

Press Release:



TSX SYMBOLS: BK,BK.PR.A
SUBJECT: Special Meeting

Canadian Banc Recovery Corp.

Announces filing of Management Information Circular for Special Meeting

Toronto, Ontario – October 12, 2011 / Marketwire: The Board of Directors of Canadian Banc Recovery Corp. (the “Company”) today announced that it has filed a Management Information Circular for the special meeting of the holders of the Company’s Preferred Shares and Class A Shares to be held at 10:00 a.m. (Eastern standard time) on Thursday, November 3, 2011. The main purpose of the meeting is to consider a special resolution to extend the mandatory termination date for the Company from December 1, 2012 to December 1, 2018. Shareholders of record at the close of business on September 29, 2011 will be provided with the Notice of meeting and Management Information Circular in respect of the meeting and will be entitled to vote at the meeting.

The reasons for the term extension proposal are as follows:

- Shareholders will have the opportunity to continue to participate in a fund with attractive floating rate monthly distributions. The current yield of the Preferred shares is 4.95% based on the market price at September 26, 2011. Preferred shareholders have received 74 consecutive monthly dividends for a total of \$3.52 per Preferred share since inception in July 2005. The current yield of the Class A shares is 8.2% based on the market price at September 26, 2011. Class A shareholders have received a total of \$5.62 per Class A share since inception.
- Class A Shareholders could benefit from any market appreciation or dividend increases in the 6 Canadian chartered banks (held in the portfolio) over the extended time period.
- Preferred Shareholders and Class A Shareholders could receive increased distributions should the Canadian prime rate increase sufficiently over the extended term.
- Long term investors may benefit from an expanded time horizon.
- A longer investment horizon allows the Manager to remain focused on its investment strategy without prematurely beginning the process of winding down investments.

If the extension is approved, Class A Shareholders and Preferred Shareholders will be provided with a Special Retraction right as described in the Management Information Circular which is designed to provide Shareholders with an opportunity to retract their Shares, if they so wish, and receive a retraction price that is calculated in the same way that such price would be calculated if the Company were to terminate on December 1, 2012 as originally contemplated.

The special resolution also allows the Board of Directors to provide subsequent 5 year extension terms while continuing to provide all shareholders with the same retraction right entitlement at each extension date as they would have had if the term of the Company were not to be so extended. The ability to extend the termination date will save the Company all of the associated costs of holding a special shareholders meeting while still retaining each shareholders right to retract their shares on the same basis as if a termination date had occurred. The resolution provides the Board with the ability to modify the dividend formula for ensuing extension terms beyond December 1, 2018 if necessary, to reflect market conditions existing at that time.

The Board of Directors of the Company has determined that the special resolution is in the best interests of the Company and its shareholders. Accordingly, the Board of Directors recommends that shareholders vote FOR the special resolution. The Independent Review Committee of the Company has also unanimously determined that the calling and holding of the special meeting to consider the matters described in the Circular, on terms set forth in the Circular, achieves a fair and reasonable result for shareholders.

The Notice of Special Meeting of Shareholders and the Management Information Circular is available on SEDAR and the Company’s website at www.primerateplus.com.

For further information, please contact Investor Relations at 416-304-4443, toll free at 1-877-4-Quadra (1-877-478-2372), or visit www.primerateplus.com.