BANK OF CANADA
BANQUE DU CANADA

REGISTERED PENSION PLAN

ANNUAL REPORT 2011

bankofcanada.ca

Canada's Top 100 Employers 2012

The *Registered Pension Plan Annual Report* is available on the Bank of Canada's website at bankofcanada.ca.

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Plan Highlights

Your Plan at a Glance

- The Bank of Canada Registered Pension Plan ("the Plan") had 3,346 members at the end of 2011 (**Figure 1**).
- Payments from the Pension Trust Fund ("the Fund") continued to increase, to $34.4 million in 2011 (**Figure 2**).
- The value of the Fund's net assets increased from $1,025 million at the end of 2010 to $1,086 million at the end of 2011 (**Figure 3**).
- The Fund's rate of return was 5.0 per cent in 2011, compared with a rate of return on the policy benchmark of 4.1 per cent.[1]
- The Bank contributed $40 million to the Fund for 2011, including $22 million toward reducing the solvency deficiency.
- On a going-concern basis (which assesses the Plan over the long term assuming that it will operate indefinitely), the funding status of the Plan was an actuarial surplus of $116 million (**Figure 4**) and a funding ratio of 112 per cent as at 31 December 2011.
- On a solvency basis (which assesses the Plan assuming that it would be terminated on the date of the valuation), the funding status of the Plan was an actuarial deficit of $96 million (**Figure 4**) and a solvency ratio of 92 per cent as at 31 December 2011.

1 The Fund's benchmark is a combination of equity and fixed-income market indexes weighted in accordance with the Fund's Statement of Investment Policies and Procedures.

Figure 2: Payments from the Fund 2009–2011

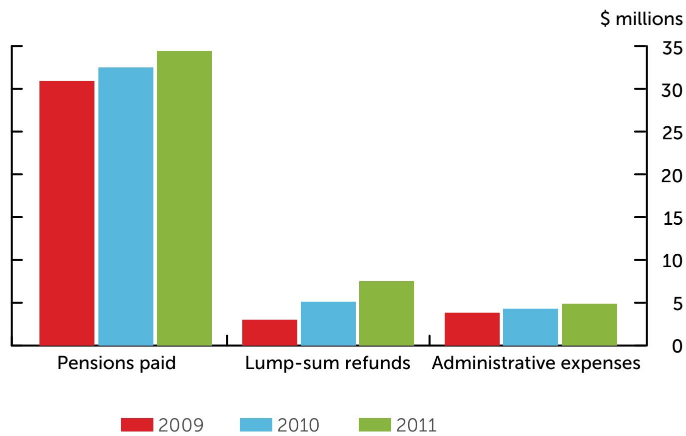


Figure 3: Net Assets of the Fund 2007–2011

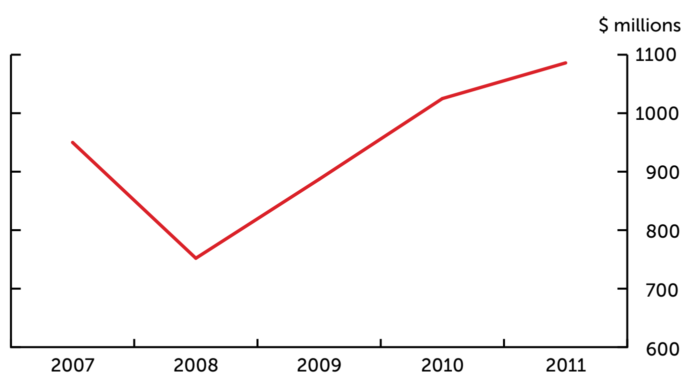


Figure 1: Membership
(as at 31 December 2011)

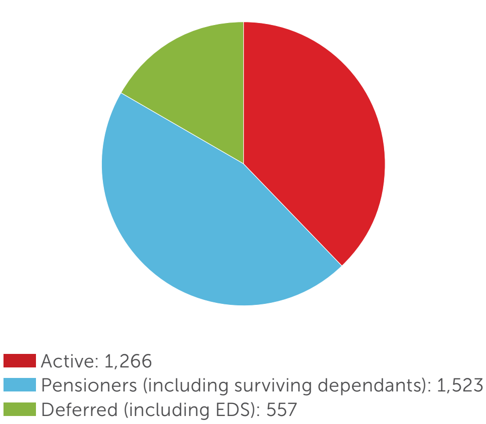
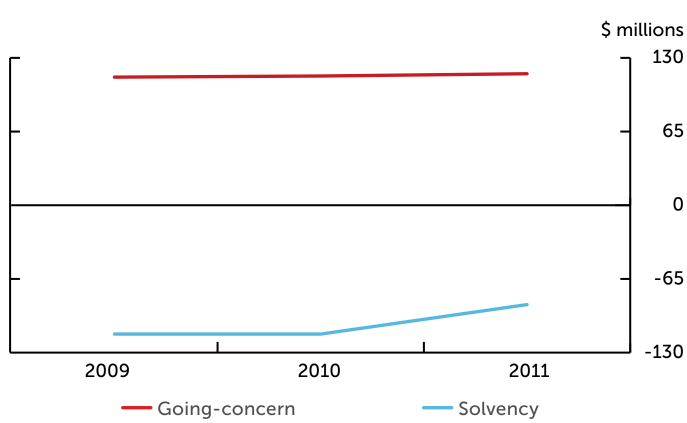


Figure 4: Funding Position 2009-2011



Message from the Chair

2011 was a year of continuing volatility in financial markets, posing challenges for pension plans across Canada. Despite this challenging environment, thanks to strong management our Plan is sound and our commitment to members secure.

The Plan's position

In 2011, the Plan's position on both a going-concern and solvency basis held steady, owing to the performance of the Fund, as well as to the $22 million in additional contributions made by the Bank in 2011 toward reducing the solvency deficiency.

On a going-concern basis, the Plan remains fully funded, with a surplus of $116 million and a funding ratio of 112 per cent at the end of 2011. The solvency deficit was $96 million, lower than in 2010, and the solvency ratio was 92 per cent at the end of 2011.

Pension Plan changes

Further to a recent review of the Bank's total compensation package, a new Pension Plan design was developed and introduced. In November 2011 eligible Bank employees could elect to stay with the Bank's pre-2012 pension plan design, or choose a new plan design that came into effect on 1 January 2012. An extensive communications program, including information sessions, ensured that employees had the information they needed and that the selection process went smoothly. Any eligible employee hired on or after 1 January 2012 is now automatically enrolled in the new plan design.

In amending the Bank's Bylaws to enact the changes related to the new plan design, the Bank made two additional changes to align our Plan with governing legislation, increasing the maximum age at which a pension must be paid from 69 years to 71 as stipulated in the Income Tax Act, and acknowledging the requirement now mandated by the Pension Benefits Standards Act that any required employer contributions be made monthly, a practice that the Bank was already following. These changes apply to both designs.

Other news

Claude Gagné, the Bank's Pension Plan Director, retired in 2011 and has been succeeded in this role by Jean-Claude Primeau, who joined the Bank following success as a private sector pension consultant and as a federal pension regulator. Frances Boire-Carrière, a member of the Pension Administration Committee, also retired in early 2012. Alexis Corbett, Director of Human Resources, has now joined this committee. On behalf of all of us, I want to thank and wish our retired colleagues well and welcome our new colleagues to the pension team.

I would also like to take this opportunity, on behalf of the Bank, to thank all of the Board members and employees who contribute their time and energy to ensure that the Bank continues to offer a strong, competitive pension plan to its employees.

Tiff Macklem
Senior Deputy Governor
Chair, Pension Committee

Pension Governance

Under the Pension Benefits Standards Act (PBSA) and the terms of the Bank's Pension Plan (Bylaw 15), the Bank is the Plan administrator. Three committees oversee and make decisions related to the administration of the Plan and the investment of Plan assets, and monitor investment services and performance. The Pension Committee (PC) was established by the Bank's Board of Directors to perform and report on the activities and functions of the Plan administrator. The PC has created two other committees—the Pension Administration Committee (PAC) and the Pension Fund Investment Committee (PFIC)—to assist it in carrying out its responsibilities.

Members of the three committees[2]

Pension Committee

Tiff Macklem, *Senior Deputy Governor (Chair)*
Brian Henley, *Bank Director*
Richard McGaw, *Bank Director*
Michael O'Brien, *Bank Director*
Timothy Lane, *Deputy Governor*
John Jussup, *General Counsel and Corporate Secretary*
Sheila Vokey, *Chief, Financial Services*

Darcy Bowman, *Senior Legal Counsel (Secretary)*

Pension Fund Investment Committee

Ron Morrow, *Chief, Funds Management and Banking (Chair)*

Eric Wolfe, *Funds Management and Banking*

Miville Tremblay, *Financial Markets*

Meyer Aaron, *Funds Management and Banking*

Grahame Johnson, *Financial Markets*

Jean-Claude Primeau, *Pension Plan Director (non-voting member)*

Pension Administration Committee

Sheila Niven, *Adviser (Chair)*

Alexis Corbett, *Corporate Services*

Thérèse Couture, *Financial Services*

Jeanne Meredith-Pallascio, *Corporate Services*

Lucie Gauvin, *Communications*

Jean-Claude Primeau, *Pension Plan Director (non-voting member)*

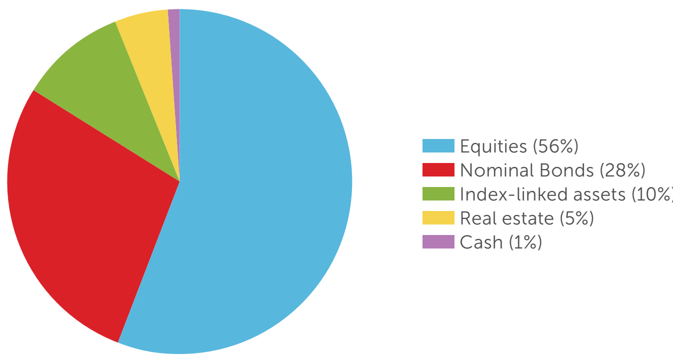
2 As at 31 March 2012

Pension Assets and Investments

Assets

The Fund continues to be invested in a diversified portfolio of equities, nominal bonds, inflation-linked assets, real estate and cash, consistent with its long-term investment principles (**Figure 5**).

Figure 5: The Five Main Asset Categories in the Fund's Portfolio, 2011[a]
(as at 31 December 2011)



a. Policy allocation midpoints

The majority of the Fund's assets are invested by external managers chosen for their expertise in specific asset classes and for their investment styles. Diversification across asset classes and investment styles is a prudent way to achieve the Fund's long-term investment objectives while managing investment risks.

Investments

The Fund's day-to-day investment activity is overseen by the Pension Fund Investment Committee (PFIC), which reports to the Pension Committee on a quarterly basis. The PFIC's actions are guided by the Plan's Statement of Investment Policies and Procedures and by the Pension Committee, which establishes permissible asset allocations.

The PFIC also regularly monitors the performance of external portfolio managers and conducts a formal annual performance review on behalf of the Pension Committee.

Equities

The Fund continues to allocate equity assets across Canadian, U.S., international, and global mandates. These holdings are managed by external portfolio managers.

Fixed-Income Securities

Nominal bonds

The majority of the nominal bond holdings are invested in Canadian-issued bonds and debentures that are selected and weighted to approximate the overall risk and return of the DEX Long Term Bond Index. Most of these holdings are managed by an external manager, although a small portion of the portfolio is managed directly by the Bank to meet short-term liquidity needs and to manage the duration of the Fund's fixed-income investments.

Inflation-linked assets

These holdings include inflation-linked bonds (primarily Government of Canada Real-Return Bonds) and inflation-linked mortgages guaranteed by the Canada Mortgage and Housing Corporation.

Real Estate

The Fund's real estate holdings consist of investments in pooled funds—a diversified portfolio of real estate across different sectors and regions of Canada managed by external managers.

Cash

The Fund maintains sufficient liquidity, in the form of cash deposits and Government of Canada treasury bills, to meet anticipated payments and investment commitments.

Supplementary Trust Fund

The Supplementary Pension Arrangement (SPA) supplements the pensions of employees whose pension benefits are above the maximum prescribed by the Income Tax Act. The provisions of the SPA mirror the Plan, and a separate trust fund has been established to support it: the Supplementary Trust Fund (STF). STF investments are directed by the Pension Committee and the PFIC.

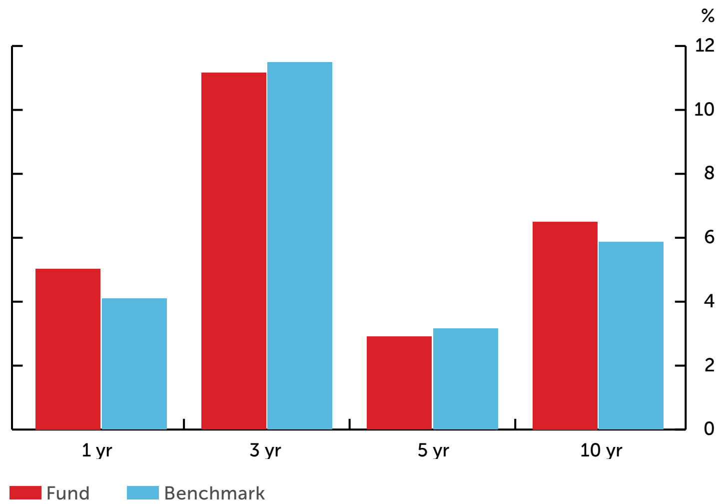
Performance of the Fund

The Fund's 1-year return, ending on 31 December 2011, was 5.0 per cent, which is higher than the benchmark return of 4.1 per cent (**Figure 6**).

Benefits payable under the Plan are indexed each year to keep pace with inflation. The current long-term investment objective is to achieve the rate of inflation plus 3.25 per cent, net of expenses.

The benchmark against which the Fund's performance is measured is based on a mix of indexes, such as the S&P/TSX Composite Index and the S&P 500 Index, weighted in accordance with the asset mix target of the Fund.

Figure 6: Total Fund Rate of Return
(as at 31 December 2011)



Actuarial Valuation

Consistent with its ongoing commitment to Plan members, the Bank contributed $22 million in 2011 toward reducing the solvency deficiency. This contribution was in addition to the regular contributions of $18 million to cover current service costs of the Plan, which were estimated in the actuarial valuation report effective at 31 December 2010. The Bank has contributed a total of $141 million to the Fund since 2009, of which $84 million was contributed toward solvency deficiencies.

The 2011 Financial Status of the Plan

The Bank has been conducting annual actuarial valuations on both the going-concern and solvency bases since a solvency deficit emerged in 2008 during the financial crisis. The going-concern or funding position of the Plan remains strong and stable. The results of the actuarial valuation as at 31 December 2011 showed a funding surplus of $116 million, for a funding ratio of 112 per cent, and a solvency deficit of $96 million, for a solvency ratio of 92 per cent (see **Tables 1** and **2**).[3]

Table 1: Going-Concern Funding Basis
($ millions, as at 31 December)

	2007	2008	2009	2010	2011
Actuarial value of assets	907	827	966	1,028	1,067
Going-concern liabilities	791	820	853	914	951
Surplus	116	7	113	114	116
Funding ratio (assets as a percentage of liabilities)	115%	101%	113%	112%	112%

Table 2: Solvency Basis
($ millions, as at 31 December)

	2007	2008	2009	2010	2011[a]
Market value of assets	959	751	886	1,022	1,082
Solvency liabilities	869	880	1,008	1,143	1,178
Surplus (deficit)[b]	90	(129)	(122)	(122)	(96)
Solvency ratio (assets as a percentage of liabilities)	110%	85%	88%	89%	92%

a. 2011 figures are based on new solvency methodology.
b. Figures may not add owing to rounding.

3 The Summary Financial Statements show a different amount of surplus because the assets in the Financial Statements are based on the market value instead of the smoothed value.

The traditional approach to solvency valuations assumes that the pension plan assets are liquidated on the date of the valuation and that annuities are purchased with an insurance company to cover pension benefits. This is not a realistic scenario for the Bank. In particular, the Canadian annuity market would likely not be able to absorb the very large annuity premiums that would be required to cover the Plan's fully indexed pension. Recognizing this, the Bank adopted a more realistic methodology for solvency valuations.

This methodology is reasonable for the Plan, supported by guidance from the Canadian Institute of Actuaries and accepted by federal pension regulators for plans similar to the Bank's.

The methodology assumes that, in the very unlikely event of Plan termination, the Bank would continue administering the Plan and managing Plan assets. These assets would be invested in a high-quality fixed-income portfolio, using principles followed by insurance companies in guaranteeing annuity contracts. Since this portfolio would include a range of fixed-income securities, the expected investment return would be higher than yields on real return bonds. Using this higher return to calculate the solvency position results in a reduced deficit.[4]

The difference between the solvency ratio and the funding ratio reflects the different methodologies used to calculate each ratio's asset values and liabilities. For solvency purposes, assets are measured at market value, while a smoothed value of assets is used for the going concern valuation.

The solvency valuation of liabilities uses high quality fixed-income portfolio market rates as of 31 December. In contrast, the going-concern funding valuation uses a longer-term average interest rate that reflects the composition of the Pension Fund. Currently, market interest rates on fixed-income securities are well below the longer-term average, which largely explains why the solvency liabilities are greater than the liabilities calculated on a going-concern basis.

The Bank will continue to make special payments toward reducing the solvency deficiency. In total, the Bank expects to remit about $39 million to the Fund in 2012: $20 million in regular contributions to cover current service costs, plus $19 million toward reducing the solvency deficiency. The decrease in the solvency special payments (from $22 million in 2011 to $19 million in 2012) reflects the change in methodology used for solvency valuation.

> The Bank has contributed a total of $141 million to the Pension Fund since 2009 and will contribute approximately $39 million in 2012.

4 Since the interest rate used to value the Plan's future obligations is higher, these liabilities are lower than under the traditional approach.

Pension Administration

Administrative Expense

The expenses charged to the Fund are scrutinized to ensure that they are reasonable, that they are required for the administration of the Plan (including the investment of Plan assets) and that they are charged in accordance with the terms of the Plan and with the Pension Trust Fund Expense Policy.

Table 3 shows the administrative expenses charged to the Fund. Total expenses increased significantly in 2011, mainly as a result of increased *Asset management fees* and non-recurring costs associated with *Initiatives*. Overall, administrative costs increased as a percentage of net Fund assets to 0.45 per cent. This level of expenses is reasonable given the active investment strategies used for the Pension Fund and the complexity of the Plan benefit features, and it is comparable to the experience of other plans.

Asset management fees are levied, for the most part, as a percentage of the asset base and therefore increased in 2011 because of the higher average market value of the Fund. *Pension administration fees* declined slightly owing to a decrease in the volume of transactions. *Consulting fees and compensation* rose primarily because of normal salary increases for positions paid by the Fund. Fees related to *Initiatives* increased considerably, as a result of non-recurring costs associated with restructuring programs and investment studies commissioned by the PFIC.

In 2012, administrative expenses are expected to be close to the 2011 level due to fewer initiatives and reduced administration fees.

Table 3: **Administrative Expenses**
($ thousands)

	2009	2010	2011
Asset management fees	2,269	2,770	3,068
Pension administration fees	646	735	712
Consulting fees and compensation	603	704	741
Initiatives	273	97	401
Total expenses	3,791	4,306	4,922
Net assets as at 31 December	887,054	1,024,935	1,085,672
Total expenses as a percentage of net assets	0.43%	0.42%	0.45%

Communications

In addition to the *Registered Pension Plan Annual Report*, the Bank communicates with all Plan members through its Fall newsletter, *Pension News*. These publications are distributed primarily as electronic documents, and the *Annual Report* and the full audited financial statements are posted on the Bank's external website.

To support cost effectiveness and environmental responsibility, the Bank limits the distribution of print copies (which are available upon request).

Information is also available to employees on Banque Centrale, the Bank's intranet site, and questions can be addressed to the Bank of Canada Benefits and Pension Administration Centre (Mercer). See page 20 for contact information.

Definitions of some common pension plan terms

Actuarial valuation

An actuarial valuation estimates, at a point in time, the total value of the benefits expected to be paid to members, compared with the assets available to meet this obligation. Its purpose is to measure the funding status of the Plan. This can be done in two different ways:

Going-concern basis

The funding, or going-concern, basis assumes that the Plan will continue to operate indefinitely. Assumptions are based on a long-term perspective related to items such as salary increases and rates of interest, inflation, retirement and mortality.

Solvency basis

The solvency basis assumes that the Plan was terminated at the date of the valuation. This means that there is no need to project future salary increases or changes in membership. The assumptions used to calculate the solvency position, such as the interest rate used to estimate liabilities, must conform to the requirements of the Pension Benefits Standards Act (PBSA) and the standards of the Canadian Institute of Actuaries.

Smoothed value of assets

The smoothed value of assets is used for the going-concern valuation, while the market value is used for the solvency valuation and in financial statements. Smoothing is a method used to spread the impact of investment losses or gains from any single year over a longer period of time, which makes contributions to the Plan more stable.

Funding ratio

The funding ratio is the ratio applicable to the going-concern valuation and is defined as the smoothed value of assets over the going-concern actuarial liabilities.

Solvency ratio

The solvency ratio is the ratio of the market value of assets over the solvency liabilities.

Solvency deficit

The solvency deficit is the amount by which solvency liabilities exceed the market value of assets at a point in time.

Solvency deficiency

Under pension legislation, the solvency deficiency is the amount that is used to calculate the required annual solvency special payments. The deficiency in any specific year is based on the average solvency position of the last three years. The special payments spread the deficiency amount over five years.

Summary Financial Statements

As at 31 December 2011

FINANCIAL REPORTING RESPONSIBILITY

The Bank of Canada (the Bank) is the administrator of the Bank of Canada Registered Pension Plan (the Plan) and has established and maintains a trust fund for the Plan. The Bank's Board of Directors has established a Pension Committee and has delegated to it the responsibility for carrying out the Bank's duties as administrator of the Plan.

The accompanying financial statements of the Plan have been prepared by the Bank's management in accordance with Canadian accounting standards for pension plans and contain certain items that reflect estimates and judgment of management. The integrity and reliability of the data in these financial statements are management's responsibility. Management is also responsible for ensuring that all information in the annual report is consistent with the financial statements.

In support of its responsibility for the integrity and reliability of these financial statements and for the accounting system from which they are derived, management has developed and maintains a system of internal controls to provide reasonable assurance that transactions are properly authorized and recorded, that financial information is reliable, that the assets are safeguarded and liabilities recognized, and that the operations are carried out effectively.

The Pension Committee is responsible for overseeing management and the Bank of Canada Board of Directors has overall responsibility for approving the financial statements. The Pension Committee meets with management and with the external auditor to review the scope of the audit, to review their findings, and to satisfy themselves that their responsibilities have been properly discharged. In addition, Mercer (Canada) Limited, a firm of consulting actuaries, conducts a formal actuarial valuation of the Plan annually, as required under the Pension Benefits Standards Act.

Deloitte & Touche LLP, the Plan's external auditor, appointed by the Pension Committee, has conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as it considers necessary to express an opinion in its report to the Bank of Canada Board of Directors. The external auditor has full, unrestricted access to the Pension Committee to discuss its audit and related findings.

Tiff Macklem
Senior Deputy Governor and Chair, Pension Committee

S. Vokey, CA
Chief Accountant and Member, Pension Committee

Ottawa, Canada
19 June 2012

ACTUARY'S OPINION

Mercer (Canada) Limited was retained by the Bank of Canada to perform an actuarial assessment of the going-concern assets and pension obligation of the Bank of Canada Registered Pension Plan as of 31 December 2011, for inclusion in the Plan's financial statements.

The objective of the financial statements is to fairly present the financial position of the Plan as of 31 December 2011, on a going-concern basis. While the actuarial assumptions used to estimate the pension obligation for the Plan's financial statements represent the Bank of Canada's best estimate of future events, and while in our opinion these assumptions are reasonable for the purposes of these statements, the Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations, and will affect the financial position of the Plan at that time, as well as the contributions required to fund it.

As part of our assessment, we examined the Plan's recent experience relative to the economic and non-economic assumptions and presented our findings to management. In addition, we provided the Bank of Canada with statistical surveys and other information used to develop its long-term assumptions.

Our assessment of the Plan's going-concern assets and pension obligation was based on:

- the results of our 1 January 2012 actuarial valuation of the Plan's going-concern liabilities,
- pension fund data provided by the Bank of Canada as of 31 December 2011,
- methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements, and
- assumptions about future events that have been developed by the Bank of Canada and Mercer (Canada) Limited.

We have tested the membership and pension fund data for reasonableness and consistency, and we believe it to be sufficient and reliable for the purposes of the valuation. Our valuations have also been performed in accordance with the requirements of the Canadian Institute of Actuaries. Our opinions have been given and our valuation performed in accordance with accepted actuarial practice.

J. Demers

Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries

S. Crabtree

Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries

Mercer (Canada) Limited

Ottawa
24 May 2012

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of the Bank of Canada Board of Directors

The accompanying summary financial statements, which comprise the statement of financial position as at 31 December 2011, 31 December 2010 and 1 January 2010, and the statements of changes in net assets available for benefits and changes in pension obligations for the years ended 31 December 2011 and 31 December 2010, are derived from the audited financial statements of the Bank of Canada Registered Pension Plan as at 31 December 2011, 31 December 2010 and 1 January 2010, and the changes in its net assets available for benefits and changes in its pension obligations for the years ended 31 December 2011 and 31 December 2010. We expressed an unmodified audit opinion on those financial statements in our report dated 19 June 2012.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for pension plans applied in the preparation of the audited financial statements of the Bank of Canada Registered Pension Plan. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Bank of Canada Registered Pension Plan.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements. The summary financial statements are derived from the complete set of financial statements of the Bank of Canada Registered Pension Plan. They meet the recognition and measurement principles of Canadian accounting standards for pension plans.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Bank of Canada Registered Pension Plan as at 31 December 2011, 31 December 2010 and 1 January 2010, and the changes in its net assets available for benefits and changes in its pension obligations for the years ended 31 December 2011 and 31 December 2010 are a fair summary of those financial statements, in accordance with the established criteria stipulating that the summary financial statements are derived from the complete set of financial statements of the Bank of Canada Registered Pension Plan and that they meet the recognition and measurement principles of Canadian accounting standards for pension plans.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
19 June 2012

STATEMENT OF FINANCIAL POSITION

		As at	
	31 December 2011	**31 December 2010**	**1 January 2010**
ASSETS			
Investments	**$ 1,086,389,311**	$ 1,025,558,473	$ 882,931,374
Accrued investment income	**284,879**	123,330	413,360
Accrued employer contributions	**-**	-	4,351,366
	1,086,674,190	1,025,681,803	887,696,100
LIABILITIES			
Accounts payable and accrued liabilities	**1,001,733**	747,025	641,616
NET ASSETS AVAILABLE FOR BENEFITS	**1,085,672,457**	1,024,934,778	887,054,484
Pension obligations	**951,157,430**	914,713,704	852,774,805
PENSION PLAN SURPLUS	**$ 134,515,027**	$ 110,221,074	$ 34,279,679

On behalf of the Pension Committee and the Board of Directors of the Bank of Canada

Tiff Macklem
Senior Deputy Governor and Chair, Pension Committee

S. Vokey, CA
Chief Accountant and Member, Pension Committee

M. L. O'Brien, FCA
Member, Board of Directors of the Bank of Canada and Member, Pension Committee

The full set of financial statements, including notes, is available online at
<http://www.bankofcanada.ca/en/pensions/pension.html>, or by request.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the year ended 31 December 2011	2010
INCREASE IN ASSETS		
Investment income	**$ 41,899,098**	$ 35,568,823
Current-year change in fair value of investments	**14,875,685**	82,401,913
	56,774,783	117,970,736
Employer contributions		
Current service	**18,540,897**	20,328,608
Special payment for pension plan deficit	**21,554,765**	33,041,811
Employee contributions		
Current service	**6,313,544**	6,229,796
Past service	**1,639,320**	616,154
Transfers from other plans	**2,743,899**	1,669,123
	50,792,425	61,885,492
	107,567,208	179,856,228
DECREASE IN ASSETS		
Retirement benefit payments	**31,124,586**	29,202,936
Termination benefits payments	**7,087,936**	5,166,999
Disability benefits payments	**100,051**	103,508
Death benefits payments	**3,595,244**	3,196,728
Administrative expenses	**4,921,712**	4,305,763
	46,829,529	41,975,934
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	**60,737,679**	137,880,294
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**1,024,934,778**	887,054,484
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 1,085,672,457**	$ 1,024,934,778

The full set of financial statements, including notes, is available online at <http://www.bankofcanada.ca/en/pensions/pension.html>, or by request.

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

	For the year ended 31 December	
	2011	**2010**
INCREASE IN PENSION OBLIGATIONS		
Benefits earned	**$ 29,237,660**	$ 28,843,681
Interest cost	**47,689,878**	46,659,886
Experience loss	**216,070**	10,041,804
Change of method	**-**	8,667,861
Change of assumptions	**-**	5,395,838
Change in Plan provisions	**1,207,935**	-
	78,351,543	99,609,070
DECREASE IN PENSION OBLIGATIONS		
Retirement benefit payments	**31,124,586**	29,202,936
Termination benefits payments	**7,087,936**	5,166,999
Disability benefits payments	**100,051**	103,508
Death benefits payments	**3,595,244**	3,196,728
	41,907,817	37,670,171
NET INCREASE IN PENSION OBLIGATIONS	**36,443,726**	61,938,899
PENSION OBLIGATIONS, BEGINNING OF YEAR	**914,713,704**	852,774,805
PENSION OBLIGATIONS, END OF YEAR	**$ 951,157,430**	$ 914,713,704

The full set of financial statements, including notes, is available online at <http://www.bankofcanada.ca/en/pensions/pension.html>, or by request.

Additional Information

The Plan is registered with the Office of the Superintendent of Financial Institutions for the purposes of the Pension Benefits Standards Act (PBSA) which regulates the Plan's design, funding, investment policy, and operations. The Plan is also registered with the Canada Revenue Agency for purposes of the Income Tax Act (Canada), which regulates the maximum contributions payable to, and the maximum permissible defined benefits payable from, a tax-sheltered pension arrangement.

For pension or post-retirement benefit questions and requests, contact:

The Bank of Canada Benefits and Pension Administration Centre
Mercer (Canada) Limited

1981 McGill College Avenue
Suite 800
Montréal, Quebec
H3A 3T5

08:00 to 18:00 (Eastern Time)
Monday to Friday

Active employees: **1 888 903-3308**
Retirees: **1 888 588-6111**

bank-banque-canada@mercer.com

For payroll questions or customer service concerns, contact the HR Centre:

HR Centre

Bank of Canada
12th Floor, West Tower
234 Wellington Street
Ottawa, Ontario
K1A 0G9

10:00 to 16:00 (Eastern Time)
Monday to Friday

7766 (internal), **613 782-7766** (Ottawa)
or **1 866 404-7766**

hrcentre@bankofcanada.ca