounts at 31 March 2025 was SDR 3.4 million (2024: SDR 4.2 million). They are reported under the balance sheet heading "Currency deposits".

B. Related party institutions

The Bank pays a dividend to its shareholders, as described in note 24. The dividends paid to related party shareholders in the financial year ended 31 March 2025 (for the financial year 2023/24) was SDR 129.2 million. In the previous financial year, the Bank paid a dividend of SDR 99.5 million to related party shareholders.

The BIS provides banking services to its customers, which are predominantly central banks, monetary authorities and international financial institutions. In fulfilling this role, the Bank, in the normal course of business, enters into transactions with customers that are related parties (as defined above). These transactions include making advances, and taking currency and gold deposits. It is the Bank's policy to enter into transactions with related party customers on similar terms and conditions to transactions with other, non-related party customers. The following tables show balances relating to these transactions, which the Bank believes are representative of the general level of business undertaken with related party customers during the year.

Balances with related party customers

As at 31 March	2025			2024		
	Balance sheet total	Balance with related parties		Balance sheet total	Balance with related parties	
	SDR millions	*SDR millions*	*%*	*SDR millions*	*SDR millions*	*%*
Assets						
Cash and cash equivalents	86,083.9	**84,658.7**	98.3	46,574.8	45,008.0	96.6
Securities purchased under resale agreements	114,355.8	**11,487.9**	10.0	112,107.8	17,489.4	15.6
Government and other securities	134,153.5	**28,859.5**	21.5	135,987.2	26,991.9	19.8
Gold and gold loans	40,580.8	**40,143.5**	98.9	30,353.9	29,990.1	98.8
Derivative financial instruments	3,463.7	**20.1**	0.6	6,207.5	11.8	0.2
Other assets	33.9	**3.8**	11.3	30.6	2.0	6.5
Land, buildings and equipment	244.7	**0.5**	0.3	222.8	0.2	0.1
Liabilities						
Currency deposits	(350,235.5)	**(152,277.8)**	43.5	(325,150.0)	(149,755.9)	46.1
Gold deposits	(32,138.2)	**(22,622.4)**	70.4	(20,973.3)	(16,127.2)	76.9
Other liabilities	(1,182.6)	**(0.5)**	–	(1,166.1)	(0.2)	–
Derivative financial instruments	(3,726.0)	**(297.1)**	8.0	(2,444.3)	(1.8)	0.1

Main profit and loss items arising from transactions with related party customers

For the financial year ended 31 March	2025			2024		
	Profit and loss total	Balance with related parties		Profit and loss total	Balance with related parties	
	SDR millions	*SDR millions*	*%*	*SDR millions*	*SDR millions*	*%*
Interest income	694.4	**150.6**	21.7	543.9	96.5	17.7
Interest expense	(2,744.4)	**(2,003.8)**	73.0	(2,589.4)	(1,779.1)	68.7
Net change in ECL impairment provision	(1.3)	**–**	–	0.6	–	–
Net income on financial assets and liabilities at FVPL						
Financial assets	8,301.8	**498.2**	6.0	7,725.5	1,237.4	16.0
Financial liabilities	(12,232.5)	**(4,454.0)**	36.4	(11,670.5)	(4,239.4)	36.3
Derivative financial instruments	7,203.1	**(154.9)**	–	7,133.0	26.1	0.4

31. Contingent liabilities

In the opinion of its Management, the Bank had no significant contingent liabilities at 31 March 2025 (2024: nil).

Capital adequacy

1. Capital adequacy framework

As an international financial institution overseen by a Board composed of Governors of major central banks and without a national supervisor, the Bank is committed to maintaining its superior credit quality and financial strength, in particular in situations of financial stress.

The Bank continuously assesses its capital adequacy. Its capital planning process focuses on two elements: an economic capital framework and a financial leverage framework. The disclosures in this section relating to financial leverage, as well as credit, market and operational risk, are based on the Bank's own assessment of capital adequacy derived in accordance with these two BIS frameworks.

Regulatory capital ratios are not used as indicators of BIS capital adequacy because key aspects of the business model for the BIS banking activities are not adequately captured. This mainly relates to the high level of solvency targeted by the Bank and how regulatory capital ratios reflect portfolio concentrations and interest rate risk.

To facilitate comparability, the Bank has implemented a framework that is consistent with guidance issued by the Basel Committee on Banking Supervision (BCBS). Following this, the Bank discloses a Common Equity Tier 1 capital ratio (Pillar 1), risk-weighted assets and related detailed information. These disclosures have been included in these financial statements consistent with Basel III disclosure requirements for regulatory risk calculations where applicable, reflecting the scope and nature of the Bank's business activities.

The Bank maintains a capital position substantially above the regulatory minimum requirement in order to ensure its superior credit quality.

2. Economic capital

The Bank's economic capital methodology relates its risk-bearing capacity to the amount of economic capital needed to absorb potential losses arising from its exposures. Consistent with guidance from the BCBS, the risk-bearing capacity is defined as Common Equity Tier 1 capital which is based on components of the Bank's shareholders' equity (as reduced by prudential adjustments).

Common Equity Tier 1 capital includes the profit and loss account. It is adjusted by the Bank's current estimate of the amount of the profit and loss account that will be paid as a dividend (the "dividend adjustment"), to ensure that Common Equity Tier 1 capital includes only the component of the profit and loss account that is expected to be allocated to statutory reserves.

As at 31 March

SDR millions	**2025**	2024
Share capital	710.2	710.2
Statutory reserves per balance sheet	19,408.8	18,787.1
Less: shares held in treasury	(1.7)	(1.7)
Share capital and reserves	**20,117.3**	19,495.6
Securities revaluation account	(82.7)	(495.5)
Gold revaluation account	7,209.2	4,996.4
Re-measurement of defined benefit obligations	181.7	254.3
Other equity accounts	**7,308.2**	4,755.2
Expected loss	(4.1)	(2.9)
Intangible assets	(77.2)	(63.2)
Prudential adjustments	**(81.3)**	(66.1)
Profit and loss account	**843.7**	831.5
Proposed dividend adjustment	**(215.5)**	(209.8)
Common Equity Tier 1 capital	**27,972.4**	24,806.4

As part of the capital planning process, Management allocates economic capital to risk categories within the Bank's risk-bearing capacity. Allocations are made to each category of financial risk (ie credit and market risk) as well as to operational risk. To provide an additional margin of safety capital is also assigned to a minimum cushion of capital that is not utilised by risk categories ("minimum capital cushion"). The difference between the Bank's risk-bearing capacity and the total economic capital utilisation is termed "available economic capital" and is available for further risk-taking.

Reflecting the high level of solvency targeted by the Bank, the economic capital framework measures economic capital to a 99.99% confidence level assuming a one-year horizon. The Bank's economic capital framework is subject to regular review and calibration.

The following table summarises the Bank's economic capital allocation and utilisation as well as the resulting available economic capital:

As at 31 March

	2025		2024	
SDR millions	Allocation	Utilisation	Allocation	Utilisation
Credit risk	8,600.0	7,213.5	8,900.0	7,657.5
Market risk	7,100.0	6,965.7	5,800.0	5,537.4
Operational risk	850.0	850.0	850.0	850.0
Minimum capital cushion	4,195.9	4,195.9	3,721.0	3,721.0
Total economic capital (A)	**20,745.9**	**19,225.1**	19,271.0	17,765.9
Common Equity Tier 1 capital (B)		**27,972.4**		24,806.4
Available economic capital (B) – (A)		**8,747.4**		7,040.5

3. Financial leverage

The Bank complements its capital adequacy assessment with a financial leverage framework using a ratio that compares the Bank's Common Equity Tier 1 capital with its total exposure. The exposure measure also includes the fair value of assets of the pension fund, as well as regulatory exposure adjustments relating to committed and uncommitted facilities, repurchase agreements and derivatives.

The following table shows the calculation of the Bank's financial leverage ratio:

As at 31 March

SDR millions	**2025**	2024
Common Equity Tier 1 capital (A)	**27,972.4**	24,806.4
Total balance sheet assets	**431,333.2**	379,155.4
Derivatives	4,903.0	5,238.5
Securities purchased under resale agreements[1]	–	13.2
Committed and uncommitted facilities	5,231.5	4,981.9
Pension fund assets	1,369.9	1,361.3
Exposure adjustments[1]	**11,504.4**	11,595.0
Total BIS exposure (B)[1]	**442,837.6**	390,750.3
BIS leverage ratio (A) / (B)	**6.3%**	6.3%

[1] The figures as at 31 March 2024 in the indicated rows of the above table have been amended since they were originally published in the 2023/24 financial statements.

4. Common Equity Tier 1 capital ratio

The economic capital framework and the financial leverage framework described above are the main tools used for assessing the Bank's capital adequacy. Risk-weighted assets, minimum capital requirements and the Common Equity Tier 1 capital ratio are disclosed to facilitate comparability. Guidance issued by the BCBS includes several alternative approaches for calculating risk-weighted assets and the corresponding minimum capital requirements. In principle, the minimum capital requirements are determined by taking 8% of the risk-weighted assets. The Bank has adopted an approach that is consistent with the Basel III standardised approach for the calculation of risk-weighted assets for credit and market risk as well as the annual calculation of operational risk. The sections on credit risk, market risk and operational risk provide further details on the assumptions underlying these calculations.

The following table provides information on risk-weighted assets and related minimum capital requirements:

As at 31 March

SDR millions	2025 Amount of exposure	2025 Risk-weighted assets	2025 Minimum capital requirement	2024 Amount of exposure	2024 Risk-weighted assets	2024 Minimum capital requirement
Credit risk[1]	**278,394.3**	**32,807.4**	**2,624.6**	256,233.3	36,561.3	2,924.9
Exposure to sovereigns, banks and corporates	268,496.5	27,113.0	2,169.0	244,133.7	31,070.6	2,485.6
Securitisation exposures	50.2	627.0	50.2	29.5	368.5	29.5
Counterparty credit risk[1]	9,847.6	4,010.4	320.8	12,070.2	3,510.6	280.8
Credit valuation adjustment	–	1,056.9	84.6	–	1,611.6	128.9
Market risk	**1,661.1**	**20,763.4**	**1,661.1**	1,322.4	16,530.2	1,322.4
Gold price risk	1,543.6	19,295.3	1,543.6	1,100.4	13,755.4	1,100.4
Foreign exchange risk	117.4	1,468.1	117.4	222.0	2,774.8	222.0
Operational risk	**385.3**	**4,816.5**	**385.3**	253.8	3,172.6	253.8
Total[1]	**280,440.6**	**58,387.3**	**4,671.0**	257,809.5	56,264.0	4,501.1

[1] The figures as at 31 March 2024 in the indicated rows of the above table have been amended since they were originally published in the 2023/24 financial statements.

The Common Equity Tier 1 capital ratio is set out in the following table:

As at 31 March

SDR millions	**2025**	2024
Total Common Equity Tier 1 capital (A)	**27,972.4**	24,806.4
Total risk-weighted assets (B)[1]	**58,387.3**	56,264.0
Common Equity Tier 1 capital ratio (A) / (B)	**47.9%**	44.1%

[1] The figures as at 31 March 2024 in the indicated rows of the above table have been amended since they were originally published in the 2023/24 financial statements.

Risk management

1. Risks faced by the Bank

The Bank supports its customers, predominantly central banks, monetary authorities and international financial institutions, in the management of their reserves and related financial activities.

Banking activities form an essential element of meeting the Bank's objectives and ensure its financial strength and independence. The BIS engages in banking activities that are customer-related as well as activities that are related to the investment of its shareholders' equity, each of which may give rise to financial risk comprising credit risk, market risk and liquidity risk. The Bank is also exposed to operational risk.

Within the risk frameworks defined by the Board of Directors, the Management of the Bank has established risk management policies designed to ensure that risks are identified, appropriately measured, controlled, monitored and reported.

2. Risk management approach and organisation

The Bank maintains superior credit quality and adopts a prudent approach to financial risk-taking, by:

- maintaining an exceptionally strong capital position;
- investing its assets predominantly in high credit quality financial instruments;
- seeking to diversify its assets across a range of sectors;
- adopting a conservative approach to its tactical market risk-taking and carefully managing market risk associated with the Bank's strategic positions, which include its gold holdings; and
- maintaining a high level of liquidity.

A. Organisation

The General Manager is responsible to the Board for the management of the Bank and is assisted by the Deputy General Manager. The Deputy General Manager is responsible for the Bank's independent risk management function. The General Manager and the Deputy General Manager are supported by senior management advisory committees.

The key advisory committees are the Executive Committee and the Finance Committee. Both committees are chaired by the General Manager and include other senior members of the Bank's Management. The Executive Committee advises the General Manager primarily on the Bank's strategic planning and the allocation of resources, as well as on decisions related to the broad financial objectives for the banking activities and strategic operational risk management issues. The Finance Committee advises the General Manager on the financial management and policy issues related to the banking business, including the allocation of economic capital to risk categories.

The independent risk management function for financial and operational risks is performed by the Risk Management unit. The Head of Risk Management reports to the Deputy General Manager.

Other units complement the Bank's risk management unit as follows. The Finance unit operates a valuation control function, produces the Bank's financial statements and controls the Bank's expenditure by setting and monitoring the annual budget. The objective of the valuation control function is to ensure that the Bank's valuations comply with its valuation policy and procedures. The Finance unit reports to the Deputy General Manager and the Secretary General.

The Legal Service provides legal advice and support covering a wide range of issues relating to the Bank's activities. The Legal Service reports to the General Manager. The Risk Management function, jointly with the Legal Service, provides guidance on and monitors compliance risk related to the BIS banking services.

The Ethics and Conduct unit educates staff on conduct risk matters, investigates breaches and assists Management in ensuring that all activities of the BIS and its staff are conducted in conformity with ethics and conduct rules. The Chief Ethics and Conduct Officer reports to the General Manager and the Deputy General Manager, and has a right of direct access to the Audit Committee, which is an advisory committee to the Board of Directors.

The Internal Audit function evaluates and improves the effectiveness of risk management, control, and governance systems and processes. Internal Audit provides an independent, objective assurance function, and advises on best practice. To ensure independence, the Head of Internal Audit reports functionally to the Chair of the Audit Committee of the Board and administratively to the General Manager.

B. Risk monitoring and reporting

The Bank's financial and operational risk profile, position and performance are monitored on an ongoing basis by the relevant units. Financial risk, operational risk and compliance reports aimed at various management levels are provided regularly to enable Management to adequately assess the Bank's risk profile and financial condition.

Management reports financial and operational risk information to the Board of Directors on a regular basis. Furthermore, the Audit Committee receives regular reports from Internal Audit, Ethics and Conduct, Finance, and the Risk Management unit. The Banking and Risk Management Committee, another advisory committee to the Board, receives regular reports from the Risk Management unit. The preparation of reports is subject to comprehensive policies and procedures, thus ensuring strong controls.

C. Risk methodologies

The Bank revalues almost all its financial instruments to fair value on a daily basis and reviews its valuations monthly, taking into account necessary adjustments for impairment. It uses a comprehensive range of quantitative methodologies for valuing financial instruments and for measuring the risk to its net profit and shareholders' equity. The Bank reassesses its quantitative methodologies in the light of the changing risk environment and evolving best practice.

The Bank's model validation policy defines the roles and responsibilities and processes related to the implementation of new or materially changed risk and valuation models. The models used by the Bank are subject to a periodic validation. During the current reporting period, there were no model changes that significantly affected the comparability of the Bank's risk management disclosures with those of previous reporting periods.

A key methodology used by the Bank to measure and manage risk is the calculation of economic capital based on value-at-risk (VaR) techniques. VaR expresses the statistical estimate of the potential loss on the current positions of the Bank measured to a specified level of confidence and a specified time horizon. VaR models depend on statistical assumptions and the quality of available market data and, while forward-looking, they extrapolate from past events. VaR models may underestimate potential losses if changes in risk factors fail to align with the distribution assumptions. VaR figures do not provide any information on losses that may occur beyond the assumed confidence level.

The Bank's economic capital framework covers credit risk, market risk and operational risk. As part of the capital planning process, the Bank allocates economic capital to the above risk categories commensurate with principles set by the Board and taking account of the business strategy. Reflecting the high level of solvency targeted by the Bank, the economic capital framework measures economic capital to a 99.99% confidence level assuming a one-year time horizon. Moreover, capital is set aside for a "minimum capital cushion" to provide an additional margin of safety.

The management of the Bank's capital adequacy is complemented by a comprehensive stress testing framework and a financial leverage framework. The stress testing framework supplements the Bank's risk assessment, including its VaR and economic capital calculations for financial risk. The Bank's key market risk factors and credit exposures are stress-tested. The stress testing includes the analysis of severe historical and adverse hypothetical macroeconomic scenarios, as well as sensitivity tests of extreme but still plausible movements of the key risk factors identified. The Bank also performs stress tests related to liquidity risk. The financial leverage framework focuses on a ratio that sets the Common Equity Tier 1 capital in relation to the Bank's total balance sheet exposure.

3. Credit risk

Credit risk arises because a counterparty may fail to meet its obligations in accordance with the agreed contractual terms and conditions. A financial asset is considered past due when a counterparty fails to make a payment on the contractual due date.

The Bank manages credit risk within a framework and policies set by the Board of Directors and Management. These are complemented by more detailed guidelines and procedures at the level of the independent risk management function.

A. Credit risk assessment

Credit risk is continuously controlled at both a counterparty and an aggregated level. The independent risk management function performs credit assessments for material counterparties following a rigorous internal rating process. As part of this process, counterparty financial statements and market information are analysed. The main assessment criterion in these reviews is the counterparties' ability to meet interest and principal repayment obligations in a timely manner. The rating methodologies depend on the nature of the counterparty. Based on the internal rating and specific counterparty features, the Bank sets a series of credit limits covering individual counterparties and countries. Internal ratings are assigned to all counterparties. On a general basis, ratings and related limits are reviewed at least annually for material counterparties with internal ratings (expressed as equivalent external ratings) of BBB+ or below. Certain non-material counterparties with small individual limits have internal ratings set equal to the lowest equivalent external rating and are monitored systematically on the basis of market information. Ratings for these counterparties are updated daily and limits are updated at least semi-annually.

Credit risk limits at the counterparty level are approved by the Bank's Management and fit within a framework set by the Board of Directors.

On an aggregated level, credit risk, including default, country transfer risk and FX settlement risk, is measured, monitored and controlled based on the Bank's economic capital calculation for credit risk. To calculate economic capital for credit risk, the Bank uses a portfolio VaR model. Management limits the Bank's overall exposure to credit risk by allocating an amount of economic capital to credit risk.

B. Default risk

Default risk is mitigated through the use of collateral and legally enforceable netting or setoff agreements. The corresponding assets and liabilities are not offset on the balance sheet. The tables in this section show the exposure of the Bank to default risk, without taking into account any impairment allowance, collateral held or other credit enhancements available to the Bank.

The exposures set out in the tables below are based on the gross carrying value of the assets in the balance sheet as categorised by sector, geographical region and credit quality. The gross carrying value is the fair value of the financial instruments, except in the case of very short-term financial instruments (sight and notice accounts) and gold. Provisions for estimated credit losses on instruments valued at amortised cost are not included in the exposure amounts. Commitments are reported at their notional amounts. Gold and gold loans exclude gold bar assets held in custody at central banks, and accounts receivable and other assets do not include unsettled liabilities issued because these items do not represent credit exposures of the Bank.

The substantial majority of the Bank's assets are placed in local currency central bank cash, or in securities issued by governments and financial institutions rated A– or above by at least one of the major external credit rating agencies. Limitations on the number of high-quality counterparties in these sectors mean that the Bank is exposed to single-name concentration risk. As at 31 March 2025, excluding local currency cash at central banks, there were four counterparties (two advanced economy sovereigns and two banks) comprising between 5% and 10% each of the total on-balance sheet exposure reported in the tables below (31 March 2024: five exposures between 5% and 10%).

Default risk by asset class and issuer type

In the following tables, "Public sector" includes international and other public sector institutions.

As at 31 March 2025

SDR millions	Sovereigns and central banks	Public sector	Banks	Corporates	Securitisation	Total
Cash and cash equivalents	84,682.9	1,305.0	96.0	–	–	86,083.9
Gold and gold loans	2,258.2	–	437.4	–	–	2,695.6
Securities purchased under resale agreements	11,736.3	–	99,344.2	3,275.3	–	114,355.8
Loans and advances	997.5	–	31,854.3	–	–	32,851.8
Government and other securities	98,104.8	16,737.3	9,340.5	9,920.7	50.2	134,153.5
Derivative financial instruments	158.1	53.5	3,251.7	0.4	–	3,463.7
Accounts receivable and other assets	15.0	52.3	1,485.5	12.3	–	1,565.1
Total exposure	**197,952.8**	**18,148.1**	**145,809.6**	**13,208.7**	**50.2**	**375,169.4**

As at 31 March 2024

SDR millions	Sovereigns and central banks	Public sector	Banks	Corporates	Securitisation	Total
Cash and cash equivalents	45,013.3	1,520.1	41.4	–	–	46,574.8
Gold and gold loans	501.8	–	363.8	–	–	865.6
Securities purchased under resale agreements	17,784.3	–	79,395.9	14,927.6	–	112,107.8
Loans and advances	904.9	–	41,704.3	–	–	42,609.2
Government and other securities	105,252.9	13,895.7	8,351.0	8,458.1	29.5	135,987.2
Derivative financial instruments	47.7	5.2	6,154.6	–	–	6,207.5
Accounts receivable and other assets	67.6	5.3	1.6	12.7	–	87.2
Total exposure	169,572.5	15,426.3	136,012.6	23,398.4	29.5	344,439.3

Default risk by geographical region

In the following tables, exposures are allocated to regions based on the country of incorporation of each legal entity.

As at 31 March 2025

SDR millions	Africa and Europe	Asia-Pacific	Americas	International institutions	Total
Cash and cash equivalents	2,731.3	81,981.6	66.0	1,305.0	86,083.9
Gold and gold loans	2,695.6	–	–	–	2,695.6
Securities purchased under resale agreements	82,986.6	18,540.2	12,829.0	–	114,355.8
Loans and advances	21,424.7	9,543.2	1,883.9	–	32,851.8
Government and other securities	56,553.9	41,833.9	30,276.4	5,489.3	134,153.5
Derivative financial instruments	1,898.0	915.6	621.2	28.9	3,463.7
Accounts receivable and other assets	1,505.8	8.3	51.0	–	1,565.1
Total exposure	**169,795.9**	**152,822.8**	**45,727.5**	**6,823.2**	**375,169.4**

As at 31 March 2024

SDR millions	Africa and Europe	Asia-Pacific	Americas	International institutions	Total
Cash and cash equivalents	1,119.5	43,917.9	17.3	1,520.1	46,574.8
Gold and gold loans	865.6	–	–	–	865.6
Securities purchased under resale agreements	87,146.9	4,368.2	20,592.7	–	112,107.8
Loans and advances	31,140.5	9,502.0	1,966.7	–	42,609.2
Government and other securities	54,115.0	54,410.7	24,088.8	3,372.7	135,987.2
Derivative financial instruments	4,349.1	496.7	1,359.8	1.9	6,207.5
Accounts receivable and other assets	20.6	62.3	4.3	–	87.2
Total exposure	178,757.2	112,757.8	48,029.6	4,894.7	344,439.3

Default risk by counterparty / issuer rating

In the following tables, the ratings shown reflect the Bank's internal ratings expressed as equivalent external ratings.

As at 31 March 2025

SDR millions	AAA	AA	A	BBB	BB and below	Unrated	Total
Cash and cash equivalents	3,881.9	159.1	82,021.1	10.6	11.2	–	86,083.9
Gold and gold loans	–	2,258.2	437.4	–	–	–	2,695.6
Securities purchased under resale agreements	–	14,763.2	78,833.1	20,679.4	80.1	–	114,355.8
Loans and advances	778.8	2,398.5	29,137.5	318.2	218.8	–	32,851.8
Government and other securities	31,235.8	50,338.3	46,126.0	6,415.4	38.0	–	134,153.5
Derivative financial instruments	4.7	373.9	2,778.8	148.5	3.6	154.2	3,463.7
Accounts receivable and other assets	0.9	134.5	961.8	442.6	2.0	23.3	1,565.1
Total exposure	**35,902.1**	**70,425.7**	**240,295.7**	**28,014.7**	**353.7**	**177.5**	**375,169.4**

As at 31 March 2024

SDR millions	AAA	AA	A	BBB	BB and below	Unrated	Total
Cash and cash equivalents	1,725.5	732.1	43,947.6	168.5	1.1	–	46,574.8
Gold and gold loans	–	501.8	363.8	–	–	–	865.6
Securities purchased under resale agreements	–	32,417.0	67,956.8	11,734.0	–	–	112,107.8
Loans and advances	382.9	2,440.7	38,940.8	322.9	521.9	–	42,609.2
Government and other securities	30,663.3	48,385.7	52,940.5	3,967.8	29.9	–	135,987.2
Derivative financial instruments	–	265.4	5,410.1	507.9	23.1	1.0	6,207.5
Accounts receivable and other assets	0.5	2.6	59.2	2.1	1.7	21.1	87.2
Total exposure	32,772.2	84,745.3	209,618.8	16,703.2	577.7	22.1	344,439.3

Non-performing exposures

As at 31 March 2025, the Bank did not have past due, impaired or non-performing exposures.

C. Credit risk mitigation

Netting

Netting agreements give the Bank a legally enforceable right to net transactions with counterparties under potential future conditions, notably an event of default. Such master netting or similar agreements apply to counterparties with which the Bank conducts most of its derivatives transactions, as well as to counterparties used for repurchase and reverse repurchase agreement transactions. Where required, netting is applied when determining the amount of collateral to be requested or provided, but the Bank does not typically settle assets and liabilities on a net basis during the normal course of business. As such, the amounts shown in the Bank's balance sheet are the gross amounts.

Collateral

The Bank mitigates credit risk by requiring counterparties to provide collateral. The Bank receives collateral in respect of most derivatives contracts, for securities purchased under resale agreements and for advances made under collateralised facility agreements. For some dedicated mandates, the Bank receives collateral from the mandate customer in respect of derivative financial instruments transacted on their behalf. The Bank is required to provide collateral in respect of repurchase agreements and some derivatives contracts. During the term of these transactions, further collateral may be called, or collateral may be released based on the movements in value of both the underlying instrument and the collateral that has been received.

For derivatives contracts and securities purchased under resale agreements the Bank accepts as collateral high-quality sovereign, state agency and supranational securities and, in a limited number of cases, cash. For advances made under collateralised facility agreements and for derivatives traded bilaterally with central bank customers or on behalf of dedicated mandate customers, collateral accepted includes cash, BISIP units and gold. The Bank is not exposed to material wrong-way risk.

The fair value of collateral received or provided (gross of any haircuts) related to derivatives and securities purchased/sold under resale/repurchase agreements is presented in the table below:

As at 31 March 2025	Collateral related to derivatives		Collateral related to securities purchased/(sold) under resale/(repurchase) agreements	
SDR millions	Collateral received	Collateral provided	Collateral received	Collateral provided
Sovereign securities	887.4	(326.7)	96,733.8	(685.0)
State agency securities	–	–	1,689.4	–
Supranational securities	–	–	5,040.7	–
Central bank securities	–	–	4.3	–
Cash	211.2	(0.2)	–	–
Total	**1,098.6**	**(326.9)**	**103,468.2**	**(685.0)**

As at 31 March 2024	Collateral related to derivatives		Collateral related to securities purchased/(sold) under resale/ (repurchase) agreements[1]	
SDR millions	Collateral received	Collateral provided	Collateral received	Collateral provided
Sovereign securities	4,333.6	–	106,682.0	(296.8)
State agency securities	–	–	1,702.5	–
Supranational securities	–	–	3,485.6	–
Cash	135.6	(1.0)	–	–
Total	4,469.2	(1.0)	111,870.1	(296.8)

[1] In the above table, the fair value of collateral related to securities purchased under resale agreements has been amended since it was originally published in the 2023/24 financial statements.

Under the terms of its collateral arrangements, the Bank is permitted to sell or use collateral received on derivatives contracts and securities purchased under resale agreements, but upon expiry of the transaction must return equivalent financial instruments to the counterparty. Of the collateral received in the table above, the Bank had the right to sell or use SDR 92,867.6 million (31 March 2024: SDR 98,714.3 million). As at 31 March 2025, the Bank had not lent any of the collateral it held (31 March 2024: SDR 1.5 million).

Financial assets and liabilities subject to netting or collateralisation

The tables below show the categories of assets and liabilities which are either subject to collateralisation, or for which netting agreements would apply under potential future conditions such as the event of default of a counterparty.

The amount of collateral required is usually based on valuations performed on the previous business day, whereas the Bank's balance sheet reflects the valuations of the reporting date. The amount of the collateral required is also affected by thresholds, minimum transfer amounts and valuation adjustments ("haircuts") specified in the contracts. As a result of these effects, the valuation of collateral can be higher than the valuation of the underlying contract in the Bank's balance sheet. In these tables, the mitigating effect of collateral has been limited to the balance sheet value of the underlying net asset.

As at 31 March 2025		Effect of risk mitigation				Analysed as:	
SDR millions	Gross carrying amount as per balance sheet	Adjustments for settlement date effects	Enforceable netting agreements	Collateral (received) / provided (limited to balance sheet value)	Exposure after risk mitigation	Amounts subject to risk mitigation agreements	Amounts not subject to risk mitigation agreements
Financial assets							
Securities purchased under resale agreements	114,355.8	(13,008.8)	–	(101,347.0)	–	–	–
Advances	218.8	–	–	(218.8)	–	–	–
Derivative financial instruments	3,463.7	–	(2,242.2)	(920.9)	300.6	255.8	44.8
Financial liabilities							
Securities sold under repurchase agreements	(676.6)	–	–	674.9	–	–	–
Derivative financial instruments	(3,726.0)	–	2,242.2	301.0	–	–	–

As at 31 March 2024	Effect of risk mitigation					Analysed as:	
SDR millions	Gross carrying amount as per balance sheet	Adjustments for settlement date effects	Enforceable netting agreements	Collateral (received) / provided (limited to balance sheet value)	Exposure after risk mitigation	Amounts subject to risk mitigation agreements	Amounts not subject to risk mitigation agreements
Financial assets							
Securities purchased under resale agreements[1]	112,107.8	(1,875.6)	–	(110,219.0)	13.2	13.2	–
Advances	521.9	–	–	(521.9)	–	–	–
Derivative financial instruments	6,207.5	–	(1,824.7)	(4,233.6)	149.2	146.2	3.0
Financial liabilities							
Securities sold under repurchase agreements	(296.1)	–	–	296.1	–	–	–
Derivative financial instruments	(2,444.3)	–	1,824.7	1.0	–	–	–

[1] In the above table, the fair value of collateral related to securities purchased under resale agreements has been amended since it was originally published in the 2023/24 financial statements.

D. Economic capital for credit risk

The Bank determines economic capital for credit risk using a VaR methodology on the basis of a portfolio VaR model, assuming a one-year time horizon and a 99.99% confidence level. The credit risk economic capital model covers default, country transfer, migration, and FX settlement risk.

For the financial year ended	**2025**				2024			
SDR millions	Average	High	Low	31 March	Average	High	Low	31 March
Economic capital utilisation for credit risk	6,775.4	7,678.5	6,334.0	**7,213.5**	7,478.3	8,185.5	6,763.1	7,657.5

E. Minimum capital requirements for credit risk

Exposure to sovereigns, banks and corporates

For calculating risk-weighted assets for exposures to sovereigns, banks and corporates, the Bank has adopted an approach that is consistent with the Basel III standardised approach. Generally, under this approach risk-weighted assets are determined by multiplying credit risk exposures with regulatory risk weights.

The credit risk exposure for a transaction or position is referred to as the exposure at default (EAD). The Bank determines the EAD as the notional amount of on- and off-balance sheet credit exposures, except for securities, securities purchased/sold under resale/repurchase agreements, collateralised advances and derivatives contracts. For securities, the EAD is based on their market value. For securities purchased/sold under resale/repurchase agreements and collateralised advances, the EAD accounts for the risk-reducing effects of collateral as permitted under the standardised approach. For unutilised advances, a credit conversion factor is applied to transform these to a credit exposure equivalent. The EAD for derivatives is calculated using an approach consistent with the standardised approach for counterparty credit risk.

To determine the risk weights in the standardised approach, the exposure class and external rating of the issuer are mapped to a corresponding standardised risk weight as outlined under the regulatory framework.

The BIS obtains external ratings for all of its exposures from Moody's Investors Service, Standard & Poor's and Fitch Ratings. All three credit rating agencies meet the external credit assessment institution criteria in line with the regulatory eligibility requirements for credit rating agencies. The regulatory stipulations require the appropriateness and prudence of the external rating, and also that the resulting supervisory risk weight for prescribed exposure classes be examined by an internal due diligence process. The Bank reflects this by applying the lower of the credit rating assessed by the external rating agencies and that generated by the Bank's internal credit assessment.

The table below details the on- and off-balance sheet credit risk exposures to sovereigns, banks and corporates, including the combined effects of the credit conversion factor (CCF) and credit risk mitigation (CRM) techniques. Off-balance sheet exposures consist of undrawn central bank advances which are granted on an uncommitted basis and subject to a prescribed regulatory credit conversion factor of 10%. Additionally, the multilateral development bank asset class includes also exposures to international organisations. In line with the Basel Framework, the minimum capital requirement is determined as 8% of risk-weighted assets.

As at 31 March 2025

	Before CRM and CCF		After CRM and CCF		Risk-weighted assets	Average risk-weighted assets
Asset classes	On-balance sheet exposures	Regulatory off-balance sheet exposures	On-balance sheet exposures	Regulatory off-balance sheet exposures		
	SDR millions	*SDR millions*	*SDR millions*	*SDR millions*	*SDR millions*	*%*
Sovereigns and central banks	198,018.5	46,989.8	197,862.5	1,953.3	7,735.1	3.9
Non-central government public sector entities	11,108.7	–	11,108.7	–	2,450.2	22.1
Multilateral development banks	5,798.4	–	5,798.4	–	217.6	3.8
Banks	41,491.1	–	41,491.1	–	11,134.8	26.8
Corporates	9,744.8	–	9,744.8	–	5,173.7	53.1
Securities firms and other financial institutions	173.8	–	173.8	–	37.8	21.7
Other assets	363.8	–	363.8	–	363.8	100.0
Total	**266,699.2**	**46,989.8**	**266,543.2**	**1,953.3**	**27,113.0**	

As at 31 March 2024

Asset classes	Before CRM and CCF		After CRM and CCF		Risk-weighted assets	Average risk-weighted assets
	On-balance sheet exposures	Regulatory off-balance sheet exposures	On-balance sheet exposures	Regulatory off-balance sheet exposures		
	SDR millions	*SDR millions*	*SDR millions*	*SDR millions*	*SDR millions*	*%*
Sovereigns and central banks	169,755.6	49,819.0	169,377.8	1,964.3	9,721.7	5.7
Non-central government public sector entities	10,273.9	–	10,273.9	–	2,577.7	25.1
Multilateral development banks	3,671.8	–	3,671.8	–	188.3	5.1
Banks	50,193.2	–	50,193.2	–	13,942.8	27.8
Corporates	8,128.2	–	8,128.2	–	4,329.5	53.3
Securities firms and other financial institutions	270.9	–	270.9	–	57.2	21.1
Other assets	253.4	–	253.4	–	253.4	100.0
Total	242,547.1	49,819.0	242,169.3	1,964.3	31,070.6	

The following table analyses credit risk exposures under the standardised approach by exposure class and risk weight.

As at 31 March 2025

	Risk weight							Total credit exposure amount (after CRM and CCF)
SDR millions	0%	20%	30%	50%	75%	100%	150%	
Sovereigns and central banks	168,745.3	26,966.7	–	3,697.5	–	232.8	173.4	199,815.8
Non-central government public sector entities	–	10,347.1	–	761.6	–	–	–	11,108.7
Multilateral development banks	4,869.3	611.8	317.4	–	–	–	–	5,798.4
Banks	–	13,758.2	27,416.5	316.4	–	–	–	41,491.1
Corporates	–	1,545.6	–	5,139.3	3,059.9	–	–	9,744.8
Securities firms and other financial institutions	–	168.2	–	–	5.5	–	–	173.8
Other assets	–	–	–	–	–	363.8	–	363.8
Total	**173,614.6**	**53,397.7**	**27,734.0**	**9,914.8**	**3,065.5**	**596.6**	**173.4**	**268,496.5**

As at 31 March 2024

SDR millions	Risk weight							Total credit exposure amount (after CRM and CCF)
	0%	20%	30%	50%	75%	100%	150%	
Sovereigns and central banks	127,715.9	41,473.7	–	1,695.0	–	213.9	243.7	171,342.2
Non-central government public sector entities	–	8,530.7	–	1,743.2	–	–	–	10,273.9
Multilateral development banks	2,894.5	449.2	328.1	–	–	–	–	3,671.8
Banks	–	11,785.7	38,090.3	317.2	–	–	–	50,193.2
Corporates	–	1,139.7	–	4,559.2	2,429.3	–	–	8,128.2
Securities firms and other financial institutions	–	265.5	–	–	5.4	–	–	270.9
Other assets	–	–	–	–	–	253.4	–	253.4
Total	130,610.4	63,644.6	38,418.4	8,314.6	2,434.7	467.2	243.7	244,133.7

Securitisation exposures

The Bank invests in securitisation exposures based on traditional, ie non-synthetic, securitisation structures. Given the scope of the Bank's securitisation activities, risk-weighted assets are determined according to the Basel III securitisation external ratings-based approach. Under this approach, external credit assessments of the securities are used to determine the relevant risk weights. Securitisation exposures to which the external ratings-based approach cannot be applied are assigned a regulatory fall-back risk weight of 1250%. Risk-weighted assets are then derived as the product of the market values of the exposures and the associated risk weights. In line with the Basel Framework, the minimum capital requirement is determined as 8% of risk-weighted assets.

The following table shows the Bank's investments in securitisation analysed by type of securitised assets:

As at 31 March 2025

SDR millions	Amount of exposures	Risk weight	Risk-weighted assets
Securities backed by mortgages	50.2	1250%	627.0
Total	**50.2**		**627.0**

As at 31 March 2024

SDR millions	Amount of exposures	Risk weight	Risk-weighted assets
Securities backed by mortgages	29.5	1250%	368.5
Total	29.5		368.5

Counterparty credit risk

In the context of the Bank's portfolio, the Basel III framework considers derivatives and securities purchased/sold under resale/repurchase agreements as transactions giving rise to counterparty credit risk. The Bank calculates the exposure for derivatives using the Basel III standardised approach for counterparty credit risk for derivatives. This approach determines, the EAD by adding the current replacement costs and the potential future exposure, then multiplying by a regulatory factor of 1.4. Securities purchased/sold under resale/repurchase agreements are treated in accordance with the comprehensive approach for credit risk mitigation, under which the capital requirement captures the residual risk after netting and collateralisation.

The table below provides a breakdown of counterparty credit risk exposures by exposure class and risk weight. The Bank has an immaterial exposure to a qualified central clearing counterparty as a direct clearing member which is reflected under "Corporates" in the table below.

As at 31 March 2025

	Risk weight							Total credit exposure	Risk-weighted assets
SDR millions	0%	2%	20%	30%	50%	100%	150%		
Sovereigns and central banks	233.1	–	65.1	–	144.0	292.8	1,084.9	1,819.9	2,005.2
Multilateral development banks	51.6	–	0.4	–	–	–	–	52.1	0.1
Banks	–	–	5,040.7	2,663.1	192.9	–	67.6	7,964.3	2,004.9
Corporates	–	11.3	–	–	–	–	–	11.3	0.2
Total	**284.7**	**11.3**	**5,106.3**	**2,663.1**	**336.9**	**292.8**	**1,152.5**	**9,847.6**	**4,010.4**

As at 31 March 2024

	Risk weight							Total credit exposure	Risk-weighted assets
SDR millions	0%	2%	20%	30%	50%	100%	150%		
Sovereigns and central banks	366.6	–	36.9	–	120.1	271.5	95.0	890.0	481.4
Multilateral development banks	12.1	–	0.5	–	–	–	–	12.6	0.1
Banks[1]	–	–	5,012.9	5,612.1	471.0	–	71.6	11,167.6	3,029.1
Corporates	–	–	–	–	–	–	–	–	–
Total[1]	378.7	–	5,050.3	5,612.1	591.0	271.5	166.6	12,070.2	3,510.6

[1] The indicated rows of the above table have been amended since they were originally published in the 2023/24 financial statements.

Credit valuation adjustment

The Bank calculates the regulatory credit valuation adjustment (CVA), which represents the additional risk of mark-to-market losses resulting from deterioration in the creditworthiness of counterparties to over-the-counter (OTC) derivatives and repurchase agreements. Trades facing central counterparties are included in the CVA calculation. The Bank does not hedge its CVA risk but has a process in place to monitor its CVA exposure. The accounting CVA, calculated in accordance with standard valuation methodologies, is included in the balance sheet under "Derivative financial instruments". The Bank uses the Basel III reduced basic approach to calculate the CVA risk capital requirements, consistent with its approach to not hedge CVA risk. The table below shows the CVA capital requirements calculation.

As at 31 March

SDR millions	**2025**	2024
Aggregation of systematic components of CVA risk	246.6	376.8
Aggregation of idiosyncratic components of CVA risk	47.9	71.7
Minimum capital requirement (A)	**84.6**	128.9
Risk-weighted assets (A) x 12.5	**1,056.9**	1,611.6

4. Market risk

The Bank is exposed to market risk through adverse movements in market prices. The main components of the Bank's market risk are gold price risk, interest rate risk and foreign exchange risk.

A. Market risk measurement

The Bank measures market risk and calculates economic capital based on a VaR methodology using a Monte Carlo simulation technique. Risk factor volatilities and correlations are calculated over a six-year observation period, using an exponential weighting scheme. In line with the Bank's objective of maintaining its superior credit quality, market risk economic capital utilisation is measured at the 99.99% confidence level, assuming a one-year holding period and using a stressed market data set. The stressed data set is subject to regular review and calibrated to reflect the Bank's key market risk exposures and drivers.

The Bank's Management oversees market risk economic capital usage within a framework set by the Board of Directors. VaR limits are supplemented by operating limits, and market risk is also managed using sensitivities to certain market risk factors.

To ensure the models provide a reliable measure of potential losses over the one-year horizon, the Bank has established a comprehensive regular back-testing framework. This involves comparing daily performance with corresponding VaR estimates, analysing the results, and reporting to Management.

The Bank also uses a series of stress tests to supplement its market risk measurement based on VaR modelling and related economic capital calculations. These include severe historical scenarios, adverse hypothetical macroeconomic scenarios and sensitivity tests of gold price, interest rate and foreign exchange rate movements.

The Bank measures its gold price risk relative to changes in the USD value of gold. The foreign exchange risk component, resulting from changes in the USD exchange rate versus the SDR, is included in the measurement of foreign exchange risk.

B. Market risk exposures

Gold price risk

Gold price risk is the exposure of the Bank's financial condition to adverse movements in the price of gold.

The Bank is exposed to gold price risk principally through its gold investment assets. These are held in custody at central banks or placed on deposit with commercial banks. As at 31 March 2025, the Bank's net gold investment assets were 102 tonnes with a value of SDR 7,717.0 million, approximately 27% of shareholders' equity (31 March 2024: 102 tonnes, SDR 5,501.4 million, representing 22% of shareholders' equity). The Bank sometimes also has small exposures to gold price risk arising from its banking activities with central and commercial banks. Gold price risk is measured within the Bank's VaR methodology, including its economic capital framework and stress tests.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, including credit bond spreads. The Bank is exposed to interest rate risk through the interest-bearing assets relating to the management of its shareholders' equity held in its currency investment portfolios, and also through its currency banking portfolios. Interest-bearing assets in the currency investment portfolios are managed by reference to a benchmark which is subject to a regular review by the Finance Committee. The interest rate risk within the currency banking portfolios is largely hedged and managed within limits overseen by the Risk Management unit.

The Bank measures and monitors interest rate risk using a VaR methodology and sensitivity analyses taking into account movements in relevant money market rates, government bond yields, swap rates and credit bond spreads.

The following tables show the impact on the Bank's shareholders' equity of a 1% upward shift in the relevant yield curve per time band:

As at 31 March 2025

SDR millions	Up to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Euro	–	(12.7)	(30.8)	(35.4)	(25.7)	(1.8)	(7.0)	(113.4)
Japanese yen	44.6	0.3	–	0.1	–	–	–	45.0
Pound sterling	(1.1)	(2.3)	(3.9)	(4.8)	(5.7)	(4.8)	(41.9)	(64.5)
Renminbi	(0.6)	(2.5)	(6.2)	(6.4)	(6.4)	(22.3)	(54.4)	(98.8)
Swiss franc	(5.6)	(0.3)	(0.4)	(0.4)	(0.1)	(0.3)	(0.6)	(7.7)
US dollar	(9.6)	(15.3)	(32.8)	(35.8)	(34.5)	(36.8)	(155.4)	(320.1)
Other currencies	(0.8)	0.1	0.1	0.2	0.4	0.5	–	0.5
Total	**26.9**	**(32.7)**	**(73.9)**	**(82.5)**	**(72.0)**	**(65.5)**	**(259.4)**	**(559.1)**

As at 31 March 2024

SDR millions	Up to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Euro	(8.4)	(12.3)	(22.4)	(30.8)	(28.2)	(25.8)	(17.3)	(145.1)
Japanese yen	17.3	0.3	0.1	–	–	–	–	17.7
Pound sterling	(2.9)	(4.4)	(4.8)	(6.6)	(8.7)	(5.4)	(1.0)	(33.9)
Renminbi	(0.6)	(3.8)	(3.4)	(6.4)	(7.3)	(16.2)	(54.8)	(92.5)
Swiss franc	(4.0)	–	(0.5)	(0.7)	(0.5)	(0.1)	(0.9)	(6.7)
US dollar	(10.4)	(14.9)	(26.5)	(32.8)	(30.4)	(37.8)	(144.5)	(297.3)
Other currencies	(3.5)	0.1	(0.2)	(0.5)	(0.9)	(1.9)	(0.2)	(7.2)
Total	(12.5)	(35.0)	(57.8)	(77.9)	(75.9)	(87.1)	(218.8)	(565.0)

Foreign exchange risk

The Bank's functional currency, the SDR, is a composite currency comprising fixed amounts of USD, EUR, JPY, GBP and RMB. Foreign exchange risk is the Bank's financial exposure to adverse movements in foreign exchange rates. The Bank is exposed to foreign exchange risk primarily through the assets relating to the management of its shareholders' equity. The Bank is also exposed to foreign exchange risk through managing its currency deposits and through acting as an intermediary in foreign exchange transactions. The Bank's foreign exchange exposure is managed by matching the relevant assets to the constituent currencies of the SDR on a regular basis, and by limiting currency exposures arising from currency deposits and foreign exchange intermediation transactions.

The following tables show the Bank's assets and liabilities by currency and gold exposure. The net foreign exchange and gold position in these tables therefore includes the Bank's gold investments. To determine the Bank's net foreign exchange exposure, the gold amounts need to be removed. The SDR-neutral position is then deducted from the net foreign exchange position excluding gold to arrive at the net currency exposure of the Bank on an SDR-neutral basis.

As at 31 March 2025

SDR millions	SDR	USD	EUR	GBP	JPY	RMB	CHF	Gold	Other currencies	Total
Assets										
Cash and cash equivalents	1,305.0	21.3	121.8	8.7	81,982.5	0.9	2,551.0	–	92.7	86,083.9
Securities purchased under resale agreements	–	33,610.0	48,472.0	7,244.8	21,649.2	–	–	–	3,379.8	114,355.8
Loans and advances	–	21,600.9	5,184.6	–	553.3	–	2,379.4	–	3,133.6	32,851.8
Government and other securities	–	35,764.8	24,896.6	5,630.4	20,036.9	5,720.9	26,590.0	–	15,513.9	134,153.5
Gold and gold loans	–	0.4	–	–	–	–	–	40,580.4	–	40,580.8
Derivative financial instruments	2,702.1	101,898.8	(16,014.2)	465.4	(44,006.0)	(7,399.0)	(22,033.8)	1,733.7	(13,883.3)	3,463.7
Accounts receivable and other assets	890.1	668.2	17,323.1	526.7	–	57.3	102.5	–	31.1	19,599.0
Land, buildings and equipment	236.9	–	0.7	0.1	–	–	7.0	–	–	244.7
Total assets	**5,134.1**	**193,564.4**	**79,984.6**	**13,876.1**	**80,215.9**	**(1,619.9)**	**9,596.1**	**42,314.1**	**8,267.8**	**431,333.2**
Liabilities										
Currency deposits	(3,863.9)	(287,123.4)	(33,259.8)	(8,023.3)	(48.1)	(9,060.0)	(2,269.5)	–	(6,587.5)	(350,235.5)
Securities sold under repurchase agreements	–	–	(259.7)	(416.9)	–	–	–	–	–	(676.6)
Gold deposits	–	–	–	–	–	–	–	(32,138.2)	–	(32,138.2)
Derivative financial instruments	2,617.7	101,484.2	(28,856.8)	(3,492.6)	(79,084.7)	12,820.4	(6,334.4)	(2,457.9)	(421.9)	(3,726.0)
Accounts payable	–	(447.2)	(12,574.2)	(623.9)	–	(154.3)	–	–	(1,305.5)	(15,105.1)
Other liabilities	–	(4.0)	(3.8)	(0.8)	–	–	(1,164.8)	–	(9.2)	(1,182.6)
Total liabilities	**(1,246.2)**	**(186,090.4)**	**(74,954.3)**	**(12,557.5)**	**(79,132.8)**	**3,606.1**	**(9,768.7)**	**(34,596.1)**	**(8,324.1)**	**(403,064.0)**
Net currency and gold position	**3,887.9**	**7,474.0**	**5,030.3**	**1,318.6**	**1,083.1**	**1,986.2**	**(172.6)**	**7,718.0**	**(56.3)**	**28,269.2**
Adjustment for gold	–	–	–	–	–	–	–	(7,718.0)	–	(7,718.0)
Net currency position	**3,887.9**	**7,474.0**	**5,030.3**	**1,318.6**	**1,083.1**	**1,986.2**	**(172.6)**	**–**	**(56.3)**	**20,551.2**
SDR-neutral position	(3,887.9)	(7,259.4)	(5,066.4)	(1,310.8)	(1,127.3)	(1,899.4)	–	–	–	(20,551.2)
Net currency exposure on SDR-neutral basis	**–**	**214.6**	**(36.1)**	**7.8**	**(44.2)**	**86.8**	**(172.6)**	**–**	**(56.3)**	**–**

As at 31 March 2024

SDR millions	SDR	USD	EUR	GBP	JPY	RMB	CHF	Gold	Other currencies	Total
Assets										
Cash and cash equivalents	1,520.0	19.0	825.9	255.5	43,917.5	0.9	17.4	–	18.6	46,574.8
Securities purchased under resale agreements	–	38,700.5	38,781.3	17,840.6	13,729.3	–	–	–	3,056.1	112,107.8
Loans and advances	–	29,826.6	9,138.4	–	–	–	2,843.0	–	801.2	42,609.2
Government and other securities	–	29,105.2	23,422.4	5,020.5	28,518.2	13,630.7	27,072.5	–	9,217.7	135,987.2
Gold and gold loans	–	0.4	–	–	–	–	–	30,353.5	–	30,353.9
Derivative financial instruments	4,379.6	185,689.9	(34,764.5)	(10,372.4)	(87,650.4)	(17,930.5)	(29,218.8)	1,483.2	(5,408.6)	6,207.5
Accounts receivable and other assets	676.3	4,108.7	6.5	0.4	–	178.0	15.6	–	106.7	5,092.2
Land, buildings and equipment	216.8	–	0.7	0.1	–	–	5.1	–	0.1	222.8
Total assets	6,792.7	287,450.3	37,410.7	12,744.7	(1,485.4)	(4,120.9)	734.8	31,836.7	7,791.8	379,155.4
Liabilities										
Currency deposits	(4,931.9)	(266,891.9)	(22,310.2)	(8,968.6)	(38.9)	(8,942.8)	(2,093.4)	–	(10,972.3)	(325,150.0)
Securities sold under repurchase agreements	–	(64.3)	–	(231.8)	–	–	–	–	–	(296.1)
Gold deposits	–	–	–	–	–	–	–	(20,973.3)	–	(20,973.3)
Derivative financial instruments	796.3	(11,828.5)	(8,996.3)	(741.4)	2,600.4	15,074.6	2,172.2	(5,361.6)	3,840.0	(2,444.3)
Accounts payable	–	(989.3)	(979.3)	(1,492.3)	–	(23.3)	(41.9)	–	(517.2)	(4,043.3)
Other liabilities	–	(138.8)	(3.0)	(0.8)	–	–	(1,014.2)	–	(9.3)	(1,166.1)
Total liabilities	(4,135.6)	(279,912.8)	(32,288.8)	(11,434.9)	2,561.5	6,108.5	(977.3)	(26,334.9)	(7,658.8)	(354,073.1)
Net currency and gold position	2,657.1	7,537.5	5,121.9	1,309.8	1,076.1	1,987.6	(242.5)	5,501.8	133.0	25,082.3
Adjustment for gold	–	–	–	–	–	–	–	(5,501.8)	–	(5,501.8)
Net currency position	2,657.1	7,537.5	5,121.9	1,309.8	1,076.1	1,987.6	(242.5)	–	133.0	19,580.5
SDR-neutral position	(2,657.1)	(7,386.5)	(5,159.7)	(1,305.5)	(1,136.8)	(1,934.9)	–	–	–	(19,580.5)
Net currency exposure on SDR-neutral basis	–	151.0	(37.8)	4.3	(60.7)	52.7	(242.5)	–	133.0	–

C. Economic capital for market risk

The following table shows the key figures of the Bank's exposure to market risk in terms of economic capital utilisation over the past two financial years:

For the financial year ended	2025				2024			
SDR millions	Average	High	Low	31 March	Average	High	Low	31 March
Economic capital utilisation for market risk	6,151.7	6,965.7	5,525.6	**6,965.7**	5,164.2	5,581.8	4,877.2	5,537.4

The following table provides a further analysis of the Bank's economic capital utilisation for market risk by category of risk:

For the financial year	2025				2024			
SDR millions	Average	High	Low	31 March	Average	High	Low	31 March
Gold price risk	4,602.7	5,550.0	4,067.7	**5,550.0**	3,548.0	3,976.8	3,300.8	3,976.8
Interest rate risk	3,282.7	3,537.2	2,980.4	**3,368.2**	3,151.3	3,438.3	2,902.8	3,114.4
Foreign exchange risk	1,332.6	1,621.9	1,208.2	**1,581.8**	1,074.2	1,196.1	986.9	1,196.1
Diversification effects	(3,066.4)	(3,570.6)	(2,773.3)	**(3,534.3)**	(2,609.3)	(2,774.1)	(2,464.4)	(2,749.9)
Total				**6,965.7**				5,537.4

D. Minimum capital requirements for market risk

Gold price and foreign exchange rate risk

For calculating the minimum capital requirements for market risk under the Basel Framework, the Bank has adopted a banking book-only approach consistent with the scope and nature of its business activities. Consequently, market risk-weighted assets are determined for gold price risk and foreign exchange risk, while interest rate risk is measured separately, as described in the next section.

The related minimum capital requirement for gold price and foreign exchange risk is derived using the Basel III standardised approach following the sensitivities-based method.

The following table summarises the market risk development relevant to the calculation of minimum capital requirements and the related risk-weighted assets over the reporting period:

As at 31 March

SDR millions	2025	2024
Gold price risk	1,543.6	1,100.4
Foreign exchange risk	117.4	222.0
Minimum capital requirement (A)	**1,661.1**	1,322.4
Risk-weighted assets (A) x 12.5	**20,763.4**	16,530.2

Interest rate risk

The Bank follows a banking book-only approach, consistent with the scope and nature of its banking activities. As a result, interest rate risk originates solely from its banking book. The Basel III Framework defines two regulatory exposure measures for interest rate risk in the banking book: the change in the economic value of shareholders' equity (ΔEVE) and the change in net interest income (ΔNII).

ΔEVE represents the impact on the Bank's shareholders' equity of a number of regulatory interest rate stress scenarios. The interest rate shift to be assumed for each currency in each scenario is defined in the Basel III framework. The Bank calculates ΔEVE daily as part of its stress testing framework, covering its main currencies and the vast majority of its interest rate risk. The interest rate sensitivity measure used to compute ΔEVE is consistent with the one used for internal risk measurement and monitoring (see Section 4B) and considers all relevant yield curves. ΔEVE is computed as the product of the interest rate sensitivity and regulatory prescribed shocks, resulting in symmetric outputs for up and down stresses.

The following table shows ΔEVE for the regulatory interest rate stress scenarios, aggregated across currencies, over the reporting period:

As at 31 March

SDR millions	**2025**	2024
Parallel up	(1,204.4)	(1,171.3)
Parallel down	1,204.4	1,171.3
Short rate up	(571.8)	(606.1)
Short rate down	571.8	606.1
Flattener	(138.5)	(196.0)
Steepener	(106.8)	(39.4)
Maximum	**1,204.4**	1,171.3
Common Equity Tier 1 capital	**27,972.4**	24,806.4

ΔNII measures the impact of regulatory interest rate stress scenarios assuming a parallel move of rates on the Bank's net interest income over a horizon of one year. Within its currency investment portfolios, the Bank has mainly long-dated positions and therefore assumes limited re-investment within the one-year horizon. The currency banking portfolios, in turn, include mostly short-dated positions with closely matched asset and liability maturities, and with the remaining interest rate risk mostly hedged using derivatives. Hence, the profitability of the currency banking portfolios has limited sensitivity to parallel movements in rates. Consequently, ΔNII is not material for the Bank.

5. Operational risk

Operational risk is defined by the Bank as the risk of financial loss, or damage to the Bank's reputation, or both, resulting from one or more risk causes, as outlined below:

- Human factors: insufficient personnel, lack of requisite knowledge, skills or experience, inadequate training and development, inadequate supervision, loss of key personnel, inadequate succession planning, or lack of integrity or ethical standards.
- Failed or inadequate processes: a process is poorly designed or unsuitable, or is not properly documented, understood, implemented, followed or enforced.
- Failed or inadequate systems: a system is poorly designed, unsuitable or unavailable, or does not operate as intended.
- External events: the occurrence of an event having an adverse impact on the Bank but outside its control.

Operational risk includes legal risk but excludes strategic risk.

The Bank's operational risk management framework, policies and procedures comprise the management and measurement of operational risk, including the determination of the relevant key parameters and inputs, business continuity planning, the identification and assessment of key risks and controls, and the monitoring of key risk indicators.

The Bank's policies provide the guiding principles for managing its operational risk. This reduces the impact and likelihood of operational risk events materialising, with the residual risk being absorbed by the Bank (and, in some limited cases, by insurance policies).

To promote effective decision-making, quarterly dedicated meetings advise the General Manager and the Deputy General Manager on strategic operational risk decisions.

The Bank has established a comprehensive procedure of immediate reporting for operational risk-related incidents. The Risk Management unit develops action plans with the respective units and follows up on their implementation on a regular basis.

For the measurement of operational risk economic capital, the Bank has adopted a VaR-based model that employs Monte Carlo simulation techniques. The methodology incorporates internal and external loss data as well as estimated losses under hypothetical scenarios.

A. Economic capital for operational risk

Consistent with the parameters used in the calculation of economic capital for financial risk, the Bank measures economic capital for operational risk to the 99.99% confidence level assuming a one-year holding period. The following table shows the key figures of the Bank's exposure to operational risk in terms of economic capital utilisation over the past two financial years:

For the financial year ended	**2025**				2024			
SDR millions	Average	High	Low	31 March	Average	High	Low	31 March
Economic capital utilisation for operational risk	850.0	850.0	850.0	**850.0**	850.0	850.0	850.0	850.0

B. Minimum capital requirements for operational risk

The minimum capital requirement for operational risk is determined annually using the Basel III standardised approach. Following BCBS recommendations, reputational risk is not included in this calculation. A key part of this model is the business indicator component, which estimates the Bank's exposure to operational risk and is based on the Bank's audited annual accounting data.

The operational risk capital is calculated by scaling the exposure measure (the business indicator component) by the internal loss multiplier. The internal loss multiplier reflects the severity of operational risk losses the Bank has incurred over the past ten years relative to the exposure.

The following table shows the minimum capital requirements for operational risk, and the related risk-weighted assets:

As at 31 March

SDR millions	**2025**	2024
Business indicator component	630.7	397.2
Internal loss multiplier	0.6	0.6
Minimum required operational risk capital (A)	**385.3**	253.8
Operational risk-weighted assets (A) x 12.5	**4,816.5**	3,172.6

The business indicator component is calculated by multiplying the business indicator by a marginal coefficient. Marginal coefficients are regulatory determined constants based on the size of the business indicator, ranging between 12% and 18%.

As shown in the table below, the business indicator consists of three main subcomponents which are calculated as an average over the last three years using the Bank's accounting data:

As at 31 March

SDR millions	**2025**	2024	2023
Interest, lease and dividend component (A)	**1,600.0**		
Calculated using the following inputs:			
Interest and lease income	694.4	543.9	513.8
Interest and lease expense	(2,747.5)	(2,592.5)	(1,212.0)
Interest-earning assets	145,728.4	95,155.6	114,744.8
Services component (B)	**29.2**		
Calculated using the following inputs:			
Third-party asset management fee and commission income	19.6	19.1	20.0
Third-party asset management fee and commission expense	(2.2)	(1.9)	(1.8)
Other operating income	4.9	3.1	3.3
Other operating expense	(9.4)	(9.2)	(10.1)
Financial component (C)	**2,738.0**		
Calculated using the following inputs:			
Net profit and loss on the banking book	3,282.5	3,235.2	1,696.3
Business indicator (A + B + C)	**4,367.1**		
Business indicator component	**630.7**		

As at 31 March

SDR millions	2024	2023	2022
Interest, lease and dividend component (A)	917.9		
Calculated using the following inputs:			
Interest and lease income	543.9	513.8	222.8
Interest and lease expense	(2,592.5)	(1,212.0)	(229.7)
Interest-earning assets	95,155.6	114,744.8	133,928.5
Services component (B)	31.0		
Calculated using the following inputs:			
Third-party asset management fee and commission income	19.1	20.0	19.8
Third-party asset management fee and commission expense	(1.9)	(1.8)	(1.8)
Other operating income	3.1	3.3	2.7
Other operating expense	(9.2)	(10.1)	(14.7)
Financial component (C)	1,862.4		
Calculated using the following inputs:			
Net profit and loss on the banking book	3,235.2	1,696.3	655.8
Business indicator (A + B + C)	2,811.3		
Business indicator component	397.2		

The interest income and expense inputs are consistent with the definitions in the Bank's accounting policies and relate to financial instruments classified at FVOCI and amortised cost. They are included in the first component in the table above. The net income on FVPL instruments is included in the financial component. The Bank follows a banking book-only approach for the calculation of regulatory capital, in line with the scope and nature of its business activities. Further, the Bank does not receive any dividend income and does not have any divested activities.

6. Liquidity risk

Liquidity risk arises when the Bank may not be able to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition.

The Bank's currency and gold deposits, principally from central banks and international institutions, comprise 95% (2024: 98%) of its total liabilities. As at 31 March 2025, currency and gold deposits originated from 151 depositors (2024: 143 depositors). Within these deposits, there are significant individual customer concentrations, with two customers each contributing in excess of 5% of the total on a settlement date basis (2024: four customers).

Outstanding balances in the currency and gold deposits from central banks, international organisations and other public institutions are the key drivers of the size of the Bank's balance sheet. The Bank is exposed to funding liquidity risk mainly because of the short-term nature of its deposits and because it undertakes to repurchase at fair value certain of its currency deposit instruments at one or two business days' notice. In line with the Bank's objective to maintain a high level of liquidity, it has developed a liquidity management framework, including a ratio, based on conservative assumptions for estimating the liquidity available and the liquidity required. Liquidity risk is managed within limits set based on this ratio, as well as more granular limits for business units managing the Bank's liquidity risk, including limits on cash flow gaps.

A. Maturity profile of cash flows

The following tables show the maturity profile of cash flows for assets and liabilities. The amounts disclosed are the undiscounted cash flows to which the Bank is committed. Options are included in the table at fair value and are shown in the "Up to 1 month" category.

As at 31 March 2025

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total
Assets									
Cash and cash equivalents	86,083.9	–	–	–	–	–	–	–	86,083.9
Securities purchased under resale agreements	95,223.5	6,203.4	–	–	–	–	–	–	101,426.9
Loans and advances	8,565.1	16,790.2	5,348.4	2,412.1	–	–	–	–	33,115.8
Government and other securities	30,873.6	15,411.1	13,677.1	24,282.8	14,909.4	33,952.2	6,489.5	1,440.1	141,035.8
Gold and gold loans	38,322.6	175.9	176.0	1,908.4	–	–	–	–	40,582.9
Total assets	**259,068.7**	**38,580.6**	**19,201.5**	**28,603.3**	**14,909.4**	**33,952.2**	**6,489.5**	**1,440.1**	**402,245.3**
Liabilities									
Currency deposits									
Deposit instruments repayable at 1–3 days' notice	(110,582.7)	(38,195.1)	(36,085.4)	(30,813.4)	(9,960.4)	(13,168.9)	–	–	(238,805.9)
Other currency deposits	(64,613.1)	(20,041.2)	(7,919.4)	(5,184.2)	–	–	–	–	(97,757.9)
Securities sold under repurchase agreements	(254.2)	(424.8)	–	–	–	–	–	–	(679.0)
Gold deposits	(32,138.2)	–	–	–	–	–	–	–	(32,138.2)
Total liabilities	**(207,588.2)**	**(58,661.1)**	**(44,004.8)**	**(35,997.6)**	**(9,960.4)**	**(13,168.9)**	**–**	**–**	**(369,381.0)**
Derivatives									
Net settled cash flows									
Options and interest rate contracts	19.6	(65.9)	(37.4)	139.8	45.4	34.4	27.3	–	163.2
Gross settled cash flows									
Interest rate contracts									
Inflows	207.3	638.8	593.6	598.3	400.0	2,135.3	550.9	–	5,124.2
Outflows	(200.3)	(632.6)	(620.6)	(611.1)	(396.2)	(2,070.4)	(527.1)	–	(5,058.3)
Subtotal	7.0	6.2	(27.0)	(12.8)	3.8	64.9	23.8	–	65.9
Currency and gold contracts									
Inflows	194,916.6	60,117.7	19,559.1	21,089.1	–	–	–	–	295,682.5
Outflows	(195,848.5)	(59,813.3)	(18,986.0)	(20,645.8)	–	–	–	–	(295,293.6)
Subtotal	(931.9)	304.4	573.1	443.3	–	–	–	–	388.9
Total derivatives	**(905.3)**	**244.7**	**508.7**	**570.3**	**49.2**	**99.3**	**51.1**	**–**	**618.0**
Total future undiscounted cash flows	**50,575.2**	**(19,835.8)**	**(24,294.7)**	**(6,824.0)**	**4,998.2**	**20,882.6**	**6,540.6**	**1,440.1**	**33,482.3**

As at 31 March 2024

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total
Assets									
Cash and cash equivalents	46,574.8	–	–	–	–	–	–	–	46,574.8
Securities purchased under resale agreements	90,821.2	19,568.3	–	–	–	–	–	–	110,389.5
Loans and advances	12,022.1	15,111.8	9,489.9	6,498.1	–	–	–	–	43,121.9
Government and other securities	25,480.3	29,223.5	13,871.9	26,163.8	11,826.0	28,052.0	5,244.1	1,553.0	141,414.6
Gold and gold loans	30,103.2	–	–	251.0	–	–	–	–	30,354.2
Total assets	205,001.6	63,903.6	23,361.8	32,912.9	11,826.0	28,052.0	5,244.1	1,553.0	371,855.0
Liabilities									
Currency deposits									
Deposit instruments repayable at 1–3 days' notice	(96,737.0)	(38,096.6)	(34,831.8)	(42,061.7)	(17,490.8)	(14,778.1)	–	–	(243,996.0)
Other currency deposits	(47,257.6)	(20,601.4)	(9,429.3)	(5,568.7)	–	–	–	–	(82,857.0)
Securities sold under repurchase agreements	(296.5)	–	–	–	–	–	–	–	(296.5)
Gold deposits	(20,973.3)	–	–	–	–	–	–	–	(20,973.3)
Total liabilities	(165,264.4)	(58,698.0)	(44,261.1)	(47,630.4)	(17,490.8)	(14,778.1)	–	–	(348,122.8)
Derivatives									
Net settled cash flows									
Options and interest rate contracts	39.3	(123.8)	(86.2)	66.2	46.6	133.9	23.6	–	99.6
Gross settled cash flows									
Interest rate contracts									
Inflows	204.1	147.7	109.0	751.9	639.3	791.2	333.6	–	2,976.8
Outflows	(206.6)	(148.5)	(119.6)	(765.4)	(653.4)	(787.5)	(327.0)	–	(3,008.0)
Subtotal	(2.5)	(0.8)	(10.6)	(13.5)	(14.1)	3.7	6.6	–	(31.2)
Currency and gold contracts									
Inflows	163,384.8	81,247.0	21,847.0	27,777.1	–	–	–	–	294,255.9
Outflows	(161,432.4)	(79,797.0)	(21,180.2)	(26,790.6)	–	–	–	–	(289,200.2)
Subtotal	1,952.4	1,450.0	666.8	986.5	–	–	–	–	5,055.7
Total derivatives	1,989.2	1,325.4	570.0	1,039.2	32.5	137.6	30.2	–	5,124.1
Total future undiscounted cash flows	41,726.4	6,531.0	(20,329.3)	(13,678.3)	(5,632.3)	13,411.5	5,274.3	1,553.0	28,856.3

The following table shows the contractual undiscounted cash flows under lease contracts at the balance sheet date:

Contractual expiry date

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Maturity undefined	Total
As at 31 March 2025	(0.4)	(0.7)	(0.3)	(1.6)	(2.8)	(5.4)	(0.2)	–	**(11.4)**
As at 31 March 2024	(0.4)	(0.7)	(0.4)	(1.6)	(2.5)	(5.5)	(0.1)	–	(11.2)

Liquidity ratio

The Bank has adopted a liquidity risk framework taking into account regulatory guidance issued by the BCBS related to the Liquidity Coverage Ratio (LCR). The framework is based on a liquidity ratio that compares the Bank's available liquidity with a liquidity requirement over a one-month time horizon assuming a stress scenario. In line with the BCBS liquidity risk framework, the underlying stress scenario combines an idiosyncratic and a market crisis. However, the liquidity ratio differs in construction from the LCR to reflect the scope and nature of the BIS banking activities – including the short-term nature of the Bank's assets and liabilities. Within the Bank's liquidity framework, the Board of Directors has set a limit for the Bank's liquidity ratio which requires the liquidity available to be at least 100% of the potential liquidity requirement.

The following table provides information on the development of the Bank's liquidity ratio for the last two years:

For the financial year ended	**2025**				2024			
Percentages	Average	High	Low	31 March	Average	High	Low	31 March
Liquidity ratio	145.9%	172.2%	129.5%	**140.2%**	134.3%	150.3%	120.4%	133.2%

The liquidity available is determined as the cash inflows from financial instruments over a one-month horizon, along with potential additional liquidity which could be generated from the disposal of highly liquid securities, or by entering into sale and repurchase agreements for a part of the Bank's remaining unencumbered high-quality liquid securities. In calculating the amount of potential additional liquidity, an assessment is performed to identify securities which are of high credit quality and highly liquid. This is followed by a conservative projection of the amounts that could reasonably be generated through selling these securities or entering into repurchase transactions.

The Bank determines the liquidity required as the sum of the cash outflows from financial instruments over a one-month horizon, the projected early withdrawal of currency deposits, the estimated drawings of undrawn facilities, and other outflows primarily resulting from the Bank's derivatives positions. For currency deposits, it is assumed that all deposits that mature within the time horizon are not rolled over and that a proportion of non-maturing currency deposits is withdrawn from the Bank prior to contractual maturity. As at 31 March 2025, the estimated outflows of currency deposits in response to the stress scenario amounted to 54.1% (31 March 2024: 51.1%) of the total stock of currency deposits. Moreover, it is assumed that undrawn facilities committed by the Bank would be fully drawn by customers, along with a proportion of undrawn uncommitted facilities.

The following table shows the Bank's estimated liquidity available, the liquidity required and the resulting liquidity ratio:

As at 31 March

SDR billions	**2025**	2024
Liquidity available		
Estimated cash inflows	219.7	176.9
Estimated liquidity from sales of highly liquid securities	34.5	42.1
Estimated sale and repurchase agreements	3.2	4.4
Total liquidity available (A)	**257.3**	223.4
Liquidity required		
Estimated withdrawal of currency deposits	178.4	163.4
Estimated drawings of facilities	2.6	2.7
Estimated other outflows	2.4	1.5
Total liquidity required (B)	**183.5**	167.6
Liquidity ratio (A) / (B)	**140.2%**	133.2%

For reference, the Bank also calculates an LCR following the principles set out in the guidance issued by the BCBS. As at 31 March 2025, the Bank's LCR stood at 225.3% (31 March 2024: 271.4%).

Independent auditor’s report

To the Board of Directors and to the General Meeting of the Bank for International Settlements, Basel

Opinion

We have audited the financial statements of the Bank for International Settlements, which comprise the balance sheet as at 31 March 2025, and the profit and loss account, the statement of comprehensive income, the statement of cash flows and movements in shareholders’ equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as well as capital adequacy and risk management disclosures.

In our opinion, the financial statements (attached in Annex “Financial Statements”) give a true and fair view of the financial position of the Bank for International Settlements (“the Bank”) and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in the financial statements and the Statutes of the Bank.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the 'Auditor’s responsibilities for the audit of the financial statements' section of our report.

We are independent of the Bank for International Settlements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the financial statements

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

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

The Board of Directors is responsible for overseeing the Bank for International Settlements' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank for International Settlements' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank for International Settlements' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank for International Settlements to cease to continue as a going concern.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers SA

Daniel Müller	Natalia Dmitrieva
Licensed audit expert	Licensed audit expert
Auditor in charge	

Zürich, 20 May 2025

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Promoting global monetary and financial stability

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