

Press Release:

TSX SYMBOLS: BK, BK.PR.A

Canadian Banc Recovery Corp.

Class A Share Rebalancing

Toronto, Ontario – January 12, 2012 / Marketwire: Canadian Banc Recovery Corp. (“Canadian Banc”) announces a Class A share subdivision for all Class A shareholders of record on January 17, 2012 that will increase the number of shares held by each shareholder. The purpose of the share subdivision is to maintain an equal number of Class A shares and Preferred shares outstanding.

As a result of the successful vote to extend the termination date of Canadian Banc to December 1, 2018 at the recent Special Meeting of Shareholders held on November 3, 2011, both Class A shareholders and Preferred shareholders were given a special retraction right. This special retraction right allowed both classes of shareholders to tender one or both classes of shares and receive a retraction price based on the December 30, 2011 net asset value per Unit (\$10 per Preferred Share, \$10.68 per Class A Share and \$20.68 per Unit, as applicable). In aggregate, there were more Class A shares tendered for retraction than Preferred shares. Since Canadian Banc is required to maintain an equal number of shares outstanding for each Class as per the prospectus, the Company must increase the Class A shares to match the number of Preferred shares.

Immediately after the special retraction payment on January 16, 2012, there will be 6,772,453 Preferred shares and 5,737,131 Class A shares outstanding. In order to restore an equal amount of shares outstanding for each Class, Class A shareholders on record as at January 17, 2012 will receive approximately 1.180459885 Class A shares for each Class A share outstanding. The increase in shares (subdivision) is a non taxable event.

In addition, the monthly Class A share dividend target formula will be adjusted in order to approximately maintain the same pre subdivision dividend formula. This will result in shareholders maintaining their current level of dividend income per month. The new formula will be adjusted to provide Class A shares with regular floating rate monthly distributions targeted to be at a rate per annum equal to the prime rate plus 1.25% with a minimum targeted annual rate of return of 4.25% and a maximum annual rate of return of 8.50% based on the original issue price of \$15 per Class A share. The current Class A share dividend yield based on the January 11, 2012 closing market price was 7.14%.

The intrinsic value of each investor’s holdings in Class A shares will be the same after the adjustment. The increase in the number of shares would be proportionate to the reduction in the net assets attributable to the Class A shares.

The table below is an illustrative example of the effects of the subdivision with all numbers rounded.

	Before Subdivision	After Subdivision
Class A shares owned	(A) 1,000	(A) 1,180
Net asset value per Unit as at December 31, 2011	\$20.68	\$19.05
Par value of Preferred share	\$10.00	\$10.00
Net asset value per Unit attributable to Class A share	(B) \$10.68	(B) \$9.05
Total net asset value attributable to Class A shareholder (A * B)	\$10,680	\$10,680
Class A share current dividend rate per floating rate formula	\$0.75	\$0.6375
Class A share annual dividend payment	\$750	\$752
<i>(all numbers rounded)</i>		

The impact of the Class A share subdivision will be reflected in the next reported net asset value per unit as at January 31, 2012. Net assets of Canadian Banc after the retractions payments will be approximately \$135 million.