



As at September 30, 2011

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.

	One Month to <u>Sept 30, 2011</u>	Year to Date <u>Sept 30, 2011</u>
TSX	-8.97%	-13.53%
S&P 500	-7.18%	-10.04%
DJII	-6.03%	-5.74%
NASDAQ	-6.36%	-8.95%

Distributions (by record date)

	BK	BK.PR.A	Total
Total to Date	\$5.5566	\$3.4806	\$9.0372
2011 YTD	\$0.5625	\$0.3750	\$0.9375
2010	\$0.7500	\$0.5000	\$1.2500
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 North American financial markets continued to weaken during the month largely as a result of US economic data suggesting the economic recovery had begun to moderate significantly. Global economic indicators have deteriorated with several Euro zone countries having to consider significant reductions in spending to reign in record deficits. Market participants are concerned that this will further impact growth in these countries with a spillover to overall world growth. As mentioned in previous commentaries, the key question of whether economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus, remains to be answered in the coming months and years.

Canadian economic indicators generally remain relatively strong with housing and employment conditions much stronger than most other developed economies. Although it should be noted that Canadian economic growth did stall out in the second quarter and could continue to deteriorate if global financial conditions worsen. Record low interest rates in North America are expected to remain until economic growth is deemed to be on a self sustaining growth path. In the context of these low rates, the valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should continue to act as a major support at these current market prices. The dividend income continues to be supplemented by income generated from the covered call writing overlay on the companies in the Portfolio.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	December 1, 2012
Net Asset Value	\$20.74
Cash Weighting:	0%
Canadian Equity Weighting:	100%
BK.PR.A Trading Price:	\$10.07
Current Yield*:	5.0%
Asset Coverage:	207%
Market Capitalization:	\$75,400,958
BK Trading Price:	\$9.55
Current Yield*:	7.9%
Market Capitalization:	\$71,507,363

*Last distribution annualized.

Top Holdings (sorted by weight)

Toronto-Dominion Bank
 Bank of Nova Scotia
 Royal Bank of Canada
 Canadian Imperial Bank of Commerce
 Bank of Montreal
 National Bank of Canada

Weightings subject to change at any time.