

Monthly Update

Canadian Banc Recovery Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified portfolio consisting of six Canadian Banks. Two types of shares are available, a Class A and a Preferred.

Distributions (by record date)

	BK	BK.PR.A	Total
Total to Date	\$4.4316	\$2.7306	\$7.1622
2010 YTD	\$0.1250	\$0.0833	\$0.2083
2009	\$0.5625	\$0.5000	\$1.0625
2008	\$0.9535	\$0.5648	\$1.5183
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.4125	\$0.2470*	\$0.6595

*Initial distribution for the period July 15/05 to Dec 29/05.

Commentary

The market is fragile right now thus any economic number or political discussion tends to send the market in a direction. January started off with a rather lackluster beginning, but things have turned back around in February edging out some positive monthly returns. Economic conditions are continuing to improve, double digit unemployment in the U.S. is likely to keep fiscal and monetary stimulus in place for some time to come. The low levels of interest rates around the world are proving to provide significant fuel to propel the prices of financial assets and some commodities. As Canadian and U.S. government fixed income yields continue to remain at very low absolute and relative rates, this should continue to be very supportive to the strong dividend paying companies.

Overall confidence in the U.S. financial system continues to improve as some of the larger U.S. Banks continue to repay government funds and raise private capital. However, credit expansion through lending is still very sluggish and this will likely have the effect of dampening the recovery as many small businesses in particular have not been able to access capital. Concerns over commercial real estate and a still weak U.S. housing market continue to weigh on the prospect of a more robust recovery. A surprisingly strong housing market has continued to provide support to the Canadian economy.

Attractive dividend yields, low historic valuations and significant option premiums available in the marketplace continue to bode well for the portfolio. The Manager continues to actively manage the relative weightings of the companies held within the portfolio.

	One Month to <u>Feb 26, 2010</u>	Year to Date <u>Feb 26, 2010</u>
TSX	4.83%	-0.99%
S&P 500	2.85%	-0.95%
DJII	2.56%	-0.99%
NASDAQ	4.23%	-1.36%

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$21.20 (Feb 26/10)

Cash Weighting:	4%
Canadian Equity Weighting:	96%

BK.PR.A Trading Price:	\$10.28 (Feb 26/10)
Current Yield:	4.9% annually*
Asset Coverage:	212%
Market Capitalization:	\$92,437,770
BK Trading Price:	\$9.79 (Feb 26/10)
Current Yield:	7.7% annually*
Market Capitalization:	\$88,031,689

*Last distribution annualized.

Top Holdings (sorted by weight)

Royal Bank of Canada	RY
Canadian Imperial Bank of Commerce	CM
Toronto-Dominion Bank	TD
Bank of Nova Scotia	BNS
National Bank of Canada	NA
Bank of Montreal	BMO

Weightings subject to change at any time.