BANK OF CANADA
BANQUE DU CANADA

BANK OF CANADA **PENSION PLAN** ANNUAL REPORT 2014

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 3,525 members at the end of 2014 (**Figure 1**).
- Pension payments from the Pension Trust Fund (the Fund) continued to increase to 42.1 million in 2014 (**Figure 2**).
- The value of the Fund's net assets increased to $1,495 million at the end of 2014 from $1,334 million at the end of 2013 (**Figure 3**).
- The Fund's rate of return was 12.8 per cent in 2014, in line with a benchmark of 12.9 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 $283 million (**Figure 4**) and a funding ratio of 126 per cent as at 31 December 2014.
- 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 surplus of $36 million (**Figure 4**) and a solvency ratio of 102 per cent as at 31 December 2014.
- The Bank contributed $26 million to the Fund for 2014, including $5 million toward reducing the Plan's solvency deficiency that existed at the end of 2013.

Figure 2: Payments from the Fund 2012–14

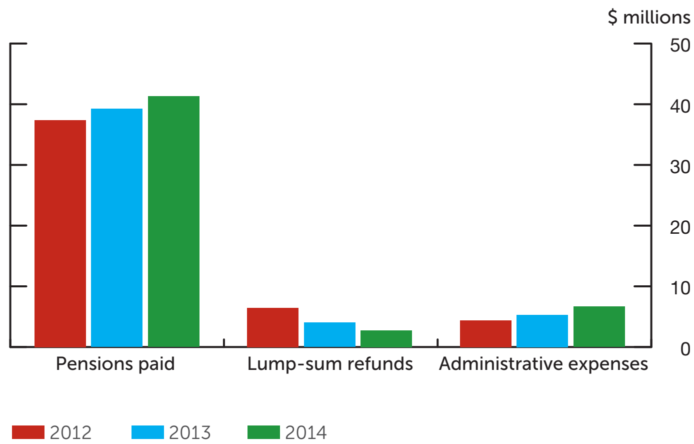


Figure 3: Net Assets of the Fund 2010–2014

(as at 31 December)

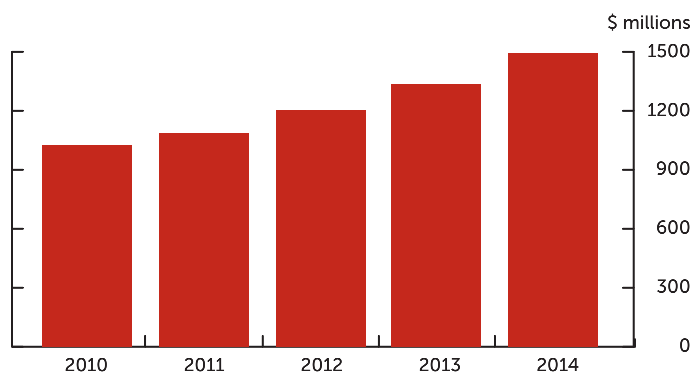


Figure 1: Membership

(as at 31 December 2014)

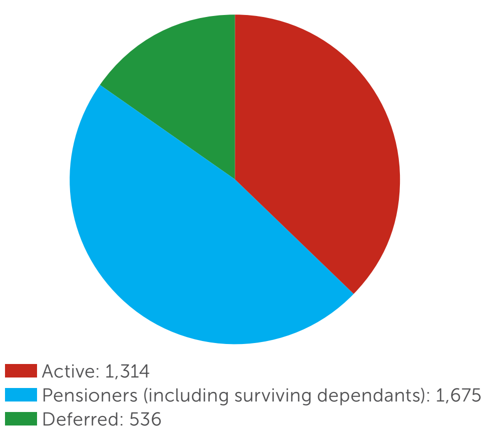
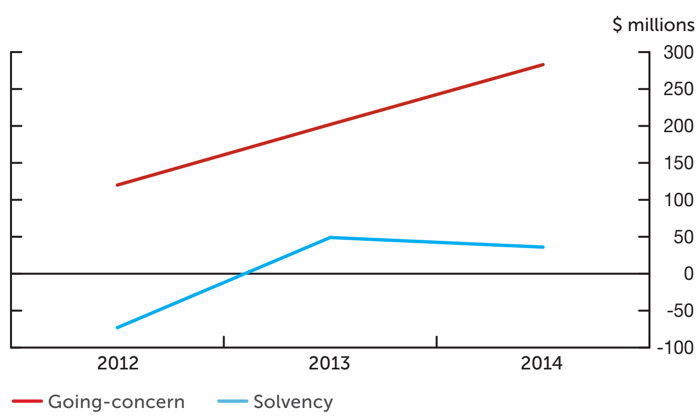


Figure 4: Funding Position 2012–14

(as at 31 December)



Message from the Chair

I am pleased to report on the Bank's Pension Plan for 2014. The Plan is an important benefit for our employees and, as in the past, about 20 per cent of our workforce will be eligible for an unreduced pension within the next five years—so it continues to be a priority for many.

The members of the Bank's Pension Committee and the team of experts who manage the Plan are dedicated to achieving the best investment returns possible for the long term, while maintaining a relatively low risk profile. Together, their work ensures that we will continue to meet our obligation to provide a secure retirement for both our current and future pensioners.

The Plan's Position

The Bank's Trust Fund generated an investment return of 12.8 per cent, in line with our benchmark return of 12.9 per cent. This is up from last year's return of 10.9 per cent and speaks to the advantages of a well-diversified investment strategy.

The Plan was fully funded on a going-concern basis, which means there are sufficient assets to fund the pensions accrued or payable under the Plan. At the end of 2014, there was a funding ratio of 126 per cent, or 26 per cent above the Plan's liabilities, and a surplus of $283 million, compared with a funding ratio of 120 per cent and a surplus of $202 million at the end of 2013.

On a solvency basis (which assumes that the Plan would be terminated on the date of the valuation), the Plan had a surplus of $36 million, compared with $49 million at the end of 2013, and a solvency ratio of 102 per cent, or 2 per cent above the Plan's solvency liabilities, compared with 104 per cent the previous year.

The marked improvement in our going-concern position is attributable to the Fund's strong return. While this solid performance also positively affected our solvency position, a reduction in the solvency discount rate more than offset its impact.

Other news

Ensuring that the members of our Pension Committee, as well as the Pension Administration Committee and the Pension Fund Investment Committee—are up to date on pension management trends is important for the sound management of our Plan. In 2014, we attended a session to learn about recent developments in pension governance, fiduciary duty and pension investment principles.

In keeping with our commitment to ensure an optimal investment mix, we periodically commission an external firm to conduct a study of our asset allocation. We will report on any recommendations or resulting actions from this year's review in the autumn 2015 issue of the *Pension News*.

Finally, I would like to welcome Board members Norman Betts and Wes Scott, who joined the Pension Committee in 2014. They replaced Phyllis Clark and Richard McGaw, both of whom I would like to thank for their expertise and long-standing contribution. I would also like to acknowledge all of the Board members and employees who brought their expertise to the table in managing the Plan during the past year. I am proud to be part of such a talented and dedicated team.

Carolyn Wilkins
Senior Deputy Governor
Chair, Pension Committee

Pension Governance

Under the Pension Benefits Standards Act 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. They also monitor investment services and performance. The Pension Committee was established by the Bank's Board of Directors to perform and report on the activities and functions of the Plan administrator. The Pension Committee has created two other committees—the Pension Administration Committee (PAC) and the Pension Fund Investment Committee (PFIC)—to assist it in carrying out its duties.

In 2014, Phyllis Clark and Richard McGaw left the Pension Committee and were replaced by Norman M. Betts and Wes Scott.

Members of the three committees[1]

Pension Committee

Carolyn Wilkins, *Senior Deputy Governor (Chair)*
Norman M. Betts, *Bank Director*
Colin Dodds, *Bank Director*
Wes Scott, *Bank Director*
Timothy Lane, *Deputy Governor*
Jeremy Farr, *General Counsel and Corporate Secretary*
Sheila Vokey, *Chief Risk Officer*
Darcy Bowman, *Senior Legal Counsel (Secretary)*

Pension Fund Investment Committee

Grahame Johnson
Chief, Funds Management and Banking (Chair)

Meyer Aaron
Financial Markets

Étienne Lessard
Funds Management and Banking

Miville Tremblay
Financial Markets

Eric Wolfe
Funds Management and Banking

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

Pension Administration Committee

Colleen Leighton, *Advisor Corporate Administration (Chair)*

Alexis Corbett
Chief, Human Resources

Lucie Gauvin
Communications

Adelle Laniel
Financial Services

Marc Tremblay
Human Resources

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

1 As at 31 May 2015

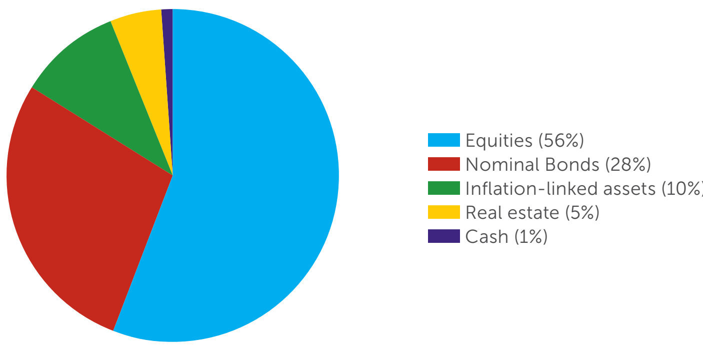
Pension Assets and Investments

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**).

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

Figure 5: The Five Main Asset Categories in the Fund's Portfolio, 2014[a]
(as at 31 December 2014)



a. Policy allocation midpoints

Investments

The Fund's day-to-day investment activity is overseen by the PFIC, which reports to the Pension Committee quarterly. 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 the Fund's external portfolio managers and leads an annual performance review on behalf of the Pension Committee.

Equities

The Fund allocates assets across Canadian, U.S., international and emerging-market equities. These holdings are managed by external portfolio managers.

Fixed-Income Securities

Nominal bonds

The nominal bond holdings are invested in a mix of Canadian-issued bonds and debentures. Most of these holdings are managed externally and are designed to closely track the overall risk and return characteristics of the benchmark (FTSE TMX Canada Long Term Overall Bond Index). A small portion of the portfolio is administered directly by the Bank 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 currently invested in a range of real estate instruments across different sectors and regions of Canada, managed by external managers. To further diversify the portfolio, investments in other countries will be included over the next few years.

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 salary level results in pension benefits that 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.

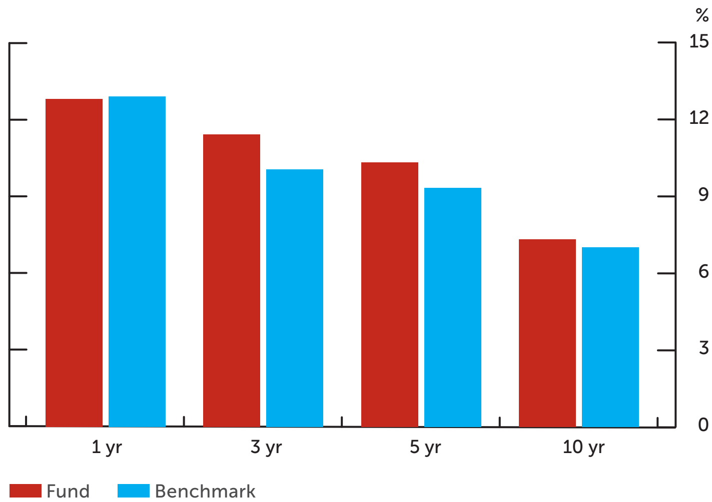
Performance of the Fund

The Fund's one-year return, ending on 31 December 2014, was 12.8 per cent, in line with the benchmark[2] return of 12.9 per cent.[3]

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 5.5 per cent, which is equal to the Bank of Canada's 2.0 per cent inflation target plus a real return of 3.5 per cent, after expenses.

Figure 6: Total Fund Rate of Return
(as at 31 December 2014)



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.

3 In this report, rates of return are shown net of investment manager fees.

Actuarial Valuation

2014 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 2014 showed that the going-concern position of the Plan has strengthened, with a funding surplus of $283 million and a funding ratio of 126 per cent. The Plan had a solvency surplus of $36 million, compared with $49 million in 2013, with a solvency ratio of 102 per cent compared with 104 per cent the year prior (see **Table 1** and **Table 2**).[4] These decreases are mainly attributable to a reduction in the solvency discount rate, which is determined by the Plan actuary.

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

	2010	2011	2012	2013	2014
Smoothed value of assets	1,028	1,067	1,120	1,237	1,358
Going-concern liabilities	914	951	1,000	1,035	1,075
Surplus	114	116	120	202	283
Funding ratio (assets as a percentage of liabilities)	112%	112%	112%	120%	126%

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

	2010	2011[a]	2012[a]	2013[a]	2014[a]
Market value of assets	1,022	1,082	1,199	1,331	1,491
Solvency liabilities	1,143	1,178	1,272	1,282	1,455
Surplus (deficit)[b]	(122)	(96)	(73)	49	36
Solvency ratio (assets as a percentage of liabilities)	89%	92%	94%	104%	102%

a. Figures for 2011, 2012, 2013 and 2014 are based on a new methodology for calculating solvency.
b. Figures may not add exactly, owing to rounding.

4 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 solvency valuation is based on the hypothetical (and very unlikely event) of Plan termination. It assumes that, in this case, the Bank would continue administering the Plan and managing Plan assets while honouring existing pension commitments to Plan members. These assets would be invested in an investment-grade fixed-income portfolio, using principles followed by insurance companies when guaranteeing annuity contracts.

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 at 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.

Plan Contributions

The Bank contributed $5 million in 2014 toward reducing the solvency deficiency that existed in the Plan at the end of 2013. This was in addition to the regular contributions of $21 million to cover the current service costs of the Plan. The Bank has contributed a total of $244 million to the Fund since 2009, of which $125 million was directed toward solvency deficiencies. Employees contribute in accordance with the formula set in the Plan's by-laws.

For the first time since 2008, the Bank will not be required to make solvency special payments in 2015, in accordance with the requirements of pension legislation. The Bank expects it will pay about $22 million to the Fund next year in regular contributions.

Pension Administration

Administrative Expenses

The expenses charged to the Fund are reviewed carefully 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 increased in 2014, mainly due to increases in Asset management fees. Administrative costs as a percentage of net Fund assets were 0.45 per cent, which is comparable with other similar plans.

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

	2012	2013	2014
Asset management fees	3,033	3,916	4,961
Pension administration fees	510	454	484
Other administrative expenses	801	915	1,069
Initiatives	201	99	246
Total expenses	4,545	5,384	6,760
Net assets as at 31 December	1,201,573	1,334,320	1,494,551
Total expenses as a percentage of net assets	0.38%	0.40%	0.45%

Asset management fees rose by about $1 million. This was primarily due to an increase in the Plan's assets and the appointment of a new emerging-market equity fund manager, which is expected to result in better returns for the Fund. Pension administration fees increased slightly, owing to a higher volume of transactions. Other administrative expenses rose primarily because of adjustments in the positions paid by the Fund, as well as increased actuarial services owing to required changes in valuation methodologies. Fees related to Initiatives increased, as a result of several investment-related projects to implement recommendations on changes to our asset portfolio in 2014.

Communications

In addition to this *Annual Report*, the Bank communicates with Plan members through its yearly newsletter, *Pension News*. Both publications are available to all members in print form, and active employees can find electronic versions on the Bank's intranet site, Banque Centrale. Also, the *Annual Report* and full audited financial statements are posted on the Bank's external website at www.bankofcanada.ca.

Active employees can find additional information about the Plan on Banque Centrale, including how to estimate the pension they will receive when they retire from the Bank. All Plan members can contact the Bank of Canada Benefits and Pension Administration Centre (Morneau Shepell) if they have questions. See page 22 for contact information.

Pensioner Audit

The Bank continued its information audit in 2014, sending forms to another sample group of pensioners asking them to confirm their name and contact information. This important exercise is part of the due diligence required for the rigorous management of the Plan's assets.

A different sample group will be contacted for this audit every year. The process, which is designed to be as simple as possible, is based on both the lessons learned from our experience with it and from the practices of other Crown agencies that regularly conduct such 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 going-concern, or funding, 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 and the standards of the Canadian Institute of Actuaries.

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

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.

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.

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 past three years. The Bank's special payments spread the deficiency amount over five years.

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

Solvency ratio
The solvency ratio is the market value of assets divided by the solvency liabilities.

Solvency surplus
The solvency surplus is the amount by which the market value of assets exceeds the solvency liabilities at a point in time.

Summary Financial Statements

As at 31 December 2014

FINANCIAL REPORTING RESPONSIBILITY

The Bank of Canada (the Bank) is the sponsor and 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.

Carolyn Wilkins
Senior Deputy Governor of the Bank of Canada, and Chair, Pension Committee

Carmen Vierula, CPA, CA
Chief Financial Officer and Chief Accountant of the Bank of Canada

Ottawa, Canada
17 June 2015

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 2014, 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 2014 on a going-concern basis, in accordance with Section 4600 of the Chartered Professional Accountants of Canada Handbook ("Section 4600 of the CPA Canada Handbook"). 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 2015 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 2014,
- methods prescribed under Section 4600 of the CPA Canada Handbook 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.

Joi Legault

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
21 May 2015

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 2014, 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 2014, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended 31 December 2014. We expressed an unmodified audit opinion on those financial statements in our report dated 17 June 2015.

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 2014, 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
17 June 2015

Statement of Financial Position

	31 December 2014	As at 31 December 2013
Assets		
Investments	**$ 1,495,013,205**	$ 1,335,127,446
Accrued investment income	**537,490**	123,433
	1,495,550,695	1,335,250,879
Liabilities		
Accounts payable and accrued liabilities	**999,495**	930,921
Net Assets Available For Benefits	**1,494,551,200**	1,334,319,958
Pension obligations	**1,074,912,000**	1,035,040,000
Pension Plan Surplus	**$ 419,639,200**	$ 299,279,958

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

Carolyn Wilkins
Senior Deputy Governor of Bank of Canada, and Chair, Pension Committee

Carmen Vierula, CPA, CA
Chief Financial Officer and Chief Accountant of Bank of Canada

Norman Betts
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

	31 December 2014	For the year ended 31 December 2013
Increase in Assets		
Investment income	**$ 92,431,998**	$ 60,356,418
Current-year change in fair value of investments	**82,752,341**	74,220,125
	175,184,339	134,576,543
Employer contributions		
Current service	**20,738,534**	20,892,005
Special payment for pension plan deficit	**4,872,000**	16,920,000
Employee contributions		
Current service	**6,867,069**	6,583,976
Past service	**942,240**	1,456,257
Transfers from other plans	**3,315,315**	1,773,638
	36,735,158	47,625,876
	211,919,497	182,202,419
Decrease in Assets		
Retirement benefit payments	**38,254,655**	36,546,963
Termination benefit payments	**2,171,674**	3,854,224
Disability benefit payments	**102,641**	101,256
Death benefit payments	**4,399,043**	3,569,017
Administrative expenses	**6,760,242**	5,384,047
	51,688,255	49,455,507
Increase in Net Assets Available for Benefits	**160,231,242**	132,746,912
Net Assets Available For Benefits, Beginning of Year	**1,334,319,958**	1,201,573,046
Net Assets Available For Benefits, End of Year	**$ 1,494,551,200**	$ 1,334,319,958

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 2014	31 December 2013
Increase in Pension Obligations		
Benefits earned	**$ 31,863,158**	$ 30,705,876
Interest cost	**56,568,000**	52,122,000
Loss on change of assumptions	**-**	464,000
	88,431,158	83,291,876
Decrease in Pension Obligations		
Retirement benefit payments	**38,254,655**	36,546,963
Termination benefit payments	**2,171,674**	3,854,224
Disability benefit payments	**102,641**	101,256
Death benefit payments	**4,399,043**	3,569,017
Experience gain	**2,421,145**	3,653,747
Gain on change of assumptions	**1,210,000**	-
	48,559,158	47,725,207
Net Increase in Pension Obligations	**39,872,000**	35,566,669
Pension Obligations, Beginning of Year	**1,035,040,000**	999,473,331
Pension Obligations, End of Year	**$ 1,074,912,000**	$1,035,040,000

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, 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:

The Bank of Canada Benefits and Pension Administration Centre

Morneau Shepell Inc.
1060 Robert-Bourassa Blvd.
Suite 900
Montréal, Quebec
H3B 4V3

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

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

bank-banque-canada@morneaushepell.com

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

HR Centre

Bank of Canada
3rd Floor
234 Laurier Avenue West
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** (toll-free)

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