BANK OF CANADA
BANQUE DU CANADA

BANK OF CANADA
PENSION PLAN
ANNUAL REPORT 2013

Canada's Top 100 Employers 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 3,450 members at the end of 2013 (**Figure 1**).
- Pension payments from the Pension Trust Fund ("the Fund") continued to increase to $40.0 million in 2013 (**Figure 2**).
- The value of the Fund's net assets increased from $1,202 million at the end of 2012 to $1,334 million at the end of 2013 (**Figure 3**).
- The Fund's rate of return was 10.9 per cent in 2013, compared with a benchmark of 8.2 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 $202 million (**Figure 4**) and a funding ratio of 120 per cent as at 31 December 2013.
- 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 $49 million (**Figure 4**) and a solvency ratio of 104 per cent as at 31 December 2013.
- The Bank contributed $38 million to the Fund for 2013, including $17 million toward reducing the Plan's solvency deficiency that existed at the end of 2012.

Figure 1: Membership
(as at 31 December 2013)

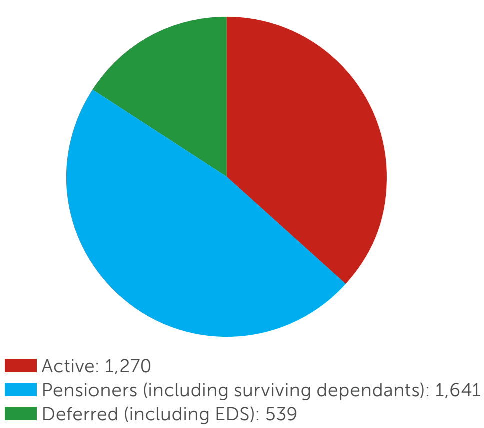


Figure 2: Payments from the Fund 2011–2013

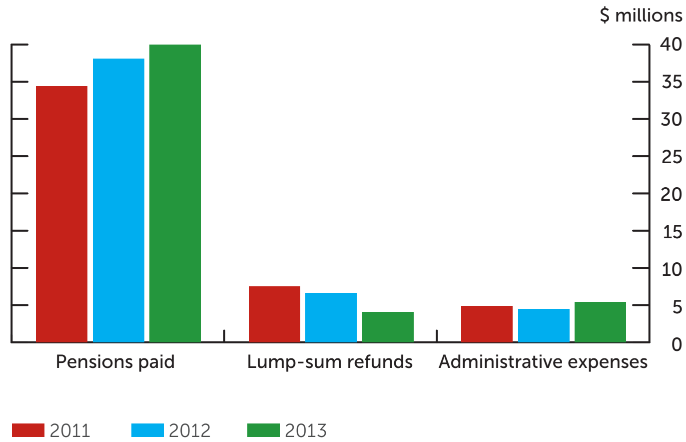


Figure 3: Net Assets of the Fund 2009–2013
(as at 31 December)

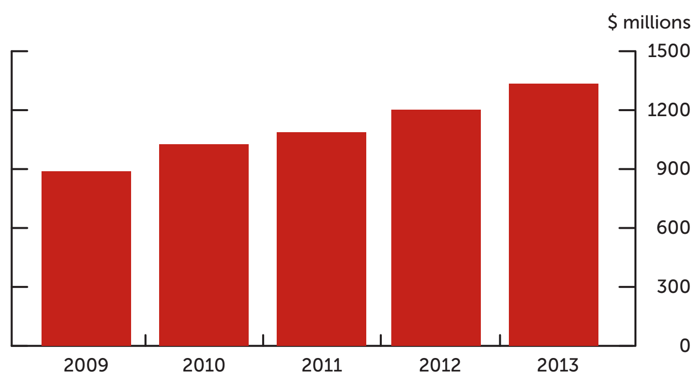
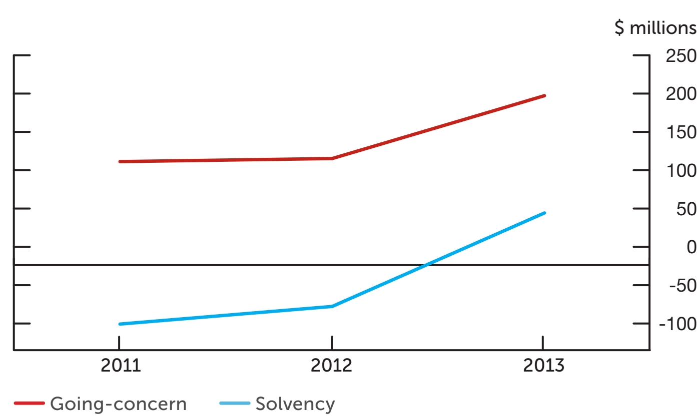


Figure 4: Funding Position 2011–2013
(as at 31 December)



Message from the Chair

As the new Chair of the Pension Committee (PC), I would like to begin by acknowledging the outstanding contribution of Tiff Macklem, former senior deputy governor of the Bank and immediate past chair of this Committee. On behalf of his fellow members, I thank him for his leadership and guidance over the past four years.

The Plan's position

The Bank's Pension Plan registered a solvency surplus in 2013 for the first time since 2008, and the Pension Trust Fund generated an investment return of 10.9 per cent, significantly above our benchmark return of 8.2 per cent. This strong performance, together with higher discount rates and the Bank's $17 million in contributions toward the solvency deficiency, more than offset the increased liabilities resulting from the Bank's adoption of a new mortality table that reflects the higher life expectancy of Canadians.

As a result, the solvency position improved from a deficit of $73 million to a surplus of $49 million, and the solvency ratio rose to 104 per cent at the end of the year, up from 94 per cent in 2012.

The Plan was also fully funded on a going-concern basis, with an increase in the funding ratio from 112 per cent to 120 per cent, and a surplus of $202 million.

Pensioner audit

In the autumn of 2013, the Bank launched an audit to verify the accuracy of its pensioner information. A form was mailed to a sample of our pensioners to confirm their eligibility to receive a pension. Those who have not yet returned the form are being asked to do so as soon as possible so that we can complete our verification.

The audit, which will continue on an annual basis going forward, is an important part of the Bank's due diligence in managing our pension assets and is central to good overall governance.

Acknowledgements

I would like to welcome the new members of our pension-related committees.

Colin Dodds, who joined the Bank's Board of Directors in 2013, replaced Jock Finlayson on the Pension Committee. I would like to thank Mr. Finlayson for his valuable insights.

The Pension Fund Investment Committee (PFIC) gained a new Chair, with Grahame Johnson, Chief of the Funds Management and Banking Department (FBD), replacing Ron Morrow. Special thanks to Mr. Morrow for his valuable contribution as head of this committee. In addition, Étienne Lessard, Assistant Director in FBD, replaced Sean Durr as a member of PFIC.

Colleen Leighton, Adviser, Corporate Administration, has succeeded the Pension Administration Committee's (PAC) long-standing Chair, Sheila Niven, who retired in May. My thanks to Ms. Niven for her leadership and sustained dedication to this committee's important work. Jeanne Meredith-Pallascio, Senior Pension Plan Specialist and another long-time member of the PAC, also retired and was replaced by Marc Tremblay.

Finally, I would like to thank all the Board members and employees on these committees for their expert stewardship of the Bank's Pension Plan over the past year. I look forward to working with all of you.

Carolyn Wilkins
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 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 and the Pension Fund Investment Committee—to assist it in carrying out its responsibilities.

In 2013–14, Tiff Macklem and Jock Finlayson left the Pension Committee and were replaced by Carolyn Wilkins and Colin Dodds, respectively.

Members of the three committees[1]

Pension Committee

Carolyn Wilkins, *Senior Deputy Governor (Chair)*

Phyllis Clark, *Bank Director*

Colin Dodds, *Bank Director*

Richard McGaw, *Bank Director*

Timothy Lane, *Deputy Governor*

Jeremy Farr, *General Counsel and Corporate Secretary*

Sheila Vokey, *Chief Financial Officer and Chief Accountant*

Darcy Bowman, *Senior Legal Counsel (Secretary)*

Pension Fund Investment Committee

Grahame Johnson
Chief, Funds Management and Banking (Chair)

Eric Wolfe
Funds Management and Banking

Miville Tremblay
Financial Markets

Meyer Aaron
Financial Markets

Étienne Lessard
Funds Management and Banking

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

Pension Administration Committee

Colleen Leighton, Adviser
Corporate Administration (Chair)

Alexis Corbett
Human Resources

Adelle Laniel
Financial Services

Marc Tremblay
Human Resources

Lucie Gauvin
Communications

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

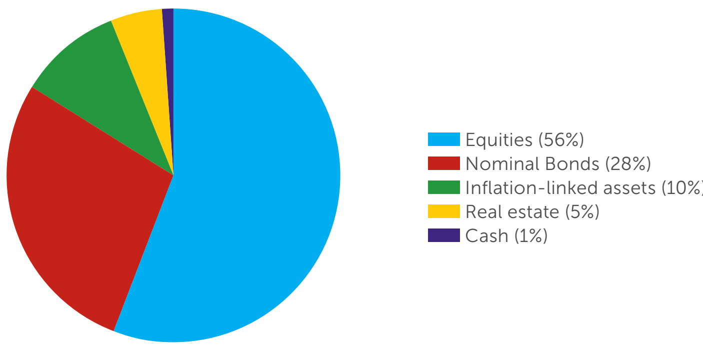
1 As at 31 May 2014

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, 2013[a]
(as at 31 December 2013)



a. Policy allocation midpoints

The majority of the Fund's assets are invested using external managers who have been 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 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 the Fund's 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 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 DEX Long Term 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 invested in a diversified portfolio of real estate instruments 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.

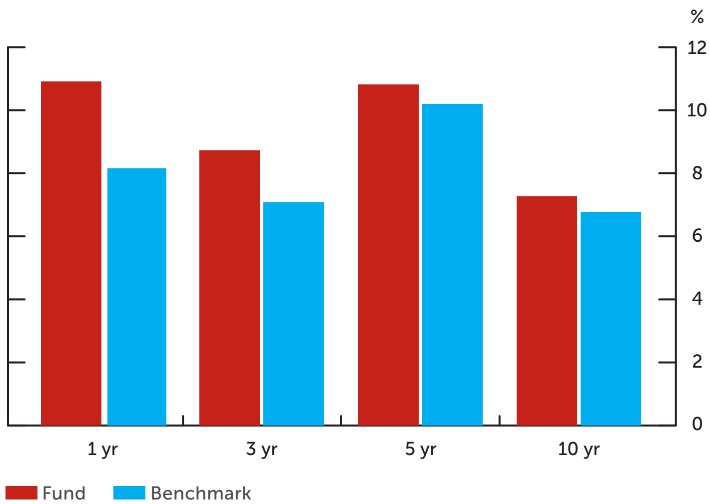
Performance of the Fund

The Fund's one-year return, ending on 31 December 2013, was 10.9 per cent, higher than the benchmark[2] return of 8.2 per cent[3] (**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 5.5 per cent, which is 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 2013)



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

2013 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 2013 showed that the going-concern (or funding) position of the Plan has strengthened, with a funding surplus of $202 million and a funding ratio of 120 per cent. The Plan now has a solvency surplus of $49 million, compared with a deficit of $73 million in 2012, with a solvency ratio of 104 per cent (see **Table 1** and **Table 2**)[4].

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

	2009	2010	2011	2012	2013
Smoothed value of assets	966	1,028	1,067	1,120	1,237
Going-concern liabilities	853	914	951	1,000	1,035
Surplus	113	114	116	120	202
Funding ratio (assets as a percentage of liabilities)	113%	112%	112%	112%	120%

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

	2009	2010	2011[a]	2012[a]	2013[a]
Market value of assets	886	1,022	1,082	1,199	1,331
Solvency liabilities	1,008	1,143	1,178	1,272	1,282
Surplus (deficit)[b]	(122)	(122)	(96)	(73)	49
Solvency ratio (assets as a percentage of liabilities)	88%	89%	92%	94%	104%

a. Figures for 2011, 2012 and 2013 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.

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.

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.

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.

Plan Contributions

The Bank contributed $17 million in 2013 toward reducing the solvency deficiency that existed in our Plan at the end of 2012. 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 $218 million to the Fund since 2009, of which $120 million was directed toward solvency deficiencies. Employees contribute in accordance with the formula set in the Plan's By-law.

The Bank will continue to make solvency special payments in 2014 in accordance with the requirements of the pension legislation. In total, the Bank expects to pay about $27 million to the Fund in 2014: $22 million in regular contributions plus $5 million in special payments. The decrease in the solvency special payments (from $17 million in 2013 to $5 million in 2014) is due mainly to higher discount rates and strong investment returns for the Fund in 2013.

The Bank has contributed a total of $218 million to the Fund since 2009 and will contribute approximately $27 million in 2014.

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 2013, mainly because of increases in Asset management fees. Administrative costs as a percentage of net Fund assets were 0.40 per cent, which is comparable with other similar plans.

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

	2011	2012	2013
Asset management fees	3,068	3,033	3,916
Pension administration fees	712	510	454
Other administrative expenses	741	801	915
Initiatives	401	201	99
Total expenses	4,922	4,545	5,384
Net assets as at 31 December	1,085,672	1,201,573	1,334,320
Total expenses as a percentage of net assets	0.45%	0.38%	0.40%

Asset management fees increased by about $900,000, mostly as a result of the appointment of a new fund manager for a portion of the Fund, resulting in higher fees because funds were temporarily invested in a transitional low-cost strategy in the prior year. Pension administration fees decreased slightly owing to a lower volume of administrative transactions. Other administrative expenses rose primarily because of adjustments in the positions paid by the Fund and related compensation, as well as increased actuarial services for the Plan's adoption of required changes in mortality assumptions and valuation methodologies. Fees related to Initiatives decreased, since there were fewer special projects requiring external assistance in 2013.

Communications

In addition to the Pension Plan *Annual Report*, the Bank communicates with all Plan members through its annual newsletter, *Pension News*. These publications are available to all members in print form. Current employees can consult electronic versions of *Pension News* and the *Annual Report* on Banque Centrale, the Bank's intranet site. Also, the *Annual Report* and full audited financial statements are posted on the Bank's external website.

Additional information is also available to employees on Banque Centrale. 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

In the summer of 2013, as part of its due diligence in managing the Plan's assets, the Bank surveyed a sample of pensioners to verify the accuracy of its pension information. Individuals in the selected sample group were asked to sign a short declaration form confirming their name and contact information.

Each year, the Bank will contact a different sample of pensioners for this audit, and the aim is to make the exercise as simple as possible. The process for the 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 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 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 discount rate is 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 surplus
The solvency surplus is the amount by which the market value of assets exceeds the solvency liabilities 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 2013

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.

Carolyn Wilkins
Senior Deputy Governor, and Chair, Pension Committee

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

Ottawa, Canada
18 June 2014

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 Registered Pension Plan (the "Plan") as of 31 December 2013, 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 2013 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 2014 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 2013,
- 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.

J. Legault	**S. Crabtree**
Fellow of the Canadian Institute of Actuaries Fellow of the Society of Actuaries	Fellow of the Canadian Institute of Actuaries Fellow of the Society of Actuaries

Mercer (Canada) Limited

Ottawa
18 June 2014

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 2013, 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 2013, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended 31 December 2013. We expressed an unmodified audit opinion on those financial statements in our report dated 18 June 2014.

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 2013, 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 2014

STATEMENT OF FINANCIAL POSITION

		31 December 2013		As at 31 December 2012
ASSETS				
Investments	**$**	**1,335,127,446**	$	1,202,555,425
Accrued investment income		**123,433**		153,921
		1,335,250,879		1,202,709,346
LIABILITIES				
Accounts payable and accrued liabilities		**930,921**		1,136,300
NET ASSETS AVAILABLE FOR BENEFITS		**1,334,319,958**		1,201,573,046
Pension obligations		**1,035,040,000**		999,473,331
PENSION PLAN SURPLUS	**$**	**299,279,958**	$	202,099,715

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

Carolyn Wilkins
Senior Deputy Governor, and Chair, Pension Committee

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

Phyllis Clark
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 2013	2012
INCREASE IN ASSETS		
Investment income	**$ 60,356,418**	$ 42,296,463
Current-year change in fair value of investments	**74,220,125**	73,350,316
	134,576,543	115,646,779
Employer contributions		
Current service	**20,892,005**	19,174,757
Special payment for pension plan deficit	**16,920,000**	19,402,000
Employee contributions		
Current service	**6,583,976**	6,385,826
Past service	**1,456,257**	1,184,847
Transfers from other plans	**1,773,638**	3,328,078
	47,625,876	49,475,508
	182,202,419	165,122,287
DECREASE IN ASSETS		
Retirement benefit payments	**36,546,963**	34,636,511
Termination benefit payments	**3,854,224**	5,563,403
Disability benefit payments	**101,256**	100,044
Death benefit payments	**3,569,017**	4,376,519
Administrative expenses	**5,384,047**	4,545,221
	49,455,507	49,221,698
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	**132,746,912**	115,900,589
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	**1,201,573,046**	1,085,672,457
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	**$ 1,334,319,958**	$ 1,201,573,046

The full set of financial statements, including notes, is available online at
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STATEMENT OF CHANGES IN PENSION OBLIGATIONS

	For the year ended 31 December 2013	2012
INCREASE IN PENSION OBLIGATIONS		
Benefits earned	**$ 30,705,876**	$ 30,073,508
Interest cost	**52,122,000**	49,552,437
Experience loss	**-**	5,870,433
Change of assumptions	**464,000**	7,496,000
	83,291,876	92,992,378
DECREASE IN PENSION OBLIGATIONS		
Retirement benefit payments	**36,546,963**	34,636,511
Termination benefit payments	**3,854,224**	5,563,403
Disability benefit payments	**101,256**	100,044
Death benefit payments	**3,569,017**	4,376,519
Experience gain	**3,653,747**	-
	47,725,207	44,676,477
NET INCREASE IN PENSION OBLIGATIONS	**35,566,669**	48,315,901
PENSION OBLIGATIONS, BEGINNING OF YEAR	**999,473,331**	951,157,430
PENSION OBLIGATIONS, END OF YEAR	**$ 1,035,040,000**	$ 999,473,331

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.
1981 McGill College Avenue
Suite 600, 6th Floor
P.O. Box 211
Montréal, Quebec
H2A 3Y1

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**

hrcentre@bankofcanada.ca