BANK OF CANADA
BANQUE DU CANADA

BANK OF CANADA
PENSION PLAN
ANNUAL REPORT 2012

Canada's Top 100 Employers 2012

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

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Contents

Your Plan at a Glance

- The Bank of Canada Pension Plan ("the Plan") had 3,386 members at the end of 2012 (**Figure 1**).
- Pension payments from the Pension Trust Fund ("the Fund") continued to increase, to $38.1 million in 2012 (**Figure 2**).
- The value of the Fund's net assets increased from $1,086 million at the end of 2011 to $1,202 million at the end of 2012 (**Figure 3**).
- The Fund's rate of return was 10.8 per cent in 2012, compared with a benchmark of 9.1 per cent.
- On a going-concern basis (which assesses the Plan over the long term assuming that it will operate indefinitely), the Plan had an actuarial surplus of $120 million (**Figure 4**) and a funding ratio of 112 per cent as at 31 December 2012.
- On a solvency basis (which assesses the Plan assuming that it would be terminated on the date of the valuation), the Plan had an actuarial deficit of $73 million (**Figure 4**) and a solvency ratio of 94 per cent as at 31 December 2012.
- The Bank contributed $39 million to the Fund for 2012, including $19 million toward reducing the Plan's solvency deficiency.

Figure 2: **Payments from the Fund 2010–2012**

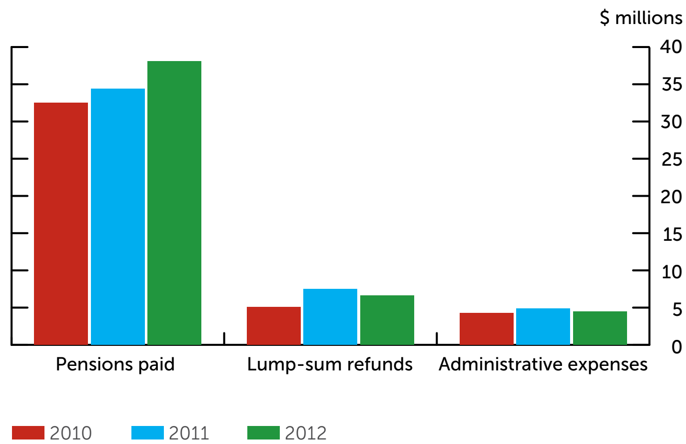


Figure 3: **Net Assets of the Fund 2008–2012**
(as at 31 December)

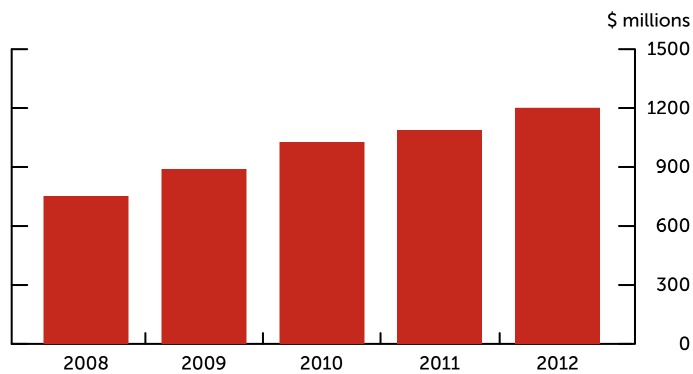


Figure 1: **Membership**
(as at 31 December 2012)

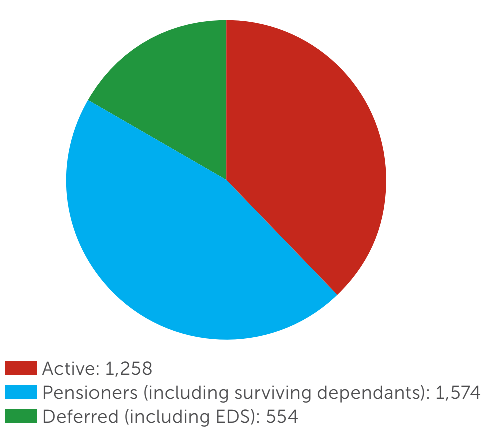
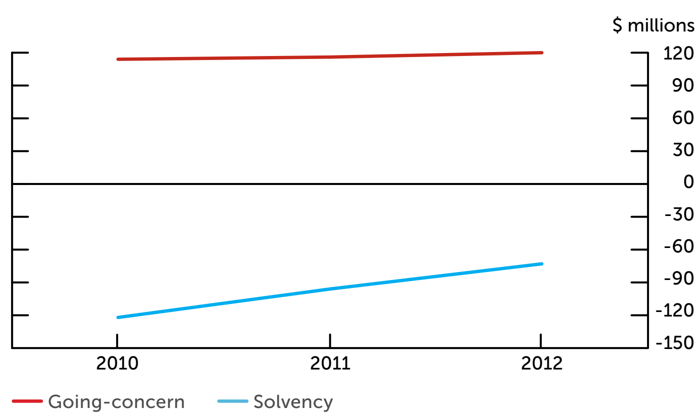


Figure 4: **Funding Position 2010–2012**
(as at 31 December)



Message from the Chair

In 2012, the overall investment return for the Bank's Pension Trust Fund was 10.8 per cent, well above our benchmark return of 9.1 per cent. Thanks to these strong returns and the Bank's special contributions toward reducing the solvency deficiency, the solvency ratio for our Plan improved.

On a going-concern basis, the Plan remains fully funded, with a surplus of $120 million and a funding ratio of 112 per cent at the end of 2012. The solvency deficit was reduced to $73 million in 2012, and the solvency ratio improved to 94 per cent at the end of the year, from 92 per cent in 2011.

That these solvency gains were possible in the face of declining discount rates speaks to the importance of both the investment returns and the Bank's special contribution. Without these, the lower discount rates would have resulted in a deterioration of the funding and solvency ratios.

Pension Plan changes

Some adjustments were made to the Bank's Pension Plan in October 2012, to respond to changes in the legislation that governs federally regulated pensions in Canada, and also to fine-tune the provisions of our new plan design. Notification of the changes was mailed directly to employees and retirees with an explanation of the changes that were relevant to them.

New pension administrator

Morneau Shepell announced in November 2012 that it had acquired the outsourcing business of Mercer Canada, the Bank's pension (and benefits) administrator. The same team that previously worked to administer the Bank's Plan is continuing to provide that service for Morneau Shepell.

Upcoming pensioner audit

As part of the Bank's due diligence in managing our pension assets and in keeping with best practices, a pensioner audit will take place in late summer 2013 to verify the accuracy of our pension information. Each year for the next five years, a sample of pensioners will be contacted to confirm their eligibility to receive a pension. More details are included in the Pension Administration section of this report.

New faces

There have been some changes to the membership of our pension-related committees this year that I would like to share with you. First, I am pleased to welcome new members to the Pension Committee: Jock Finlayson, who has been a member of the Bank's Board of Directors since 2007, and Phyllis Clark, who joined the Board in November 2012. Jock and Phyllis will replace Brian Henley and Michael O'Brien. Jeremy Farr, the Bank's General Counsel and Corporate Secretary, also joined the Pension Committee in 2012, replacing John Jussup.

On the Pension Fund Investment Committee (PFIC), Meyer Aaron will continue to serve as a member; however, his role in day-to-day oversight of the Bank's Pension Fund investments has been assumed by Sean Durr. I want to thank Meyer for his leadership of the Pension Fund team over the past several years, and I look forward to his continued contribution to the PFIC.

On the Pension Administration Committee, Thérèse Couture has been replaced by Adelle Laniel.

I look forward to working with all of the incoming committee members and extend the Bank's thanks to our departing members for their service.

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 (By-law 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.

In 2012–13, Brian Henley and Michael O'Brien left the Pension Committee, and Phyllis Clark and Jock Finlayson joined. Jeremy Farr replaced John Jussup.

Members of the three committees[1]

Pension Committee

Tiff Macklem, *Senior Deputy Governor (Chair)*

Phyllis Clark, *Bank Director*

Jock Finlayson, *Bank Director*

Richard McGaw, *Bank Director*

Timothy Lane, *Deputy Governor*

Jeremy Farr, *General Counsel and Corporate Secretary*

Sheila Vokey, *Chief Accountant and Chief Financial Officer*

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

Sean Durr
Funds Management and Banking

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

Pension Administration Committee

Sheila Niven
Adviser (Chair)

Alexis Corbett
Corporate Services

Adelle Laniel
Financial Services

Jeanne Meredith-Pallascio
Corporate Services

Lucie Gauvin
Communications

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

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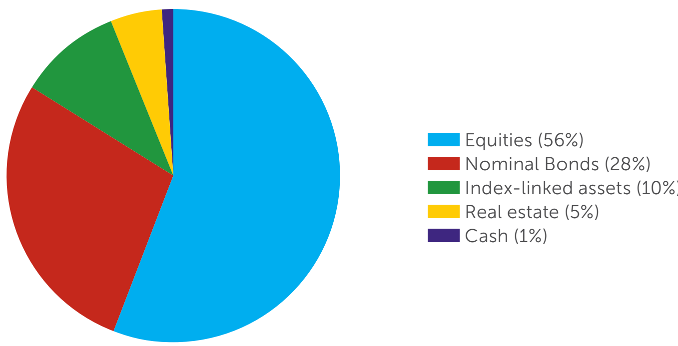
1 As at 31 March 2013

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, 2012[a]
(as at 31 December 2012)



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 the allocation ranges for each asset category.

The PFIC also monitors the performance of external portfolio managers and leads an annual performance review on behalf of the Pension Committee.

Equities

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

Fixed-Income Securities

Nominal bonds

Most of the nominal bond holdings are invested in a mix of Canadian-issued bonds and debentures that is designed to closely track the overall risk and return characteristics of the DEX Long Term Bond Index. Most of these holdings are managed externally, although a small portion of the portfolio is held 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 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 is invested in a diversified portfolio of real estate across different sectors and regions of Canada, managed by external managers.

Cash

The Fund maintains sufficient 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, the Supplementary Trust Fund (STF), has been established to support it. STF investments are directed by the Pension Committee and the PFIC.

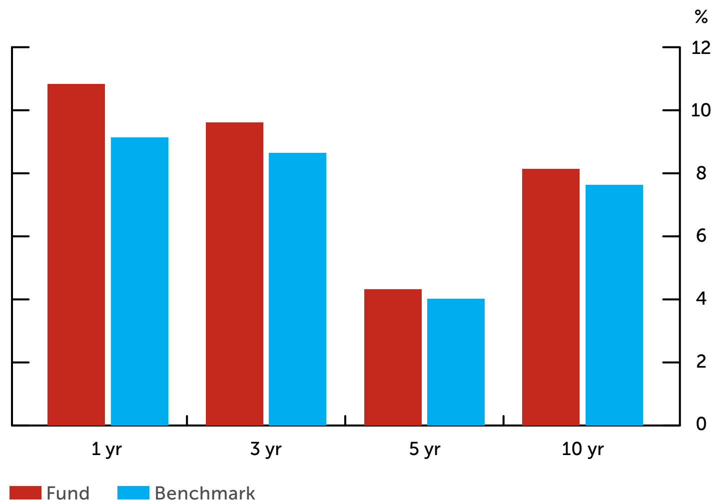
Performance of the Fund

The Fund's 1-year return, ending on 31 December 2012, was 10.8 per cent, higher than the benchmark[2] return of 9.1 per cent (**Figure 6**).

The benchmark is based on a mix of indexes, such as the S&P/TSX Composite Index and the S&P 500 Index, weighted to reflect the asset-mix target of the Fund.

Plan benefits are indexed each year to keep pace with inflation. The current long-term investment objective is to achieve a rate of return of 5.25 per cent, which is the Bank of Canada's 2.0 per cent inflation target plus a real return of 3.25 per cent, after expenses.

Figure 6: Total Fund Rate of Return
(as at 31 December 2012)



2 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.

Actuarial Valuation

2012 Financial Status of the Plan

The Bank has conducted annual actuarial valuations since 2008, when a solvency deficit emerged during the financial crisis. The results of the valuation as at 31 December 2012 showed that the going-concern (or funding) position of the Plan remains strong, with a funding surplus of $120 million and a funding ratio of 112 per cent. The Plan remains in a solvency deficit of $73 million, down from a deficit of $96 million in 2011, with a solvency ratio of 94 per cent (see **Table 1** and **Table 2**).[3]

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

	2008	2009	2010	2011	2012
Smoothed value of assets	827	966	1,028	1,067	1,120
Going-concern liabilities	820	853	914	951	1,000
Surplus	7	113	114	116	120
Funding ratio (assets as a percentage of liabilities)	101%	113%	112%	112%	112%

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

	2008	2009	2010	2011[a]	2012[a]
Market value of assets	751	886	1,022	1,082	1,199
Solvency liabilities	880	1,008	1,143	1,178	1,272
Surplus (deficit)[b]	(129)	(122)	(122)	(96)	(73)
Solvency ratio (assets as a percentage of liabilities)	85%	88%	89%	92%	94%

a. Figures for 2011 and 2012 are based on a new methodology for calculating solvency.
b. Figures may not add exactly, owing to rounding.

The solvency valuation 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 an investment-grade fixed-income portfolio, using principles followed by insurance companies when guaranteeing annuity contracts.

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 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.

To calculate liabilities, the solvency valuation uses fixed-income portfolio market rates as of 31 December. In contrast, the going-concern valuation uses a longer-term average interest rate that reflects the investments of the Fund. The market interest rates used in the solvency valuation are currently well below the longer-term average, which largely explains why the solvency liabilities are greater than the going-concern liabilities.

Bank Contributions

The Bank contributed $19 million in 2012 toward reducing the solvency deficiency in our Plan. This was in addition to the regular contributions of $20 million to cover the current service costs of the Plan. The Bank has contributed a total of $180 million to the Fund since 2009, of which $103 million was directed toward solvency deficiencies.

The Bank will continue to make special payments toward reducing the solvency deficiency. In total, the Bank expects to pay about $38 million to the Fund in 2013: $21 million in regular contributions plus $17 million toward the solvency deficiency. The decrease in the solvency special payments (from $19 million in 2012 to $17 million in 2013) is due mainly to strong investment returns for the Fund in 2012.

The Bank has contributed a total of $180 million to the Pension Fund since 2009 and will contribute approximately $38 million in 2013.

Pension Administration

Administrative Expenses

The expenses charged to the Fund are carefully reviewed to ensure that they are reasonable and that they are charged in accordance with the terms of the Plan and the Pension Trust Fund Expense Policy.

Table 3 shows the Fund's administrative expenses. Total expenses decreased in 2012, mainly because of reductions in *Asset management fees* and *Pension administration fees* and non-recurring costs associated with *Initiatives*. Administrative costs as a percentage of net Fund assets were 0.38 per cent, which is comparable with other plans.

Asset management fees decreased as a result of lower fees during a transition between fund managers. *Pension administration fees* declined as a result of a new contract with the administration provider. *Other administrative expenses* rose primarily because of salary scale changes for positions paid by the Fund. Fees related to *Initiatives* decreased considerably, since there were no costs associated with restructuring programs in 2012.

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

	2010	2011	2012
Asset management fees	2,770	3,068	3,033
Pension administration fees	735	712	510
Other administrative expenses	704	741	801
Initiatives	97	401	201
Total expenses	4,306	4,922	4,545
Net assets as at 31 December	1,024,935	1,085,672	1,201,573
Total expenses as a percentage of net assets	0.42%	0.45%	0.38%

Communications

In addition to the *Pension Plan Annual Report*, the Bank communicates with all Plan members through its autumn newsletter, *Pension News*. These publications are available in both electronic and print form, and the *Annual Report* and the full audited financial statements are posted on the Bank's external website. In 2012, additional communications, online and by regular mail, informed employees of amendments to the Plan.

Information is also available to employees on Banque Centrale, the Bank's intranet site. Questions can be addressed to the Bank of Canada Benefits and Pension Administration Centre (Morneau Shepell). See page 23 for contact information.

Pensioner Audit 2013

As part of its due diligence in managing the Plan's assets, starting in the late summer of 2013, the Bank will survey a sample of pensioners to verify the accuracy of its pension information. Individuals in the selected sample group will be asked to sign a short declaration form confirming their name and contact information. No witness will be required.

Each year for the next five years, the Bank will contact a different sample of pensioners.

It is the Bank's intention to make this process as simple as possible for pensioners. The process for this audit is built on the lessons learned from our last verification in 2007, as well as the practices of other Crown agencies that regularly conduct these audits.

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 that takes into account such factors 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 meet the requirements of the Pension Benefits Standards Act (PBSA) and the standards of the Canadian Institute of Actuaries.

Discount rate

The rate used to discount future liabilities of a defined benefit pension plan in order to calculate the present value of the liabilities, often for the purpose of comparing them with the value of the Plan's assets.

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 spreads 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, which is applied in a going-concern valuation, is defined as the smoothed value of assets divided by the going-concern actuarial liabilities.

Solvency ratio

The solvency ratio is the market value of assets divided by 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 Bank's special payments spread the deficiency amount over five years.

Summary Financial Statements

As at 31 December 2012

FINANCIAL REPORTING RESPONSIBILITY

The Bank of Canada (the Bank) is the administrator of the Bank of Canada 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 the 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 of the Plan, and the Bank's 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 confirm 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 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

Sheila Vokey, CPA, CA,
Chief Accountant and Chief Financial Officer, and Member, Pension Committee

Ottawa, Canada
18 June 2013

ACTUARY'S OPINION

Mercer (Canada) Limited was retained by the Bank of Canada to perform an actuarial valuation of the going-concern assets and pension obligation of the Bank of Canada Pension Plan (the "Plan") as of 31 December 2012, 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 2012 on a going-concern basis, in accordance with Section 4600 of the Canadian Institute of Chartered Accountants Handbook ("CICA 4600"). The assumptions used to estimate the pension obligation of the Plan are the same as those used for the Plan's funding valuation. 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 valuation, 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 other relevant 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 2013 actuarial valuation of the Plan's going-concern liabilities for funding purposes,
- pension fund data provided by the Bank of Canada as of 31 December 2012,
- methods prescribed under CICA 4600 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 valuation has 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. Legault

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
4 June 2013

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 2012, and the statement of changes in net assets available for benefits and changes in pension obligations for the year then ended, are derived from the audited financial statements of the Bank of Canada Pension Plan as at 31 December 2012, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended 31 December 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 18 June 2013.

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 Pension Plan. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Bank of Canada 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 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 Pension Plan as at 31 December 2012, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended 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 Pension Plan and that they meet the recognition and measurement principles of Canadian accounting standards for pension plans.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Ottawa, Canada
18 June 2013

STATEMENT OF FINANCIAL POSITION

	31 December 2012	As at 31 December 2011
ASSETS		
Investments	**$ 1,202,555,425**	$ 1,086,389,311
Accrued investment income	**153,921**	284,879
	1,202,709,346	1,086,674,190
LIABILITIES		
Accounts payable and accrued liabilities	**1,136,300**	1,001,733
NET ASSETS AVAILABLE FOR BENEFITS	**1,201,573,046**	1,085,672,457
Pension obligations	**999,473,331**	951,157,430
PENSION PLAN SURPLUS	**$ 202,099,715**	$ 134,515,027

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

Sheila Vokey, CPA, CA,
Chief Accountant and Chief Financial Officer, and Member, Pension Committee

Richard McGaw, PhD
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/about/corporate-governance/pension-plan/ or by request

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the year ended 31 December 2012	2011
INCREASE IN ASSETS		
Investment income	**$ 42,296,463**	$ 41,899,098
Current-year change in fair value of investments	**73,350,316**	14,875,685
	115,646,779	56,774,783
Employer contributions		
Current service	**19,174,757**	18,540,897
Special payment for pension plan deficit	**19,402,000**	21,554,765
Employee contributions		
Current service	**6,385,826**	6,313,544
Past service	**1,184,847**	1,639,320
Transfers from other plans	**3,328,078**	2,743,899
	49,475,508	50,792,425
	165,122,287	107,567,208
DECREASE IN ASSETS		
Retirement benefit payments	**34,636,511**	31,124,586
Termination benefit payments	**5,563,403**	7,087,936
Disability benefit payments	**100,044**	100,051
Death benefit payments	**4,376,519**	3,595,244
Administrative expenses	**4,545,221**	4,921,712
	49,221,698	46,829,529
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	**115,900,589**	60,737,679
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**1,085,672,457**	1,024,934,778
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 1,201,573,046**	$ 1,085,672,457

The full set of financial statements, including notes, is available online at
http://www.bankofcanada.ca/about/corporate-governance/pension-plan/ or by request

STATEMENT OF CHANGES IN PENSION OBLIGATIONS

	For the year ended 31 December 2012	2011
INCREASE IN PENSION OBLIGATIONS		
Benefits earned	**$ 30,073,508**	$ 29,237,660
Interest cost	**49,552,437**	47,689,878
Experience loss	**5,870,433**	216,070
Change of method	**-**	-
Change of assumptions	**7,496,000**	-
Change in Plan provisions	**-**	1,207,935
	92,992,378	78,351,543
DECREASE IN PENSION OBLIGATIONS		
Retirement benefit payments	**34,636,511**	31,124,586
Termination benefit payments	**5,563,403**	7,087,936
Disability benefit payments	**100,044**	100,051
Death benefit payments	**4,376,519**	3,595,244
	44,676,477	41,907,817
NET INCREASE IN PENSION OBLIGATIONS	**48,315,901**	36,443,726
PENSION OBLIGATIONS, BEGINNING OF YEAR	**951,157,430**	914,713,704
PENSION OBLIGATIONS, END OF YEAR	**$ 999,473,331**	$ 951,157,430

The full set of financial statements, including notes, is available online at

http://www.bankofcanada.ca/about/corporate-governance/pension-plan/ or by request

Additional Information

The Bank of Canada Pension 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 the 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 questions and requests, contact the Bank of Canada Benefits and Pension Administration Centre:

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

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

bank-banque-canada@morneaushepell.com

Bank of Canada Benefits and Pension Administration Centre

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

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

10:00 to 16:00 (Eastern Time)
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