

C.A. BANCORP INC.

| C | A | B A N C O R P

2008 ANNUAL REPORT

C.A. Bancorp is an asset manager that invests in privately owned companies and other alternative assets. We also develop and manage investment funds that earn management and performance fees in addition to returns on the underlying investments.

We manage C.A. Bancorp Canadian Realty Finance Corporation, established to provide investors with exposure to the investment performance of an actively managed portfolio of Canadian real estate mortgages and loans.

We manage Charter Real Estate Investment Trust, focused on acquiring a portfolio of retail centres across Canada that generate stable returns.

Our goal is to earn
superior risk-adjusted returns
for shareholders over the long term.

We invest in small- and mid-cap
alternative assets in the industrials, real estate,
infrastructure and financial services sectors.

C.A. Bancorp is managed by a
skilled team with extensive merchant banking
and asset management experience.

Why alternative assets?

The performance characteristics of alternative assets set them apart from stocks and bonds. Typically, the time horizon to realize growth is longer, but the return potential is substantially higher, and performance tends to be uncorrelated with the broader public markets.

Because alternative assets are generally inaccessible to the investing public, there is less market efficiency and greater potential to uncover investment value. In addition to the potential for above-average returns, many alternative investments offer the security of reliable cash flows and balance sheets backed by tangible assets.

Adding alternative assets to a traditional asset mix can bolster potential returns while lowering overall portfolio volatility.

Fellow Shareholders

In 2008, C.A. Bancorp made progress on a number of fronts. We grew our assets under management by \$240 million to over \$500 million, delivered a third consecutive year of revenue growth generating revenues of \$8.1 million, allocated approximately \$24.5 million of capital to five new private equity investments and set up to close our first private equity investment exit. We also continued to focus on creating opportunities for investors to gain exposure to alternative investments through the formation of C.A. Bancorp Canadian Realty Finance Corporation.

Despite this progress, our 2008 financial results were disappointing. Our 2008 net loss was mainly attributable to our exposure to the public markets and the impairment of our investment in Charter REIT.

We initially invested in a portfolio of public equities with two objectives. The first was to support a C.A. Bancorp catalyst/event-driven investment strategy targeting specific companies. The second was to generate income from income trusts and other yielding securities, perceived to have low volatility and secure distributions, until our capital was allocated to new private investments or managed entities. Throughout 2008, we reduced our public portfolio exposure as we completed new private investments. We now have minimal exposure to the public markets. However, the weakness in the equity markets impacted our public holdings significantly throughout the year.

Continuing to be the sponsoring shareholder and manager of Charter REIT is an important part of C.A. Bancorp's strategy. Our vision was to create and manage an entity that would be able to grow and generate increased management and acquisition fees for shareholders. Although the erosion of Charter REIT's market value (along with the general Canadian REIT universe) has required us to impair its value on our balance sheet, we are still committed to seeking creative ways to raise new capital in pursuit of further growth.

The bright light of 2008 has been our portfolio of private investments. We designed our private equity portfolio with an economic slowdown in mind (but certainly not to the scale that has been experienced). We focused on making investments in companies that make products or provide tangible services while partnering with strong management teams capable of executing growth plans.

In general, our portfolio companies are not exposed to extreme levels of leverage, which has reduced our exposure to the current liquidity crisis – and we have structured our investments in an attempt to generate investment returns that mitigate risk. Furthermore, we did not enter into a private investment unless there was a consensus on our likely exit from the investment. As these investments do not bear exposure to the volatility of the public markets, we continue to believe our private investments will provide portfolio diversification and will generate superior risk-adjusted returns over the long term.

Subsequent to the end of 2008, we closed the sale of AgriFinancial Canada Corp. to Western Financial Group Inc. for a pre-tax profit of \$9.0 million or two times invested capital. This sale was the first validation of our private-investment thesis of investing in tangible businesses with strong management teams that have the capacity to grow with new capital and become attractive to other strategic or financial acquirers.

As we move into 2009, we will continue to work with our existing portfolio companies on value creation activities despite the challenging economic circumstances. In addition, we will cautiously and opportunistically look at new investment opportunities.

Despite the disappointing 2008 financial results, C.A. Bancorp is on solid footing moving forward. We have a strong balance sheet with a significant cash position and no material debt. The organization is poised for growth with a strong portfolio of private investments and capable real estate management, mortgage brokering and lending operations. We continue to applaud the efforts of the management team as they execute on the corporate vision despite the challenging economic environment we all face.

“John F. Driscoll”

John F. Driscoll
 Chairman and Chief Executive Officer
 C.A. Bancorp Inc.

“Mark Gardhouse”

Mark Gardhouse
 President
 C.A. Bancorp Inc.

Our history of corporate growth

2006

- NOVEMBER ▶ TSX Venture Exchange common share offering raises gross proceeds of \$39 million

2007

- APRIL ▶ C.A. Bancorp Inc. listed on Toronto Stock Exchange under the ticker symbol BKP
- JUNE ▶ Common share offering raises gross proceeds of \$49 million
- JULY ▶ \$4 million investment in Canadian independent broadcaster High Fidelity HDTV Inc.
- AUGUST ▶ C.A. Bancorp Inc. invests in Charter REIT's initial public offering (TSXV: CRH.UN) and holds 33% of Charter REIT's units
- OCTOBER ▶ \$90 million (\$9.5 million investment) acquisition of Agrifinance and AgriCard, to form AgriFinancial Canada Corp., a leading provider of agricultural financing
- NOVEMBER ▶ \$10 million investment in specialized foundation builder Birmingham Foundation Solutions

2008

- JANUARY ▶ \$6 million investment to acquire an 80% L.P. interest in the Kingswood Property, a 360-unit apartment complex in Kitchener, Ontario
- FEBRUARY ▶ Initial public offering of C.A. Bancorp Canadian Realty Finance Corporation (TSX: RF.PR.A), raising gross proceeds of \$38.5 million in preferred shares

- FEBRUARY
 - ▶ \$700,000 investment in Caribbean telecom company Windward Telecom Limited
 - ▶ \$4 million investment in a specialized bottle manufacturer and distributor, Salbro Bottling Group
- JUNE
 - ▶ \$5 million investment in rural Ontario wireless internet service provider Everus Communications Inc.
- JULY
 - ▶ \$2.9 million acquisition of 85% of Barlow Capital Management Inc., a boutique investment counsellor and portfolio manager
- SEPTEMBER
 - ▶ C.A. Bancorp Canadian Realty Finance Corporation Class A share (TSX: RFA) (TSX: RF.UN) public offering raises gross proceeds of \$29 million
- NOVEMBER
 - ▶ \$3.5 million investment in Digital Payment Technologies Corp., a leading manufacturer and distributor of electronic parking payment stations; subsequent investment of \$1.75 million in February 2009

2009

- JANUARY
 - ▶ Sale of AgriFinancial Canada Corp. to Western Financial Group Inc. generating a pre-tax profit of \$9 million or a 2x return on invested capital

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) dated March 10, 2009 presents material information and an analysis of the consolidated results and financial condition of C.A. Bancorp Inc. (C.A. Bancorp or the Company) which includes the accounts of C.A. Bancorp, its subsidiaries and variable interest entities where the Company is deemed to be the primary beneficiary under Canadian generally accepted accounting principles (GAAP). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2008.

All amounts are expressed in Canadian thousands of dollars (except per share amounts or unless otherwise indicated) and have been primarily derived from the Company's consolidated financial statements prepared in accordance with Canadian GAAP. Additionally, and where applicable, the financial results of the Company have been reclassified as required under Canadian GAAP so the net impact of the discontinued operations of AgriFinancial is captured as one line-item on the statement of operations.

The MD&A is presented in the following sections:

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| I. Company Overview | |
| II. Financial Highlights | X. Transactions with Related Parties |
| III. Investments in Private Entities and Managed Funds/Entities | XI. Critical Accounting Policies and Accounting Estimates |
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| VI. Summary of Fourth Quarter 2008 Results | XIV. Disclosure Controls and Procedures and Internal Controls Over Financial Reporting |
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This MD&A contains forward looking statements, which are qualified by reference to, and should be read together with the section entitled "Caution Regarding Forward-Looking Information" in Section XV.

I. COMPANY OVERVIEW

The following provides an overview of the Company and its subsidiaries as well as information on their administration.

Company Description

C.A. Bancorp is a publicly traded Canadian merchant bank and alternative asset manager that provides investors with access to a range of private equity and other alternative asset class investment opportunities. The Company is focused on investments, either directly (Direct Investments) or through entities managed by it (Asset Management), in small and middle capitalization public and private companies, with an emphasis on the industrials, real estate, infrastructure and financial services sectors. At December 31, 2008 the Company had approximately \$531 million in gross assets invested (\$148 million on balance sheet including AgriFinancial Canada Corp.) and under management (\$383 million).

The Company's common shares trade on the Toronto Stock Exchange (TSX) under the symbol BKP.

C.A. Bancorp's revenues from its Direct Investments and Asset Management activities include dividends, interest, commissions and capital gains, as well as management fees on managed funds and entities. These diversified and recurring revenue streams have been designed to minimize volatility, reduce risk and maximize return on shareholders' equity.

The Company consolidates the accounts of its subsidiary AgriFinancial Canada Corp. which has been reclassified (including retroactively for 2007) as a discontinued operation as a result of the sale to a third party. See "Subsequent to Year-end 2008 – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." in Section IV below and "Investments in Private Entities and Managed Funds/Entities – Investments in Private Entities Exited – AgriFinancial Canada Corp." in Section III below. In addition, the Company consolidated the accounts of C.A. Bancorp Canadian Realty Finance Corporation (CRFC) for the period from February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares).

For a more comprehensive overview of the Company and its operations, please refer to the Company's Annual Information Form (AIF) dated as at March 31, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

Subsidiaries and Other Entities**C.A. Bancorp Ltd.**

The Company's wholly-owned subsidiary C.A. Bancorp Ltd. (CAB Ltd.) is registered as a Limited Market Dealer and an Investment Counsel and Portfolio Manager with the Ontario Securities Commission. CAB Ltd. is the manager of CRFC and receives net management fees of 0.90% per annum on the gross assets of CRFC. The Company took the initiative in funding and organizing CRFC and as such is a promoter of CRFC within the meaning of applicable securities laws. See "Investments in Private Entities and Managed Funds/Entities – Managed Funds/Entities – C.A. Bancorp Canadian Realty Finance Corporation" in Section III below.

C.A. Realty Management Inc.

The Company, through its wholly-owned subsidiary C.A. Realty Management Inc. (Realty Management), provides strategic, advisory, asset management and administrative services to Charter Real Estate Investment Trust (Charter REIT) and receives an ongoing management fee of 0.30% per annum on the adjusted book value of Charter REIT's real estate assets (the total cost base) and a one-time acquisition fee of 0.50% of the property cost of all real property acquired by Charter REIT and/or its subsidiaries. The following summary is qualified in its entirety by the terms of the management agreement between Realty Management and Charter REIT, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. Charter REIT is listed on the TSX Venture Exchange under the symbol CRH.UN. See "Investments in Private Entities and Managed Funds/Entities – Managed Funds/Entities – Charter REIT" in Section III below.

C.A. Bancorp Realty Finance Inc.

The Company's wholly-owned subsidiary C.A. Bancorp Realty Finance Inc. (Realty Finance) is a licensed mortgage broker (license no. 10819) with the Financial Services Commission of Ontario. Realty Finance provides commercial mortgage brokerage services to a variety of real estate borrowers in Canada, and earns commissions in return for providing these services.

C.A. Bancorp Telecom Inc.

The Company's wholly-owned subsidiary C.A. Bancorp Telecom Inc. (Telecom Inc.) was formed as a holding company to invest in Windward Telecom Limited. See "Investments in Private Entities and Managed Funds/Entities – Current Portfolio of Investments in Private Entities – Windward Telecom Limited" in Section III below.

C.A.B. Barlow Holdings Corp.

The Company, through its wholly-owned subsidiary C.A.B. Barlow Holdings Corp. (Barlow Holdings), owns 85% of the issued and outstanding shares of Barlow Capital Management Inc. (Barlow). See "Investments in Private Entities and Managed Funds/Entities – Current Portfolio of Investments in Private Entities – Barlow Capital Management Inc." in Section III below.

C.A. Bancorp Financial Corp.

Up until January 30, 2009 the Company owned a majority interest in C.A. Bancorp Financial Corp. (Financial Corp.). Financial Corp. owned 100% of AgriFinancial Canada Corp. (AgriFinancial). C.A. Bancorp and Sentry Select Total Strategy Fund (Total Strategy Fund) were the sole shareholders of Financial Corp., with C.A. Bancorp holding approximately 90.5% and Total Strategy Fund holding approximately 9.5% of Financial Corp.'s issued and outstanding shares. The Company and Total Strategy Fund sold 100% of the issued and outstanding shares of Financial Corp. to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. See "Investments in Private Entities and Managed Funds/Entities – Investments in Private Entities Exited – AgriFinancial Canada Corp." in Section III below and "Subsequent to Year-end 2008 – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." in Section IV below.

II. FINANCIAL HIGHLIGHTS

The following is a summary of (a) the Company's audited consolidated financial statements for the year ended December 31, 2008 compared to the same periods ended December 31, 2007 and December 31, 2006 and (b) the Company's financial position as at December 31, 2008 compared to December 31, 2007 and December 31, 2006.

Results from Operations for Year ending December 31	2008	2007	2006
Total revenues	\$ 8,058	\$ 7,238	\$ 428
Net results of investments ¹	(17,853)	(1,205)	(472)
Expenses, taxes and non-controlling interest	(5,669)	(6,158)	(1,692)
Net loss from continuing operations	(15,464)	(125)	(1,736)
Net earnings from discontinued operations	1,105	142	-
Net (loss) earnings	\$ (14,359)	\$ 17	\$ (1,736)
Net cash flow from operations ²	\$ 649	\$ 2,234	\$ (889)
Earnings Per Common Share (EPS)	2008	2007	2006
EPS from continuing operations – basic	\$ (0.55)	\$ (0.01)	\$ (0.08)
EPS from discontinued operations – basic	0.04	0.01	0.00
Net (loss) earnings per common share	\$ (0.51)	\$ 0.00	\$ (0.08)
EPS from continuing operations – diluted	\$ (0.55)	\$ (0.01)	\$ (0.08)
EPS from discontinued operations – diluted	0.04	0.01	0.00
Net (loss) earnings per common share	\$ (0.51)	\$ 0.00	\$ (0.08)
Financial Position at Year-end	2008	2007	2006
Cash and cash equivalents	\$ 1,245 ³	\$ 946	\$ 32,905
Total assets	\$ 147,778	\$ 154,348	\$ 38,015
Total assets excluding discontinued operations ⁴	\$ 62,114	\$ 74,167	\$ 38,015
Total shareholders' equity	\$ 66,719	\$ 82,516	\$ 37,033
Number of common shares outstanding	27,345	28,683	14,174
Per Common Share	2008	2007	2006
Net book value per share ⁵	\$ 2.44	\$ 2.88	\$ 2.61
Closing market price per share	\$ 0.65	\$ 1.92	\$ 3.15
Market price premium (discount) to net book value	(73%)	(33%)	21%

¹Includes unrealized and realized gains/losses on publicly traded investments and investments in private entities, equity participation in Charter REIT and CRFC and other corporate investments and the impairment loss on Charter REIT.

²From the Company's statement of cash flows before consideration of changes in non-cash working capital.

³The Company increased its cash and cash equivalents in January 2009 from the sale of AgriFinancial.

⁴AgriFinancial (Financial Corp.) was sold on January 30, 2009 to a third party.

⁵Non-GAAP measure calculated as shareholders' equity under GAAP divided by number of common shares outstanding at period-end.

Results of Operations Highlights

The Company's operating results reflect (i) revenue recognized primarily from the income generated from the Company's investments in private entities and the management fees from the Company's managed entities and (ii) the expenses required to manage the Company's portfolio of invested capital. The Company's revenues and expenses increased significantly in both 2008 and 2007 in comparison to 2006 as the Company completed its first common share offering in 2006 (with a second common share offering completed in June 2007) which enabled the Company to begin executing its corporate strategy of directly investing in private entities and managing off-balance sheet entities (managed entities).

2008	2007	2006
<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$8.1 million. \$6.1 million generated from interest and investment income, \$1.4 million from asset management fees and \$0.5 million from other fees and commissions. 	<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$7.2 million. \$4.1 million generated from interest and investment income, \$0.7 million from asset management fees, \$0.7 million from other fees and commissions and \$1.7 million in revenues from rental properties due to the consolidation of Charter REIT's accounts (see below). 	<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$0.4 million. \$0.2 million generated from interest and investment income and \$0.2 million from asset management fees.
<ul style="list-style-type: none"> • The Company consolidated the accounts of CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares). 	<ul style="list-style-type: none"> • The Company consolidated the accounts of Charter REIT for the period of February 23, 2007 to August 9, 2007 (when the Company held greater than 50% of Charter REIT's equity). 	<ul style="list-style-type: none"> • The Company did not consolidate the operations of any significant entity in 2006.
<ul style="list-style-type: none"> • Net results of investments representing a loss \$17.9 million primarily as a result of \$7.9 million in realized losses on the sale of publicly traded investments, \$1.6 million in the change in unrealized losses on publicly traded investments, \$1.1 million change in unrealized losses on investments in private entities and \$6.6 million unrealized impairment loss on the Company's investment in Charter REIT. 	<ul style="list-style-type: none"> • Net results of investments representing a loss \$1.2 million primarily as a result of \$1.0 million in realized gains on the sale of publicly traded investments, \$3.3 million in the change in unrealized losses on publicly traded investments, a \$1.4 million gain on the dilution of investment in Charter REIT, and a \$0.4 million loss on the equity participation of Charter REIT (after de-consolidation). 	<ul style="list-style-type: none"> • Net results of investments representing a loss \$0.5 million primarily as a result of \$0.4 million in the change in unrealized losses on publicly traded investments.
<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$1.1 million. 	<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$0.1 million. 	<ul style="list-style-type: none"> • The Company did not have any discontinued operations in 2006.
<ul style="list-style-type: none"> • Net loss of \$14.4 million or \$0.51 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net earnings of \$0.02 million or \$0.00 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net loss of \$1.7 million or \$0.08 per share on a basic and fully diluted basis.

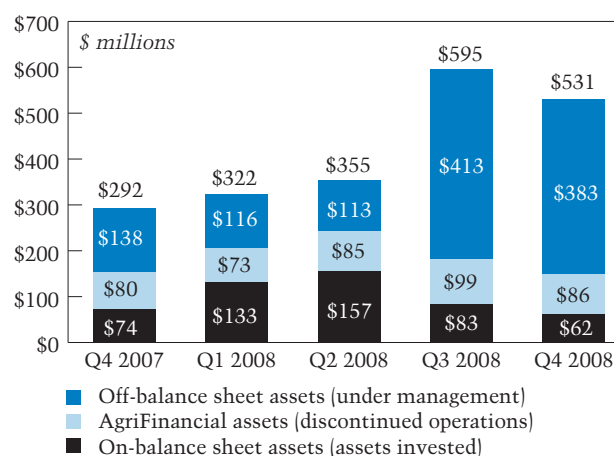
Balance Sheet Highlights

The Company's core assets are its investments in private entities and its investments in managed entities. These investments generate the majority of the Company's revenues. Over the past 24 months, the Company's management team has invested significant time to allocate the Company's capital to investments in private entities and managed entities with the objective of generating expected investment rates of return of approximately 15% to 25% over the investment hold period. As at December 31, 2008 the Company was fully invested. With the sale of AgriFinancial in January 2009, the Company now has working capital of approximately \$13.5 million on its balance sheet available for existing commitments, new investments and general working capital purposes.

2008	2007	2006
<ul style="list-style-type: none"> • Total assets at December 31, 2008 were \$147.8 million (62.1 excluding the discontinued operations of AgriFinancial). The decrease in assets compared to 2007 is primarily as a result of the Company's 2008 loss from net results in investments. 	<ul style="list-style-type: none"> • Total assets at December 31, 2007 were \$154.3 million (74.2 excluding the discontinued operations of AgriFinancial). The increase in assets compared to 2006 is as a result of the Company's secondary public offering for common shares that closed in June 2007. 	<ul style="list-style-type: none"> • Total assets at December 31, 2006 were \$38.0 million. The Company completed its initial public offering in November 2006.
<ul style="list-style-type: none"> • Total debt at December 31, 2008 of \$5.2 million (excluding short-term payables and the discontinued operations of AgriFinancial). The Company had \$2.6 million that was due to broker and a \$2.6 million note payable to CRFC that is payable over seven years. 	<ul style="list-style-type: none"> • No debt at December 31, 2007 (excluding short-term payables and the discontinued operations of AgriFinancial). 	<ul style="list-style-type: none"> • Total debt at December 31, 2006 of \$0.1 million. The Company had \$0.1 million that was due to broker.
<ul style="list-style-type: none"> • Total shareholders' equity at December 31, 2008 of \$66.7 million. The decrease in shareholders' equity compared to 2007 is primarily as a result of the Company's 2008 loss from net results in investments. 	<ul style="list-style-type: none"> • Total shareholders' equity at December 31, 2007 of \$82.5 million. The increase in shareholders' equity compared to 2006 is as a result of the Company's secondary public offering for common shares that closed in June 2007. 	<ul style="list-style-type: none"> • Total shareholders' equity at December 31, 2006 of \$37.0 million. The Company completed its first significant public offering in November 2006.

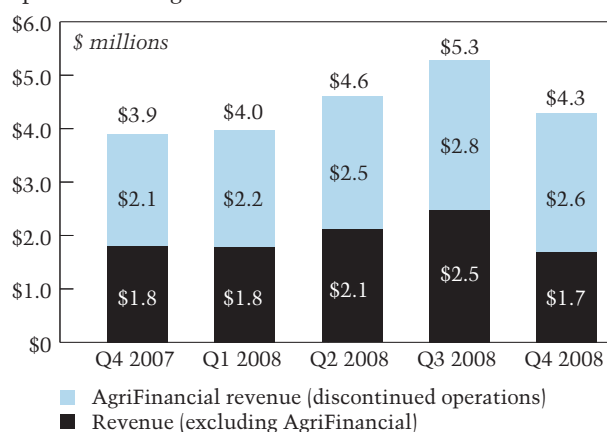
Assets Invested and Under Management^{1,2}

The following is a summary of the Company's assets invested and under management over the previous twelve months.



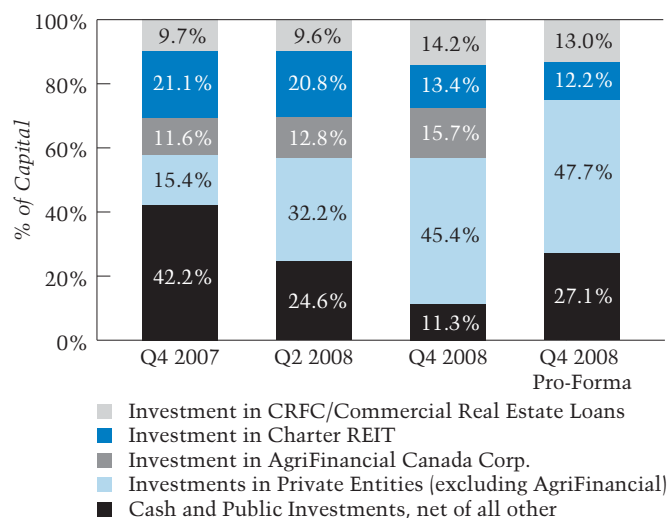
Quarterly Revenues

The following is a summary of the Company's gross and net revenues over the previous five quarters after separating out the revenues of the discontinued operations of AgriFinancial.



Allocation of the Company's Invested Capital (Non-Consolidated)

The following is a comparison of the Company's invested capital allocations over the past twelve months and pro-forma for the sale of AgriFinancial, the acquisition of three investments in private entities from Total Strategy Fund, and follow-on investments in the Company's existing investments in private entities, all of which occurred subsequent to year-end.³



Summary of Investments at December 31, 2008

The following is a summary of the Company's investments in private entities.

Investment in Private Entity ⁴	Invested Capital	Carrying Value
Birmingham Foundation Solutions ⁵	\$ 9,200	\$ 9,200
Windward Telecom Limited	710	940
Everus Communications Inc. ⁶	4,413	3,570
High Fidelity HDTV Inc. ⁷	2,750	3,363
Salbro Bottling Group ⁸	3,600	3,658
Digital Payment Technologies Corp. ⁹	3,500	3,522
Kingswood Estates	6,000	6,000
Total	\$ 30,173	\$ 30,253

¹Defined by the Company's management as total on-balance sheet assets (assets invested), assets of the discontinued operations of AgriFinancial and off-balance sheet assets under management where the Company earns a fee.

²On-balance sheet assets decreased by approximately \$60 million from Q2 2008 to Q3 2008 primarily due to the de-consolidation of CRFC. These assets are now included in off-balance sheet assets (under management).

³The Pro-Forma adjustments can be found on page 15.

⁴The Company's investments in AgriFinancial and Barlow have been excluded as they are consolidated in the financial statements of the Company.

⁵In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in Birmingham for \$0.81 million.

⁶In January and February 2009, C.A. Bancorp advanced an additional \$0.3 million. Total invested capital is now approximately \$4.7 million.

⁷In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in High Fidelity for \$1.36 million.

⁸In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in Salbro for \$0.4 million.

⁹In February 2009, C.A. Bancorp advanced an additional \$1.75 million. Total invested capital is approx. \$5.3 million.

Summary of Managed Entities at December 31, 2008

The following is a summary of the Company's investments in managed entities.

Managed Entity	Assets ¹	Invested Capital	Carrying Value
Charter Real Estate Investment Trust	\$ 138,300	\$ 18,803	\$ 8,948
C.A. Bancorp Canadian Realty Finance Corporation	127,100	9,850	9,293
Sentry Select Total Strategy Fund	5,900	307	575
Total	\$ 271,300	\$ 28,960	\$ 18,816

Company's Summarized Pro-Forma Balance Sheet²

The following is a pro-forma balance sheet taking into consideration the sale of AgriFinancial, the acquisition of three investments in private entities from Total Strategy Fund, and follow-on investments in the Company's existing investments in private entities, all subsequent to year-end.

	As at December 31, 2008	Sale of AgriFinancial (before Purchase Price Adjustments)	Purchase of Investments in Private Entities from Total Strategy Fund	Advances to Existing Investments in Private Entities	Pro-Forma
Pro-Forma Balance Sheet					
Working Capital ³	\$ (244)	\$ 18,404	\$ (2,568)	\$ (2,093)	\$ 13,499
Discontinued Assets ⁴	85,664	(85,664)	-	-	-
Public Investments	2,024	-	-	-	2,024
Investments in Private Entities	30,253	-	2,568	2,093	34,914
Charter REIT	8,948	-	-	-	8,948
CRFC	9,293	-	-	-	9,293
Future Income Taxes	2,745	(1,513)	-	-	1,232
Other ⁵	3,130	131	-	-	3,261
Discontinued Liabilities ³	(75,094)	75,094	-	-	-
Shareholders' Equity	\$ 66,719	\$ 6,452	\$ -	\$ -	\$ 73,171

III. INVESTMENTS IN PRIVATE ENTITIES AND MANAGED FUNDS / ENTITIES

The following is an overview of the Company's investments in private entities and managed funds/entities. The Company targets an internal rate of return (IRR) of between 15% and 25% on its invested capital in private entities and on its sponsor capital with the intent of doubling invested capital over the expected investment holding period. The range of targeted IRR is case specific and dependent upon the nature and risk profile of each investment.

Investments in Private Entities Exited

Sector: Financial Services

Industry: Agriculture

Company and Investment Overview

AgriFinancial Canada Corp., (AgriFinancial) through its operating businesses, Agrifinance and AgriCard, is a leading independent provider of financing solutions to the Canadian agricultural sector.

C.A. Bancorp's Investment: \$9.5 million (alongside \$1.0 million from Total Strategy Fund) to acquire the \$90 million businesses of Agrifinance and AgriCard held in its subsidiary AgriFinancial Canada Corp.

Rationale: Platform investment in the financial services sector to capitalize on the significant growth in financing opportunities present in the Canadian agricultural marketplace.

Acquisition Date: October 2007

Exit Date: January 2009

Investment Exit: The Company completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. (TSX: WES) (the Transaction).

¹Rounded to the nearest thousands of dollars.

²Includes the sale of AgriFinancial, purchase of investments in private entities from Total Strategy Fund and advances to existing investments in private entities (all subsequent to year-end).

³Cash and accounts receivable net of accounts payable and due to broker.

⁴AgriFinancial.

⁵Goodwill, intangibles, other assets less note payable.

The purchase price on closing of the Transaction was \$21.00 million (\$20.48 million after transaction fees).

C.A. Bancorp received approximately \$18.40 million in cash and \$0.13 million in loans receivable for total net consideration received of \$18.53 million. Total Strategy Fund received approximately \$1.95 million in cash. The final purchase price of the Transaction is subject to post-closing adjustments based on the net book value of AgriFinancial as at end of day, January 30, 2009.

C.A. Bancorp and Total Strategy Fund generated a net profit (before any purchase price adjustments and taxes) of \$10.5 million that represented an IRR of approximately 75% or two times invested capital over the 15 month hold period for the investment.

Current Portfolio of Investments in Private Entities

Currently, the Company has eight investments in private entities that are at different stages of maturity. Each investment in the portfolio had a specific investment thesis at the time of investment and the C.A. Bancorp management team is actively working with each portfolio company on their specific growth and operational improvement objectives.

In conjunction with the liquidation of the Total Strategy Fund, the Company agreed to acquire the minority investments in private entities (Birmingham, High Fidelity and Salbro) held by Total Strategy Fund at cost plus any accrued distributions on account of interest/dividends (the Offer). The investment manager (Sentry Select) of the Fund retained an independent valuator to prepare and deliver a fairness opinion in respect of the Offer. The independent valuator was of the opinion, based on its scope of review and subject to certain assumptions, restrictions, limitations and qualifications that the Offer was fair, from a financial point of view, to the unitholders of the Total Strategy Fund. See "Liquidation and Winding-Up of Sentry Select Total Strategy Fund" in Section IV below.

Sector: Infrastructure

Industry: Equipment Manufacturing and Construction

Company and Investment Overview

Birmingham Foundation Solutions (Birmingham) builds customized pile driving equipment for sale or lease in 49 countries around the world, and provides foundation construction services for large infrastructure projects.

C.A. Bancorp's Investment: \$10.0 million (original \$9.2 million + \$0.8 million acquired from Total Strategy Fund in March 2009) in the form of convertible and non-convertible straight preferred shares with an 8% coupon. The convertible preferred shares can be converted into 33% to 45% of Birmingham's common shares (based on Birmingham's financial performance) on a fully diluted basis.

Rationale: Growth capital investment in a company with strong growth potential providing specialized equipment and services to the infrastructure and real estate sectors.

Investment Risks Include: Project cancellations, major accidents and management execution.

Transaction Date: November 2007

Investment Update: Birmingham's outlook remains favourable. In July 2008, the Federal and Ontario Governments jointly announced a \$6.2 billion investment in roads, bridges, rural broadband, water treatment, and transit infrastructure. Birmingham has a long history of competing for and successfully completing infrastructure projects of this nature, which is anticipated to continue over the next five years.

Birmingham continues to have a strong order book going into 2009 for its Construction, Manufacturing, and Rental Divisions. In Q4 2008, the Construction division won its largest contract to date: an 18 month GO Transit overpass / underpass project. It is anticipated that the Ontario Ministry of Transport will start a large number of projects for 2009, especially given the commitment by many levels of government to providing economic stimulus via infrastructure projects. Birmingham intends to prepare competitive bids.

Sector: Infrastructure

Industry: Telecom

Company and Investment Overview

Windward Telecom Limited (Windward) is a telecommunications company providing Caribbean markets with long distance phone and data infrastructure services.

C.A. Bancorp's Investment: Total of U.S. \$700,000 comprised of (i) U.S. \$200,000 in common shares representing a 10% interest in Windward which yields an annual management fee of 6% and (ii) U.S. \$500,000 in convertible,

redeemable, retractable preferred shares paying a 13% annual dividend, with the preferred shares being convertible into 25% of Windward's common shares upon the occurrence of certain events. The Company has the opportunity to invest up to an additional \$4 million in Windward at its sole discretion.

Rationale: Growth capital investment in a company with a highly scalable business model, generating recurring revenues capable of serving new clients with limited additional investment.

Investment Risks Include: Price competition, mechanical failures, regulatory environment and management execution.

Transaction Date: February 2008

Investment Update: In May 2008, Windward began to carry its first commercial telephone traffic. Quality metrics and utilization through the first several months of operation outperformed expectations. Windward's entry into the Trinidadian market provoked very strong competitive reactions. Windward had to lower its prices too, thereby reducing its margins. After some regulatory pressure, market prices have begun to stabilize in recent months. It is expected that prices will slowly return to normalized levels.

Sector: Infrastructure

Industry: Telecom

Company and Investment Overview

Everus Communications Inc. (Everus) is the largest wireless broadband internet service provider to rural communities in Southwestern Ontario.

C.A. Bancorp Investment: \$5.0 million investment and commitment to invest. Structured as a two year secured debenture with a 15% coupon per annum, plus nominal cost warrants convertible into 22% to 47% of Everus' common shares (based on Everus' financial performance) on a fully diluted basis.

Rationale: Growth capital investment in a company with a strong backlog of new customers and a highly scalable business model capable of serving new customers at a low incremental cost.

Investment Risks Include: Management execution, competition, network failures and alternative technology entering the market.

Transaction Date: June 2008 (\$2.5 million in Q2 2008, \$1.2 million in Q3 2008, 0.7 million Q4 2008, \$0.3 million in Q1 2009 with the remaining \$0.3 million commitment yet to fund)

Investment Update: Everus currently operates one of the largest fixed wireless broadband networks in Canada, covering approximately 40,000 square kilometres, with more than 90 towers, between Owen Sound and Kitchener, Ontario. Additionally, Everus has the rights to licensed spectrum throughout its entire operating geography.

Since closing the investment in the June 2008, Everus has been effective in building out and maintaining the network. Everus has been less successful in acquiring customers due to lower than anticipated customer conversion rates and a variety of operational issues. Over the same period, Everus' financial results have been below forecast in proportion to the underperformance in adding new customers, which has allowed C.A. Bancorp to enact certain mechanisms on its investment.

Concurrent with an operational reorganization, Everus bid on and won two important Requests for Proposals (RFP) under the provincially-funded Rural Connections Program. Everus is also a strong favourite to secure a third RFP. These projects, which offer government "dollar-for-dollar" subsidies for network build out, yield attractive paybacks as they significantly reduce capital expenditures per incremental customer. The three RFPs represent an incremental market opportunity of approximately 2,850 customers.

Notwithstanding the underperformance to date, C.A. Bancorp remains cautiously optimistic about Everus' outlook. Externally, demand for rural broadband remains strong, and all levels of government remain committed to supporting further expansion and improvement of connectivity via subsidization. Internally, organic growth is gaining momentum. The customer acquisition process is becoming increasingly efficient (especially as previously planned backend IT tools / systems come online). With a more streamlined cost structure, Everus is positioned well for steady, profitable growth, despite early setbacks.

Sector: Industrials

Industry: Media

Company and Investment Overview

High Fidelity HDTV Inc. (High Fidelity) creates specialty television channels in digital high-definition format and distributes its programming through major cable and satellite companies such as Rogers Cable, Bell ExpressVu, SaskTel, Canadian Cable Systems Alliance and Aurora Cable.

C.A. Bancorp's Investment: \$4.0 million investment (original \$2.75 million + \$1.25 million acquired from Total Strategy Fund in March 2009) in the form of a debenture that provides an annual cash yield of 10%, with nominal cost warrants for 10-25% of the equity of High Fidelity (based on High Fidelity's financial performance) and an option to purchase an additional 5% of equity of High Fidelity.

Rationale: Growth capital investment in a company with recurring cash flows, favourable business model that can generate significant additional cash flow at minimal cost, and a strong and experienced management team.

Investment Risks Include: High customer (limited number of cable providers) concentration, quality of programming, management execution and reduced household budgets for discretionary entertainment.

Transaction Date: July 2007

Investment Update: During the summer of 2008, an affiliation agreement with Rogers Cable to carry the four channels was signed. The agreement, which came into effect in December 2008, allowed for a three month promotional free-viewing period (meaning all Rogers HD customers got free access), and, thereafter, offers paying customers the four High Fidelity channels in a "Nature and Adventure" package. With the addition of the Rogers network, the addressable customer base has been significantly increased and the potential for stronger than anticipated subscriber growth is high. We anticipate the added subscribers from Rogers will fuel High Fidelity's growth to higher rates than previously achieved.

High Fidelity's management continues to pursue several exciting new opportunities to drive subscriber growth, including sourcing of programming and achieving carriage on additional cable/satellite systems.

The Company is pleased with the performance of the High Fidelity investment, as it continues to build its brand and subscriber base. They have access to a broad new set of potential customers through Rogers, continue to procure exciting new programming at reasonable rates, and anticipate adding incremental revenue via advertising.

Sector: Industrials

Industry: Packaging

Company and Investment Overview

Salbro Bottling Group (Salbro) is an established designer, manufacturer and distributor of packaging components, specializing in glass and plastic bottles.

C.A. Bancorp's Investment: \$4.0 million investment (original \$3.6 million + \$0.4 million acquired from Total Strategy Fund in March 2009) structured as a secured debenture with a 12% per annum coupon, in addition to nominal cost warrants providing a base 12.5% equity interest in Salbro, with increases subject to Salbro's financial performance and contractual minimum rates of return.

Rationale: Growth capital investment in a company with a diversified customer base, an experienced management team, and a combination of complementary manufacturing and distribution businesses to reduce volatility and risk.

Investment Risks Include: Long-term economic slowdown, commodity prices (inputs and fuel), high customer concentration and management execution.

Transaction Date: February 2008

Investment Update: The broader packaging industry in North America has been exposed to a general slow down due to the drop in overall consumer demand and a drive to reduce supply chain inventories. To date, Salbro has not experienced a material decrease in revenues as its end markets are skewed more towards food, alcohol and other non-discretionary products. C.A. Bancorp and Salbro's management currently expect that Salbro will achieve flat year over year revenues for calendar year 2009.

With the pending acquisition of a new injection moulding system, Salbro becomes more vertically integrated, which will provide Salbro with significant cost and quality advantages over its smaller competitors.

Our recent sales channel checks have been positive, with Salbro continuing to receive accolades on service and quality. Key relationships with its main customers continue to grow as both firms have added additional moulds and products to Salbro's production.

The Company continues to remain positive on Salbro's prospects and feel that as one of the most diverse distributors and manufacturers of glass and PET bottles, they will weather the economic slowdown and continue to maintain market share.

Sector: Industrials

Industry: Parking Solutions

Company and Investment Overview

Digital Payment Technologies Corp. (DPT) develops, sells and supports electronic parking solutions for the collection of parking revenues and management of parking operations in on-street and off-street parking.

C.A. Bancorp's Investment: \$5.25 million investment and conditional commitment, at the Company's sole discretion, for an additional \$0.75 million investment. Structured as a three year secured debenture with a 12% coupon per annum, plus nominal cost warrants convertible into 12.5% to 35% of DPT's common shares (based on C.A. Bancorp's total invested capital and DPT's financial performance) on a fully diluted basis.

Rationale: Growth capital investment in a company with industry leading products and technology, servicing a growing North American marketplace of municipalities, universities and private parking lot operating companies.

Investment Risks Include: Supplier performance, product performance, slowdown in capital spending from municipalities and universities and management execution.

Transaction Date: November 2008

Investment Update: DPT has a full order book for Q1 2009 and has a growing backlog of new business opportunities that management is confident they can close. DPT is also improving manufacturing productivity by commercializing a new parking meter cabinet from a third-party provider, which will decrease manufacturing labour inputs by 60% and will subsequently increase margins and accelerate throughput.

Looking beyond Q1 2009, DPT has a number of large order opportunities which, if won, will give DPT the ability to continue establishing its presence in the marketplace as a leading supplier of multi-space pay stations.

Sector: Real Estate

Industry: Multi-Residential

Company and Investment Overview

Kingswood Estates (formerly Kingswood Apartment Complex) consists of eight garden-style apartment buildings containing a total of approximately 360 units. The property is strategically located in the south-end of Kitchener, Ontario with excellent access to major malls, the downtown area and highways.

C.A. Bancorp's Investment: \$6.0 million, to acquire an 80% limited partnership interest in a partnership that acquired the Kingswood Estates property.

Rationale: Acquisition of a property that offers steady cash flow and significant upside potential through superior management, property improvements and unit upgrades.

Investment Risks Include: High vacancy rates, increased repair and maintenance costs, management execution, real estate capitalization rates, and availability of debt to finance properties.

Transaction Date: January 2008

Investment Update: The property manager, which to date has proven highly active and value-driven, has several ongoing initiatives that will further increase net operating income. Property improvements, unit upgrades, and increases to rental income are continuing as planned (approximately 30% of the units to date). The manager is looking at the opportunity to convert the units to condominium residences which is expected to provide an increase in value.

In an otherwise down real estate market, multi-residential real estate is still an attractive asset class. The availability of credit (as multi-residential properties remain CMHC-backed) is keeping capitalization rates low relative to other real estate asset classes, which favours the value of Kingswood over time.

Sector: Financial Services

Industry: Investment Management

Company and Investment Overview

Barlow Capital Management Inc. (Barlow) is a fee-for-service boutique investment counsel and portfolio manager with an exclusive focus on providing endowment style investment management services to high net worth Canadian investors. As at December 31, 2008 Barlow has approximately \$130 million in assets under management and advisement.

C.A. Bancorp's Investment: \$2.9 million to acquire 85% of Barlow's issued and outstanding common shares.

Rationale: Platform investment in a niche asset manager that has developed tailored money management services to meet the complex demands of sophisticated high net worth clients.

Investment Risks Include: Customer acquisition and retention, investment performance, compliance and management execution.

Acquisition Date: July 2008

Investment Update: Given the current state of and volatility in the equity markets, Barlow's management team has spent considerable time supporting both their private clients as well as retail clients. Management has also been actively prospecting new clients; however adding new business is slow which is a recurring theme across the asset management industry where asset levels have declined across the board.

The management team has used the recent market decline to highlight the ongoing need for existing and potential new clients to diversify portfolios away from pure equities and bonds and to include private equity, real estate and other asset classes. The management team at Barlow will focus its efforts on preserving assets in 2009 in hopes of better economic times when they hope to realize on the growth potential that exists.

Managed Funds/Entities

Currently, the Company is actively managing two entities: C.A. Bancorp Canadian Realty Finance Corporation and Charter REIT. Over the past two years, the Company has been active in securing strong management teams to manage both entities. The entities combined have raised approximately \$130 million in capital and have approximately \$265 million in assets. The entities generate management fees for the Company as well as distributions on the sponsorship capital that the Company invested. The entities provide the Company with a platform for future growth which in turn are expected to generate increased fees and subsequently a higher rate of return on the Company's sponsor capital.

Sector: Financial Services

Industry: Commercial Real Estate

Fund/Entity

C.A. Bancorp Canadian Realty Finance Corporation (CRFC) is a publicly traded mutual fund corporation that provides investment exposure to a highly diversified portfolio of commercial real estate mortgages and loans with attractive yields.

Assets under Management: CRFC has issued 1,540,000 Preferred Shares, Series 1 for aggregate gross proceeds of \$38.5 million providing investors with tax-efficient fixed cash distributions of \$1.69 or 6.75% per annum on a \$25.00 maturity value. CRFC has also issued approximately 3,650,000 subordinate Class A Shares for aggregate gross proceeds of \$36.5 million providing investors with tax-efficient cash distributions of 7.6% (yield is indicative and may vary over time) per annum on a \$10.00 issue price. CRFC also has 2,900,000 warrants outstanding, each of which entitles the holder to purchase one Preferred Share, Series 1 at a subscription price of \$23.75 at any time on or before 4:00 p.m. (Toronto time) on September 30, 2011.

C.A. Bancorp Investment: \$9.85 million in Class A shares carried on the Company's balance sheet at \$9.3 million and with an estimated fair value of \$5.9 million based on the closing bid price of \$6.10 per share on December 31, 2008. The Company also holds 200,000 warrants.

Rationale: C.A. Bancorp generates a superior return on capital from CRFC achieved through recurring management fees on all the assets in the entity as well as tax-efficient distributions received on the Class A Shares.

Ticker Symbols: Preferred Shares, Series 1 (RF.PR.A on the TSX); Class A Shares (RFA on the TSX) and Warrants to purchase Preferred Shares, Series 1 (RF.WT on the TSX).

Preferred Shares, Series I Book Value: \$25.00 per share

Class A Net Asset Value: \$9.51 per share at December 31, 2008

Sector: Real Estate

Industry: Retail Properties

Fund/Entity

Charter Real Estate Investment Trust (Charter REIT) is focused on acquiring a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market deal size range of \$10 to \$40 million, comprised of stable cash-flow and value added properties from both primary and secondary markets throughout Canada, with the principal goal of generating a reliable and growing yield for investors.

Assets under Management: Charter REIT's portfolio includes ten retail properties located in Ontario and Quebec totalling approximately \$146 million (acquisition cost) in real estate assets.

C.A. Bancorp's Investment: \$18.6 million or 33% of the issued and outstanding units of Charter REIT carried on the Company's balance sheet at \$8.9 million and with an estimated fair value of \$4.2 million based on the closing bid price of \$0.70 per unit on December 31, 2008.

Rationale: C.A. Bancorp generates recurring asset management fees, acquisition fees, monthly distributions and the long-term potential for investment capital appreciation.

Ticker Symbol: CRH.UN on the TSX Venture Exchange.

Sector: Diversified

Industry: Diversified

Fund/Entity

Sentry Select Total Strategy Fund (Total Strategy Fund) is a publicly held long/short and private equity fund which is winding down its operations.

Assets under Management: Approximately \$5.9 million as at December 31, 2008 following redemptions in February 2008 and special distribution paid in August 2008 (Originally raised net assets of \$51.3 million). See "Unitholder Redemption of Sentry Select Total Strategy Fund" in Section IV. The Company expects Total Strategy Fund to be liquidated and terminated by the end of March 2009.

Ticker Symbol: TSF.UN on the TSX.

IV. SIGNIFICANT EVENTS

The following is a discussion of the Company's significant events for the year ended December 31, 2008, updated for subsequent events to the date hereof.

First Quarter of 2008**Investment in Kingswood Estates (formerly Kingswood Apartment Complex)**

In January 2008, C.A. Bancorp closed its investment in a newly formed limited partnership (Real Estate LP) that acquired a 360-unit apartment complex in Kitchener, Ontario (Kingswood Estates) for an aggregate purchase price of \$23 million, before closing costs. C.A. Bancorp holds an 80% interest in the Real Estate LP with Centurion Apartment Properties Limited Partnership (Centurion LP) who acts as both the general partner and a limited partner of Kingswood Estates, holding 10% and the remaining 10% being held by a third party investor.

The Kingswood Estates property consists of a freehold interest in eight garden-style apartment buildings on 16 acres of land, with an average of 45 units per building, located on Kingsway Drive in Kitchener, Ontario. The property is strategically located in the south-end of Kitchener with excellent access to Highway 401, Highway 8, and the Conestoga Parkway. The apartment buildings are comprised of one and two bedroom units and are currently over 96% leased.

C.A. Bancorp invested \$6.0 million to acquire the 80% limited partnership interest in Real Estate LP, with the residual \$1.5 million equity interest being invested by Centurion L.P. and a third party investor. The balance of the \$23 million purchase price was financed by the assumption of two existing mortgages on the Kingswood Estates. These mortgages are non-recourse to C.A. Bancorp and have interest rates that are below current market rates.

Investment in Windward Telecom Limited

In February 2008, C.A. Bancorp, through its wholly owned subsidiary, C.A. Bancorp Telecom Inc., closed a U.S. \$700,000 investment in Windward Telecom Limited (Windward). C.A. Bancorp pre-funded U.S. \$200,000 of this investment in November 2007 to cover certain equipment expenditures required by Windward. C.A. Bancorp has taken a significant minority position in Windward and has representation on Windward's Board of Directors.

Windward is a low-cost wholesale provider of telecommunications services utilizing dedicated high capacity fiber optic cable, providing customers with high volume voice and data services to and from the Republic of Trinidad and Tobago. Windward's network includes leased dedicated capacity on submarine fiber optic cable, as well as ownership of related hardware and software located in Florida and Trinidad. As a wholesale service provider, Windward seeks to provide services to call originators and terminators such as Teleglobe, British Telecom and Sprint and to those in the Republic of Trinidad and Tobago including the local Trinidad based landline and mobile telephone companies.

C.A. Bancorp's investment is structured as U.S.\$200,000 in common shares representing a 10% interest in Windward which yields an annual management fee of 6%, and U.S.\$500,000 in convertible, redeemable, retractable preferred shares that pays a 13% annual dividend, with the preferred shares convertible into 25% of Windward's common shares under certain conditions.

Investment in Salbro Bottling Group

In February 2008, C.A. Bancorp made a \$3.6 million growth capital investment alongside a \$0.4 million investment by Total Strategy Fund in the Salbro Bottling Group (Salbro), a group of privately held companies based in Toronto, Ontario, which serves the packaging industry. Salbro is utilizing the proceeds of this investment to capitalize on a series of opportunities through expansion of its in-house manufacturing and design capabilities as well as several other growth initiatives.

Salbro is an established designer, manufacturer, and distributor of packaging components, specializing in glass and plastic bottles. Serving a broad set of sectors, Salbro products form part of the packaging for many household brand name products.

C.A. Bancorp's investment is structured as a secured debenture with a 12% per annum coupon, payable monthly in addition to nominal cost warrants providing it with a base 12.5% equity interest, with increases in this interest subject to Salbro's financial performance and contractual minimum rates of return.

Initial Public Offering of C.A. Bancorp Canadian Realty Finance Corporation (TSX: RF.PR.A)

In February 2008, C.A. Bancorp closed the C.A. Bancorp Canadian Realty Finance Corporation (CRFC) initial public offering (IPO) issuing 1,540,000 Preferred Shares, Series 1 (Preferred Shares) for aggregate gross proceeds, including the over-allotment, of \$38.5 million. The Preferred Shares trade on the TSX under the symbol RF.PR.A and yield tax-efficient fixed cash distributions of \$1.69 or 6.75% per annum for a fixed-term of 10 years.

CRFC was created by C.A. Bancorp to provide CRFC investors with exposure to the investment performance of an actively managed portfolio of secured loans and mortgages in the Canadian commercial real estate sector on a tax-efficient basis.

Upon closing of CRFC's IPO and including the over-allotment, C.A. Bancorp subscribed for \$7.85 million worth of Class A shares. C.A. Bancorp Ltd. is the manager of CRFC and earns annual management fees.

Unitholder Redemption of Sentry Select Total Strategy Fund

In late February 2008, the Company announced that 71% of the units of the Total Strategy Fund (TSX: TSF.UN) had been submitted for redemption, pursuant to Total Strategy Fund's annual redemption feature. The net assets of the Total Strategy Fund were approximately \$16 million immediately following such redemption.

Second Quarter of 2008

Shareholders Approve Mandatory Market Purchase Plan

At the Company's Annual and Special Meeting held on April 25, 2008, shareholders approved an amendment to the Company's articles of incorporation to add a mandatory market purchase plan (MMPP).

The MMPP allows the Company to repurchase and cancel up to 5% of the Company's common shares outstanding over a 12 month period up to a maximum of 1.25% of the Company's common shares outstanding each quarter.

Unitholder Vote of Sentry Select Total Strategy Fund

On May 20, 2008, a special meeting (the Meeting) of Total Strategy Fund unitholders was held to consider and vote on certain matters relating to the future of Total Strategy Fund. At the Meeting, the unitholders of Total Strategy Fund did not approve the proposed amendments to Total Strategy Fund's trust agreement by the required two-thirds majority but did approve a resolution authorizing the termination of Total Strategy Fund.

The Company instructed Sentry Select Capital Corp. (Sentry Select), as investment manager (Investment Manager), to sell and convert to cash, to the extent possible and in an orderly manner, the property of the fund in an attempt to complete the conversion to cash by the termination date. Total Strategy Fund substantially completed the liquidation of its public portfolio in the second quarter and paid a special distribution of \$7.00 per unit on August 15, 2008 to unitholders of record on July 31, 2008. The remainder of the public portfolio has been liquidated and the proceeds will be distributed to unitholders in a final payment to be completed shortly after the liquidation of the private investment portfolio.

Investment in Everus Communications Inc.

In June 2008, C.A. Bancorp closed a \$5 million growth capital investment and commitment to invest in Everus Communications Inc. (Everus), a wireless broadband internet service provider to rural communities in Southwestern Ontario. Everus is using the proceeds of C.A. Bancorp's investment to capitalize on its strong backlog of new customers (secured by long-term contracts) by expanding its network infrastructure and customer service capabilities.

Based in Kitchener Ontario, Everus uses WiMAX technology to provide affordable, accessible and efficient broadband internet access connections and related services to both residential and business customers who are not currently served by conventional infrastructure (cable or telephone) at speeds and service quality comparable to the incumbent telecommunications providers.

C.A. Bancorp's investment is structured as a secured two-year debenture that earns a 15% annual coupon (8% cash and 7% paid-in-kind "PIK"), in addition to nominal cost warrants convertible into 22% to 47% of Everus' common shares (based on Everus' financial performance) on a fully diluted basis.

\$4.4 million of C.A. Bancorp's \$5.0 million investment was funded as at December 31, 2008 and an additional \$0.3 million was funded as at March 10, 2009 with the remaining \$0.3 million yet to be funded.

Third Quarter of 2008**Acquisition of Barlow Capital Management Inc.**

In July 2008, C.A. Bancorp, through a newly created subsidiary, Barlow Holdings, completed a \$2.9 million transaction to acquire 85% of the issued and outstanding shares of Barlow Capital Management Inc. (Barlow). Barlow's senior management team owns the remaining 15% of the Barlow shares.

Barlow is a fee-for-service boutique investment counsel and portfolio manager with exclusive focus on providing endowment style investment management services to high net worth Canadian investors and families. At closing, Barlow had approximately \$160 million in assets under management and advisement.

Barlow operates two distinct asset management platforms, private client and pooled portfolios. Both platforms utilize a multi-asset class, multi-manager approach that brings together the best elements of traditional and alternative investment management philosophies into a single strategy with the objective of providing superior risk adjusted returns. In addition to conventional investment allocations such as cash, bonds and equities, Barlow clients will have significant investment exposure to alternative assets such as private equity, real estate and hedge funds.

C.A. Bancorp acquired 80% of Barlow's shares for a total purchase price (including transaction costs) of approximately \$2.4 million and invested an additional \$0.5 million in working capital to finance management's growth plan.

Intention to Make Normal Course Issuer Bid

In August 2008, the Company announced that it intended to purchase up to 2,380,853 of its common shares for cancellation by way of a normal course issuer bid (NCIB) through the facilities of the TSX. The 2,380,853 common shares represented approximately 10% of the public float of the Company at the time. The purchases were able to commence on August 18, 2008 and will terminate on August 17, 2009 or such earlier date as the Company may complete its purchase or provide notice of termination. Any such purchases are made by the Company at the prevailing market price at the time of such purchases in accordance with the requirements of the TSX. The Company is not able to make purchases of common shares at greater than book value. Purchases of common shares at less than book value per share should have the effect of increasing the book value per share. All purchased shares are cancelled. Under the terms of the NCIB, the Company may not purchase in any trading day more than 6,299 shares, being 25% of the average daily trading volume of the shares.

Public Offering of C.A. Bancorp Canadian Realty Finance Corporation (TSX: RFA and TSX: RF.WT)

In September 2008, C.A. Bancorp closed a CRFC public offering issuing 2,900,000 Units for aggregate gross proceeds, including the over-allotment, of \$29.0 million. Each Unit consisted of one Class A Share and one warrant (Warrant) to purchase a Series 1, Preferred Share at a subscription price of \$23.75 at any time until September 30, 2011. The Units traded on the TSX for the first 30 days after closing. Subsequently, the Class A Shares and the Warrants trade separately on the TSX under the symbols RFA and RF.WT, respectively. The Class A Shares yield tax-efficient cash distributions of 7.6% (indicative yield which may change over time) per annum based on the original issue price of \$10.00 per Unit.

CRFC was created to provide CRFC shareholders with exposure to the investment performance of an actively managed portfolio of secured loans and mortgages in the Canadian commercial real estate sector on a tax-efficient basis.

C.A. Bancorp had already subscribed for 766,160 Class A shares of CRFC at \$10.25 per share in February 2008 when the shares were not listed on a public exchange and subscribed for an additional 200,000 Class A Shares as well as 200,000 Warrants by subscribing for 200,000 Units under the September public offering. In aggregate C.A. Bancorp holds approximately 966,000 Class A Shares and 200,000 Warrants at a total investment cost of approximately \$9.85 million.

C.A. Bancorp Ltd. is the manager of CRFC and earns management fees on the total assets in CRFC. C.A. Bancorp Ltd. pays Sentry Select a fee for certain administration services in relation to CRFC equal to 0.30% of the total assets in CRFC.

Liquidation and Winding-Up of Sentry Select Total Strategy Fund

The Company made an offer (the Offer) to purchase the investments in private entities held by Total Strategy Fund (other than AgriFinancial), being Birmingham, High Fidelity and Salbro. As C.A. Bancorp is the Manager of Total Strategy Fund, its Offer was a non-arm's length transaction. Sentry Select as Investment Manager of Total Strategy Fund retained an independent valuator to prepare a fairness opinion in respect of the Offer. In March 2009, the Company completed the purchase of the investments in private entities pursuant to the Offer.

The independent valuator was of the opinion, based on its scope of review and subject to certain assumptions, restrictions, limitations and qualifications that the offer was fair, from a financial point of view, to the unitholders of Total Strategy Fund. The offer was also presented to the Independent Review Committee (IRC) of Total Strategy Fund for recommendation as it was determined to be a conflict of interest matter pursuant to National Instrument 81-107 under applicable securities laws. The IRC provided a positive recommendation in respect of the Offer. In addition, Sentry Select, in its capacity as Investment Manager, also deemed the Offer to be fair, from a financial point of view, to the unitholders of the Fund.

The sale of Total Strategy Fund's investment in AgriFinancial was completed in January 2009 and the sale of its remaining investment in private entities to the Company was completed in March 2009. The purchase price adjustments related to the sale of AgriFinancial are expected to be finalized in March 2009. Consequently, C.A. Bancorp expects that Total Strategy Fund will complete its liquidation and termination activities by late-March 2009, once any adjustments to the purchase price from the sale of AgriFinancial has been finalized. See "Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." below.

Total Strategy Fund intends to issue a final distribution immediately prior to winding-up the fund in an amount equal to the remaining net assets in the fund. Additional information regarding the termination of Total Strategy Fund can be found on the Company and Total Strategy Fund's profiles on SEDAR at www.sedar.com.

Fourth Quarter of 2008

Investment in Digital Payment Technologies Corp.

In November 2008, C.A. Bancorp completed a \$3 million investment and conditional commitment for an additional \$3 million investment in Digital Payment Technologies Corp. (DPT), a privately held company based in Vancouver, British Columbia. The Company advanced an additional \$0.5 million to DPT in December 2008.

DPT is a leader in electronic parking systems, specializing in the design, manufacture, and distribution of multi-space pay station hardware, software, and related online management solutions. DPT provides its customers with reliable, flexible, easy-to-use systems that increase revenues, lower costs and dramatically increase management control of parking assets.

The proceeds of C.A. Bancorp's investment have provided DPT with the working capital to capitalize on DPT's backlog of new business and the market demand for new parking system installations while enhancing DPT's ability to meet customer delivery expectations.

C.A. Bancorp's investment is structured as a secured three-year debenture that pays a 12% annual coupon (6% cash and 6% paid-in-kind), in addition to nominal cost warrants convertible into 12.5% to 35% of DPT's common shares (based on the size of C.A. Bancorp's total investment and DPT's financial performance) on a fully diluted basis.

As at March 10, 2009, C.A. Bancorp had advanced a total of \$5.25 million and may consider advancing the remaining \$0.75 million over the next 90 days.

Liquidation of the Public Investments Portfolio

The Company has been gradually liquidating its public portfolio from the peak of approximately \$37.5 million reached in the third quarter of 2007 to \$2.0 million as at December 31, 2008. As a result of the historic volatility in the equity markets and the drop in market prices within the public portfolio, the Company expedited the liquidation and has committed to liquidating the remainder of the public portfolio within the next two quarters (with the exception of any investment which the Company has identified as strategic in nature).

Based on the market close of December 31, 2008 the Company realized \$7.9 million in pre-tax losses since January 1, 2008 and \$1.6 million of unrealized net losses since January 1, 2008. These figures do not account for any distributions which may have been received.

Subsequent to Year-end 2008

Sale of AgriFinancial Canada Corp. to Western Financial Group Inc.

On January 30 2009, the Company completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. (TSX: WES) (the Transaction).

The purchase price at closing of the Transaction was \$21.00 million (\$20.48 million after transaction fees).

C.A. Bancorp received approximately \$18.40 million in cash and \$0.13 million in loans receivable for total net consideration received of \$18.53 million. Total Strategy Fund received approximately \$1.95 million in cash. The final purchase price of the Transaction is subject to post-closing adjustments based on the net book value of the AgriFinancial as at end of day, January 30, 2009.

C.A. Bancorp and Total Strategy Fund collectively generated a net profit on the original invested capital (before any purchase price adjustments and taxes) of \$10.5 million representing an IRR of approximately 75% or two times invested capital.

Purchase of Investments in Private Entities from Total Strategy Fund

In March 2009, the Company completed the purchase to acquire the three investments in private entities (Bermingham, High Fidelity, and Salbro) from Total Strategy Fund pursuant to its Offer for a total purchase price of approximately \$2.6 million which represented the cost of the investments plus any accrued distributions.

V. RESULTS OF OPERATIONS FOR 2008

The following is an analysis of the Company's results of operations for the year ended 2008 based on a GAAP basis of presentation and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 and the corresponding notes thereto.

The consolidated financial statements include the accounts of C.A. Bancorp and its wholly-owned subsidiaries: CAB Ltd., Realty Finance, Realty Management, Telecom Inc., Barlow Holdings, its majority-ownership in Financial Corp. and CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares). For financial reporting purposes in the fourth quarter 2008 the operations of Financial Corp. were deemed to be "discontinued" due to the sale of Financial Corp. and its wholly-owned subsidiary AgriFinancial on January 30, 2009.

All intercompany transactions and balances have been eliminated in these consolidated statements in accordance with GAAP.

Revenues

Year ended December 31	2008	2007	Inc./((Dec.))
Interest and investment income	\$ 6,098	\$ 4,093	\$ 2,005
Asset management fees	1,433	731	702
Other fees and commissions	527	723	(196)
Revenues from rental properties	-	1,691	(1,691)
Total	\$ 8,058	\$ 7,238	\$ 820

Consolidated revenues grew by \$0.8 million for the year ended December 31, 2008 compared to 2007. The increase in revenue was primarily driven by additional investment income from the Company's public portfolio and investments in private entities and an increase in asset management fees from Charter REIT and CRFC as a result of the growth of each of Charter REIT's and CRFC's assets.

Net Results of Investments

Year ended December 31	2008	2007	Inc./((Dec.))
Realized (loss) gain on sale of publicly traded investments	\$ (7,974)	\$ 1,022	\$ (8,996)
Change in unrealized loss on publicly traded investments	(1,621)	(3,259)	1,638
Change in unrealized (loss) gain on investments in private entities, held for trading	(1,127)	90	(1,217)
Unrealized foreign exchange gain	151	-	151
Equity participation in other corporate entities	(18)	(13)	(5)
Equity participation in CRFC	(118)	-	(118)
Equity participation in Charter REIT	(522)	(418)	(104)
Impairment loss in Charter REIT	(6,624)	-	(6,624)
Gain on dilution of investment in Charter REIT	-	1,373	(1,373)
Total	\$ (17,853)	\$ (1,205)	\$ (16,648)

Consolidated net results of investments resulted in a loss of \$17.9 million for the year compared to a loss of \$1.2 million for the year ended 2007. The loss was primarily driven by realized and unrealized losses of \$9.6 million in the Company's public portfolio, a change in unrealized losses of \$1.1 million on the Company's investments in private entities and a \$6.6 million impairment loss attributed to the Company's investment in Charter REIT.

Public Portfolio

A number of the smaller capitalization income trust names the Company held in its public portfolio in 2008 were "toehold" or "event/catalyst" type positions (owning up to 5% of the shares or units of a small capitalization corporation or income trust, in support of a C.A. Bancorp strategy to effect a material change in the direction of the entity, including the possibility of a merger, going-private transaction or a material change in the entity's strategy necessitating a change in the board of directors). The Company also held positions in larger cap high yield investments that were perceived to be lower volatility investments that could continue to produce steady income. The Company was liquidating its public portfolio throughout 2008 as the Company needed cash for new investments in private entities and to provide sponsor capital for CRFC. However, the overall weakness in the equity markets throughout the second half of the year affected the public portfolio with many of the smaller-capitalization and less liquid names being impacted as the Company attempted to liquidate the public portfolio. As at December 31, 2008, the Company's remaining investments in its public portfolio had a fair value of \$2.0 million

Investment in Everus Communications Inc.

The Company has taken an other than temporary impairment adjustment of \$1.2 million on its investment in Everus, a private entity, due to slower than anticipated growth rates at Everus since the time the investment was made and the fact that some of the interest payments on the debenture the Company holds are in arrears. Despite this, the Company remains cautiously optimistic about Everus' outlook. Externally, demand for rural broadband remains strong, and all levels of government remain committed to supporting further expansion and improvement of connectivity via subsidization. Internally, organic growth is gaining momentum. The customer acquisition process is becoming increasingly efficient (especially as previously planned backend IT tools / systems come online). With a more streamlined cost structure, Everus is positioned well for steady, profitable growth, despite some early setbacks.

Investment in Charter REIT

The trading price of units in Charter REIT declined from the time of its public offering in August of 2007 at \$3.45 a unit to a closing price of \$0.70 at December 31, 2008 (December 31, 2007 - \$2.75). The 52 week trading price range was \$0.45 to \$2.85 in 2008. The overall public REIT market in Canada has been under significant valuation pressure as investors have been concerned with the overall health of the economy and more specifically for the majority of REITs, the availability of term-debt financing. Before consideration of any adjustment to its carrying value, the Company would be carrying its investment in Charter REIT at \$15.6 million. However, the Company believes that given the market conditions for public REITs, the economy and the reduced availability of term debt financing, the difference between the publicly traded value of Charter REIT units and the carrying value of the Company's investment in Charter REIT to be other than temporary in nature. As a result, the Company has taken a write-down to the value of its investment in Charter REIT of approximately \$6.6 million. The Company is committed to providing management services to Charter REIT over the long-term (under the management agreement it holds in its subsidiary Realty Management) and is examining alternative avenues to raise new capital to acquire new assets within Charter REIT which could generate additional asset management fees for the Company.

Expenses, Income Tax and Non-Controlling Interests

Year ended December 31	2008	2007	Inc./ (Dec.)
General and administration	\$ 2,455	\$ 1,968	\$ 487
Interest expense	1,842	941	901
Management fees	1,240	947	293
Corporate and transaction costs	736	1,295	(559)
Investment management fees	257	353	(96)
Stock based compensation	530	1,167	(637)
Depreciation and amortization	21	760	(739)
Rental property operating costs	-	487	(487)
(Recovery) provision for income taxes	(1,398)	(781)	(617)
Non-controlling interests	(14)	(979)	965
Total	\$ 5,669	\$ 6,158	\$ (489)

The Company's consolidated expenses, taxes and non-controlling interests decreased \$0.5 million for the year ended December 31, 2008 compared to the year ended 2007. The Company's operating expenses increased year over year which was primarily driven by the period from February 22, 2008 to September 12, 2008 when the Company consolidated the accounts of CRFC into its financial statements. The Company recorded an increased recovery for income taxes as it had capital losses on its public portfolio investments. The Company believes that it is more than likely that the future tax asset related to these non-capital losses will be realized as it is expected that the Company will record a gain on the sale of AgriFinancial in the first quarter 2009. Non-controlling interests decreased substantially as the Company consolidated Charter REIT for parts of 2007 which gave rise to the majority of the non-controlling interest balance.

VI. SUMMARY OF FOURTH QUARTER 2008 RESULTS

During the quarter ended December 31, 2008, the Company generated consolidated revenues of \$1.7 million compared to \$1.8 million in the fourth quarter 2007. The year-over-year decline can be attributed to a decrease in interest income in the form of distributions from the public portfolio as the Company significantly reduced its exposure to the public portfolio throughout 2008 as it allocated the capital to investments in private entities.

The Company had a net loss on investments of \$11.2 million in the fourth quarter 2008 compared to a net loss of \$1.2 million in the fourth quarter 2007. The increased loss can be primarily attributed to an impairment of the Company's investment in Charter REIT of \$6.6 million, a realized loss on the Company's public portfolio investments of \$5.7 million, a change in unrealized gain on the public portfolio investments of \$2.5 million and a change in unrealized loss on the investments in private entities of \$1.2 million (Everus).

The Company recorded a net loss of \$10.9 million for the three months ended December 31, 2008, or loss per share of \$0.39 on a basic and fully diluted basis, compared to a net loss of \$0.4 million or loss per share of \$0.01 on a basic and fully diluted basis in the corresponding period of 2007.

VII. SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's results for the last eight quarters. The results for the previous seven quarters have been reclassified as required under Canadian GAAP so that the net impact of the discontinued operations of AgriFinancial is captured as one line item.

	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	1,696	2,480	2,103	1,779	1,751	2,478	2,088	921
Net results of investments	(11,246)	(1,705)	(1,723)	(3,179)	(1,192)	(1,623)	1,173	437
Expenses	(1,674)	(2,003)	(1,940)	(1,464)	(1,117)	(2,506)	(2,957)	(1,338)
Non-controlling interests	11	3	-	-	-	237	499	243
Net tax recovery (provision)	(92)	617	321	552	32	348	(139)	540
Net earnings (loss) from continuing operations	(11,305)	(608)	(1,239)	(2,312)	(526)	(1,066)	664	803
Net earnings (loss) from discontinued operations	438	362	93	212	161	(19)	-	-
Net earnings (loss)	(10,867)	(246)	(1,146)	(2,100)	(365)	(1,085)	664	803
Weighted avg. # of shares								
Basic	27,375	28,141	28,164	28,471	28,808	28,957	14,493	14,163
Diluted	27,375	28,141	28,164	28,471	28,808	28,957	14,692	14,537
EPS from continuing operations – basic/diluted	(0.41)	(0.02)	(0.04)	(0.08)	(0.02)	(0.04)	0.05	0.06
EPS from discontinued operations – basic/diluted	0.02	0.01	0.00	0.01	0.01	(0.00)	-	-
Net (loss) earnings per share	(0.39)	(0.01)	(0.04)	(0.07)	(0.01)	(0.04)	0.05	0.06
Net book value ¹	66,719	77,706	78,360	80,008	82,516	83,433	82,960	38,147
Common shares outstanding	27,345	27,541	27,891	28,338	28,683	28,988	28,674	14,174
Net book value per share ²	2.44	2.82	2.81	2.82	2.88	2.88	2.89	2.69
Total assets	147,778	182,308	242,212	206,258	154,348	85,671	121,489	75,115
Total AIUM ³	531,000	595,000	355,000	322,000	292,000	210,000	179,000	131,000

Revenue generally has increased from 2007 to 2008 due to an increase in investment and interest income and asset management fees as a result of the Company increasing its on-balance sheet assets and assets under management. The Company had higher revenues in the second and third quarter 2008 as the Company consolidated the financial statements of CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares). Net results of investments varies on a quarter-to-quarter basis due to realized gains or losses on investments but also unrealized gains or losses on investments being measured at fair value on the balance sheet (See "Net Results of Investments" above). Expenses have increased over the previous eight quarters in-line with revenue growth. In the second quarter 2007, the Company incurred a one-time expense as a result of moving its common share listing from the TSX Venture Exchange to the TSX.

¹Shareholders' equity.

²Non-GAAP financial measure calculated by dividing net book value (shareholders' equity) by the number of shares outstanding.

³Total Assets Invested (On-Balance Sheet) and Under Management (Off-Balance sheet where the Company earns a fee).

VIII. LIQUIDITY, CAPITAL RESOURCES AND OFF-BALANCE SHEET ARRANGEMENTS

The following is an analysis of the liquidity, capital resources and off-balance sheet arrangements of the Company and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 and the corresponding notes thereto.

Liquidity

Excluding the discontinued operations of AgriFinancial, the Company had liquid net assets of approximately \$1.5 million at year-end and \$15.4 million on a pro-forma basis¹. The Company's cash equivalents consist of overnight deposits with Royal Bank of Canada.

The Company calculates its net liquid assets as follows:

	Pro-Forma	December 31, 2008	December 31, 2007
Cash and cash equivalents	\$ 15,688	\$ 1,245	\$ 946
Accounts receivable	1,132	1,132	2,503
Cash held as collateral	-	700	-
Mortgages and loans ^{2,3}	235	104	8,027
Publicly traded investments	2,024	2,024	30,881
Accounts payable and accrued liabilities	(721)	(721)	(1,293)
Due to broker	(2,600)	(2,600)	-
Portion of note payable to CRFC due in next twelve months	(382)	(382)	-
Total	\$ 15,376	\$ 1,502	\$ 41,064

Throughout 2008, the Company held a number of "toehold" or "event/catalyst" type positions (owning up to 5% of the shares or units of a small capitalization corporation or income trust, in support of the possibility of a C.A. Bancorp strategy to effect a material change in the direction of the entity, including the possibility of a merger, going-private transaction or a material change in the entity's strategy necessitating a change in the board of directors) in its public portfolio. The Company also held positions in larger cap high yield investments that were perceived to be lower volatility investments that could continue to produce steady income. As the Company needed cash to complete new investments in private entities and to provide sponsor capital for CRFC, the Company liquidated part of the public portfolio. As the weakness in the equity markets increased throughout the second half of the year, the Company accelerated its liquidation of the public portfolio. As at December 31, 2008, the Company's remaining investments in its public portfolio had a fair value of \$2.0 million. For the foreseeable future, it is expected that the Company will not invest future cash into public equities (or other public instruments) unless it is specifically for a "toehold" or "event/catalyst" investment as described above.

With the closing of the sale of AgriFinancial in January 2009, the Company believes it has sufficient capital to support the Company's operations throughout the next fiscal year. The Company expects to maintain its current cash balance in a cash account or cash equivalent instruments to minimize the risk of any future losses on its cash available for future investments.

The Company is in the process of seeking short to medium-term operating facilities with lenders to allow it greater financial flexibility. The Company has not yet put any such facilities in place to date and given the current economic conditions, the Company may have difficulties securing short to medium-term operating facilities.

The Company's investing activities may require significant amounts of capital beyond what it currently has. The Company anticipates that additional funds may be secured through additional public offerings (either equity or debt), as well as through private equity placements, and/or the exercise of stock options. However, given the current economic environment and the limited amount of capital being raised today, the Company may have difficulty in raising new funds as described above. Some of the Company's initiatives may involve the use of credit facilities, short-term borrowings (as described above) or debt structures at the level of the target investment.

Capital Resources

With the sale of AgriFinancial completed, the Company has no long-term debt, capital lease obligations or other long-term obligations at the parent-company level other than the repayment of the note payable to CRFC as detailed in the chart below. The Company expects that the management fees earned on CRFC will be sufficient to pay for all the principal and interest payments due on the note payable.

¹Pro-Forma for the Sale of AgriFinancial Canada Corp., purchase of investments in private entities from Total Strategy Fund and advances to existing investments in private entities (all subsequent to year-end)

²Mortgages and loans on December 31, 2007 were sold to CRFC on February 22, 2008.

³Approximately 20% of the outstanding related party loan as at December 31, 2008 is expected to be repaid in 2009.

The Company has the following contractual obligation. The Company has agreed to subscribe for, or arrange subscriptions for, additional Class A shares of CRFC on a quarterly basis if the face value of the outstanding CRFC Preferred Shares exceeds the tangible net book value of the CRFC Class A shares by a ratio of greater than nine to one. As at December 31, 2008 the ratio was approximately 1.2 to 1.

	Payment Due Period			Total
	Less than 1 year	1-3 years	Beyond 3 years	
Note payable to CRFC	\$ 382	\$ 1,146	\$ 1,050	\$ 2,578
Total	\$ 382	\$ 1,146	\$ 1,050	\$ 2,578

Share Capital and Options Outstanding

As at December 31, 2008, a total of 27.35 million (December 31, 2007 – 28.7 million) common shares were outstanding with the Company reporting a net book value of \$66.7 million (December 31, 2007 – \$82.6 million). As at March 1, 2009, a total of approximately 27.26 million common shares were outstanding.

Since inception of and through to March 1, 2009, 900,100 common shares had been repurchased and cancelled through the Company's normal course issuer bid (NCIB) at an average price (including commission) of \$1.86 per common share including commission. Notice of the Company's intention to make a NCIB is available from the Company upon request.

Since inception of and through to March 1, 2009, 921,300 common shares had been repurchased and cancelled through the Company's MMPP at an average price of \$1.37 per common share including commission. The Company's shareholders approved an amendment of the Company's articles of incorporation to add a MMPP feature at the Company's Annual and Special Meeting held on April 25, 2008. It is expected that the Company will not propose the renewal of the MMPP at the Company's 2009 annual meeting scheduled for April 14, 2009.

The Company had incentive stock options to purchase common shares outstanding as at December 31, 2008. The table that follows summarizes those options. No stock options were "in the money", otherwise stated, none had a positive intrinsic value.

	Weighted Average		
	Number	Exercise Price	"In the Money"
Optioned shares outstanding	1.9 million	\$3.22	Nil
Optioned shares vested	1.5 million	\$3.19	Nil

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

IX. COMPANY OUTLOOK

In 2009, the Company is committed to dedicate its efforts on its core business of managing its investments in private entities and its core sponsored managed public entities. While doing this the Company will focus on preserving capital, minimizing debt, maintaining liquidity and managing its operating costs during this period of economic uncertainty.

The Company continues to manage its portfolio of investments in private entities.

The management team meets regularly with the management teams of each of its portfolio companies. Each investment has specific growth or value creation objectives to execute upon and the Company is working with its portfolio companies' management teams to ensure growth plans and other business initiatives are being executed and that risks are mitigated to increase the likelihood that each investment increases in value throughout its life.

The Company is cautiously looking at new private investment opportunities given the current economic environment. The economic environment presents significant challenges for most businesses but can also offer investors significant opportunity as enterprise valuations are depressed and capital is scarce.

The Company may work on new investment opportunities if the opportunities can demonstrate similar characteristics to those of the Company's existing portfolio of investments in private entities, namely: (i) companies with positive and growing cash flow businesses in favourable industries and led by strong management teams, (ii) growth initiatives management can execute, (iii) structured investments on favourable terms for the Company, and (iv) contracted exit strategy to increase likelihood of liquidity.

The Company is actively managing its managed funds and entities and continuously looking at new opportunities to acquire and manage a range of alternative assets on behalf of its investors.

The Company provided an investment update for CRFC via a news release on February 4, 2009. As at the date of the news release, CRFC had funded approximately \$54 million with an additional \$5 million of committed but unfunded

mortgage principal (of approximately \$67 million of total investable capital) in real estate mortgages and loans. The net asset value of Class A shares as at December 31, 2008 was \$9.51 per share (calculated in accordance with the requirements of NI 81-106). Since the beginning of 2009, actual real estate mortgage deal flow for CRFC has declined along with the significant decrease in commercial real estate transactions as a result of the atypically large spread between bid-and-offer terms on real estate properties. However, to offset any decline in new mortgages, it is expected that many current mortgages in the Mortgage Portfolio will be renewed at maturity as borrowers find refinancing opportunities to be limited. The Company, as Manager of CRFC intends to continue to look for new sources of capital to increase the capital base of CRFC throughout 2009.

X. TRANSACTIONS WITH RELATED PARTIES

Administration and Management Agreements with Sentry Select

Pursuant to an amended and restated management agreement (the Management Agreement), Sentry Select Capital Corp. (Sentry Select) manages the Company's alternative asset and merchant banking businesses, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments. For the provision of its services pursuant to the Management Agreement, during 2008, the Company paid Sentry Select a quarterly fee (the Management Fee) of 1/4 of 1.50% of the Company's net asset value (i.e. the total net asset value less the Company's liabilities) calculated as at the close of business on the last business day of each calendar quarter (this fee has been reduced subsequent to year-end as discussed below). In addition to the Management Fee, Sentry Select is entitled to be paid a performance bonus (the Performance Bonus) equal to 20% of the amount, if any, by which the annual net pre-tax profit of the Company (i.e. the non-consolidated net income of the Company before income taxes and such Performance Bonus) calculated as at December 31 in each year exceeds a threshold of an 8% per annum return earned on the Company's net asset value (determined in accordance with the Management Agreement). The initial term of the Management Agreement commenced on July 1, 2006 and expires on December 31, 2011. The Management Agreement will renew automatically for successive five-year terms following the initial term, provided that there has been no breach or material default of the terms of the Management Agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Company or Sentry Select to the other. In the event that the Company terminates the Management Agreement, Sentry Select is entitled to receive from the Company an amount equal to five times 1.5% of the Company's net asset value calculated as at the close of business on the last business day of the term of the Management Agreement and five times the Performance Bonus paid in respect of the calendar year immediately preceding the date of termination of the Management Agreement. Either party upon the occurrence of certain events may also terminate the Management Agreement.

Effective as of July 1, 2006 and pursuant to an amended and restated administration agreement (the Administration Agreement), Sentry Select has provided certain management and administrative services to the Company, including the provision of office space, equipment, management and investment staff, and certain accounting, clerical, secretarial, corporate and administrative services. The monthly fee paid to Sentry Select for the provision of such services is \$40 (the Administration Fee). The Administration Agreement will immediately terminate upon the termination for any reason of the Management Agreement.

Sentry Select is a portfolio manager and mutual fund dealer engaged in the business of promoting and managing investment funds in Canada. The agreements between the Company and Sentry Select also provide C.A. Bancorp with access to the expertise and experience of Sentry Select's portfolio managers, portfolio advisors and research analysts. Sentry Select may also develop structured products to be managed by C.A. Bancorp. Sentry Select was formed by John F. Driscoll, who is President, Chief Executive Officer and Chairman thereof and the Chief Executive Officer and Chairman of the Company. Mr. Driscoll is also the controlling equity owner of Sentry Select.

In November 2008, the Company announced that, in addition to the Administration Fee it pays to Sentry Select, it will reimburse Sentry Select for the salaries (including benefits and bonuses) of certain Sentry Select employees who provide full time services to C.A. Bancorp under the terms of the Administration Agreement. As approved by the independent members of C.A. Bancorp's board of directors (Independent Directors), this change became effective on November 1, 2008. This resulted in an additional \$1.1 million of annual expenses payable by C.A. Bancorp which had previously been borne by Sentry Select (the C.A. Bancorp Compensation).

The decision to reimburse employee salaries was made after C.A. Bancorp received a notice from Sentry Select under the terms of the Administration Agreement. The Administration Agreement provided Sentry Select with the right to request reimbursement for the salaries of certain employees providing services to C.A. Bancorp. Prior to this time, Sentry Select had been paying the salaries of all C.A. Bancorp employees directly since their respective dates of hire.

C.A. Bancorp has grown to a size where it has more employees than the Administration Agreement had envisioned when it was entered into in 2006. Pursuant to the terms of the Administration Agreement, Sentry Select will

continue to provide the services of four senior management personnel to C.A. Bancorp on a full-time basis including C.A. Bancorp's President, Chief Financial Officer, Chief Compliance Officer and Managing Director, Private Investments. Currently, there is a vacancy for the position of Managing Director, Private Investments.

Effective February 1, 2009, C.A. Bancorp and Sentry Select reached an agreement providing for a reduction in the management fee paid to Sentry Select by C.A. Bancorp. Under the Management Agreement, the annual management fee paid to Sentry Select by C.A. Bancorp was reduced from 1.50% to 1.10% of C.A. Bancorp's financial statement capital (net assets) under Canadian GAAP. C.A. Bancorp estimates that the reduction in the annual management fee will provide a cost savings to C.A. Bancorp of approximately \$300 per annum.

In February 2009, C.A. Bancorp also announced that it will reimburse Sentry Select for the salaries (including bonuses and benefits) of certain individuals whose full-time services are provided to Charter REIT by Sentry Select, on behalf of C.A. Bancorp. As approved by the Independent Directors, this change became effective February 1, 2009. As a result of the reimbursement, C.A. Bancorp will have additional expenses of approximately \$700 per annum, which is an estimate based on current data (the Charter REIT Compensation).

C.A. Bancorp, through its wholly-owned subsidiary, Realty Management, is obligated to provide certain services and personnel to Charter REIT. The salaries (including bonuses and benefits) of such individuals had, prior to February 2009, been borne by Sentry Select under the terms of the Administration Agreement.

The fees paid by the Company to Sentry Select under the terms of the Administration and Management Agreements are summarized in the chart below¹:

Agreement	Fee Item	2008 Actual	2009 Estimate
Management	Management Fee	\$ 1,191	\$ 805
Management	Performance Bonus	-	-
Administration	Administration Fee	480	480
Administration	C.A. Bancorp Compensation	144	1,100
Administration	Charter REIT Compensation	-	700
Total		\$ 1,815	\$ 3,085

Copies of the Administration and Management Agreements are available under the Company's SEDAR profile on www.sedar.com.

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Investment Advisory, Administration and Management Agreements with CRFC

In connection with CRFC, CAB Ltd. has entered into the following arrangements:

Pursuant to an Investment Advisory Agreement dated February 22, 2008 among C.A. Bancorp Realty Finance L.P., C.A. Bancorp GP Inc. and CAB Ltd. (the Investment Advisory Agreement), C.A. Bancorp GP Inc. appointed CAB Ltd. to provide certain management and investment advisory services for C.A.B. Realty Finance L.P. (the Partnership). In return for such services, the Partnership pays to CAB Ltd. an annual fee (calculated and payable quarterly in cash) equal to 0.60% of the "Adjusted Net Asset Value" of CRFC plus applicable taxes, calculated and payable quarterly in cash, pro-rated for any partial month. The "Adjusted Net Asset Value" is the Net Asset Value (as defined in the prospectus of CRFC dated January 31, 2008), plus \$25.00 per preferred share, Series 1 of the Corporation (a Preferred Share) multiplied by the number of outstanding Preferred Shares.

Pursuant to a Management Agreement dated February 22, 2008 as amended and restated on September 10, 2008, CRFC appointed CAB Ltd. as Manager of CRFC to provide certain management and administrative services. CRFC pays a fee to CAB Ltd. at an annual rate (calculated and payable quarterly in cash) of 0.60% of the Adjusted Net Asset Value of CRFC plus an amount equal to the Preferred Share Servicing Fee payable to registered dealers and, effective upon the completion of a public offering of Class A Shares, the Class A Share Servicing Fee payable to registered dealers.

Pursuant to an Administration Agreement dated February 22, 2008 between CAB Ltd. and Sentry Select, CAB Ltd. retained Sentry Select to provide certain support services including sales, marketing, investor relations and administrative services in exchange for payment of (i) one quarter of the quarterly management fee payable to CAB Ltd. by CRFC under the terms of a Management Agreement between those parties of even date and (ii) one quarter of the quarterly management and investment advisory fee payable to CAB Ltd. by C.A.B. Realty Finance L.P. under the terms of the Investment Advisory Agreement.

¹All figures in the table are approximate.

XI. CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Commencing January 1, 2007 the Company adopted the CICA Handbook Sections 3855 Financial Instruments and 1530 Comprehensive Income. These Sections are now mandatory for publicly accountable entities.

These accounting standards establish guidance for reporting comprehensive income. Presentation of comprehensive income and its components in a separate financial statement is required. The statement of comprehensive income includes net income plus other comprehensive income (OCI). Amounts recognized in OCI eventually must be reclassified to the income statement (in accordance with other CICA Handbook Sections). These reclassification adjustments, including the income tax expense or benefit, would normally be disclosed separately.

An example of an item that may be included in OCI for the Company would be changes in the fair value of available-for-sale financial assets (discussed below).

OCI will either be presented immediately below net income on the income statement; in a separate statement that begins with net income; or in a statement of changes in equity.

The new financial instruments framework, which includes the aforementioned standards, requires all financial assets and financial liabilities to be classified by characteristic and/or management intent. The classification of financial assets and liabilities determines how they are accounted for on an ongoing basis. All financial assets are classified in one of four categories: (i) held-for-trading; (ii) held-to-maturity; (iii) loans and receivables; or (iv) available-for-sale.

"Held-for-trading" financial assets are those acquired for the purpose of trading or as part of a trading portfolio. These assets will be measured at fair value on the balance sheet with gains or losses recognized in net income in the current period.

"Held-to-maturity" financial assets are those with fixed payments at maturity that the Company has the intent and ability to hold to maturity.

"Loans and receivables" are financial assets, which are not debt securities, resulting from a delivery of assets in exchange for a promise to pay. Both "held to maturity" and "loans and receivables" are carried at amortized cost on the balance sheet.

"Available-for-sale" financial assets are those that are not classified as "held-for-trading", "held-to-maturity" or "loans and receivables". Such financial assets are recognized on the balance sheet at fair value with unrealized gains or losses recognized in other comprehensive income until the assets are disposed or until impairment occurs, in which case, recognition into net income occurs.

These new financial reporting standards directly impact the Company's carrying of portfolio investments as many of the Company's current holdings are valued at fair value on the balance sheet with the offset to either net income or other comprehensive income.

Marketable securities that are deemed to be "trading" are carried at fair value with gains or losses (both realized and unrealized) recognized in the calculation of net income for the period in question.

In February 2008, the CICA Accounting Standard Board (AcSB) confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The AcSB issued the "omnibus" exposure draft of the IFRS wherein early adoption by Canadian entities is also permitted. The Canadian Securities Administrators (CSA) has also issued Concept Paper 52-402, which required feedback on early adoption of IFRS as well as the (continued) use of US GAPP by domestic issuers. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company is in the early stages of development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phase plan to assess accounting policies under IFRS as well as potential IFRS exemptions. The Company plans to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangement, during the fiscal year 2009.

XII. FACTORS THAT MAY AFFECT FUTURE RESULTS

Company Factors

Future financial performance could be influenced by the Company's ability to (i) manage and maintain the value of its existing portfolio of investments in private entities and its investments in managed entities; (ii) successfully evaluate, structure and complete new investments in private entities; and (iii) manage and grow its existing assets under management.

Non-Company Factors

The Canadian small- and mid-market private equity space has been relatively undercapitalized in recent years and this is due to the significant change in the market participants. During the previous five years, the main bank sponsored private equity groups that have been active in this space have either exited the business or significantly scaled back their investment activities. In addition, Canada has its own unique regulatory, tax and capital market environment. These unique characteristics tend to favour local firms.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 21 to 25 of the Annual Information Form dated as at March 28, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

XIII. RISK MANAGEMENT

The Company is looking for opportunities as outlined in "Company Outlook" above. The merchant banking business is affected by a number of economic factors, including changing economic environments, capital markets and interest rates.

The Company attempts to manage the risks associated with its merchant banking business and investment portfolio through planning, significant due diligence of investment opportunities and active involvement in and monitoring of its investments.

Investments in private entities are less liquid than public securities as there is no readily available market to sell an investment. There is a possibility that when an investment is to be sold, the price received may not be equal to its intrinsic value or its fair value for financial reporting purposes.

Currently, the Company has assets invested in cash and cash equivalents as well as in marketable securities. Therefore interest rates will affect income derived from the cash and cash equivalent investments and general risk such as commodity prices, the business environment and company specific risks will affect the value of the marketable securities.

Concentration Risk

The Company has made considerable investments in the form of sponsor capital in both Charter REIT and CRFC. The investments were intended to be strategic in nature and expected to be long-term in nature as the Company intends to continue to raise new capital that will increase assets under management and drive increased asset management fees for the Company.

If the Company had to liquidate these assets and given the size and percentage ownership the Company holds in Charter REIT (33%) and CRFC (27%) as well as the relatively low daily trading volumes, the Company would likely need to find a strategic buyer for each position in order to generate a fair return for the Company, as opposed to selling its equity interests in the public market where the Company could realize a significant discount to fair value. In addition, the Company might have to sell its interests in the management agreements it holds for Charter REIT and CRFC to facilitate a sale of its equity positions in the respective entity.

Liquidity Risk

The Company has made investments in private entities which do not typically have an active market. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events. However, such liquidity events are rarely expected in the first year of making the investment. The Company seeks to obtain regular cash flow from its investments through coupon payments and/or management fees.

The Company invests in public securities in an active market which can typically be readily disposed of. However, there can be no assurance that an active trading market for the securities will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings in a timely manner as described above.

Interest Rate Sensitivity and Risk Management

The Company does not currently have any material direct interest rate sensitivity or exposure.

Exposure to interest rate risk exists as a result of the mismatch, or gap, between assets, liabilities and off-balance sheet instruments, if any, scheduled to mature or reset on particular dates.

The Company manages interest rate risk, where possible, by maintaining an appropriate mix of fixed and floating rate assets and liabilities. The Company may, from time to time, consider the use of interest rate swap contracts and forward interest rate contracts to hedge interest rate risk. Decisions to use these products will be based on the relative merits of hedging as compared to the costs of such hedging arrangements.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with counterparties it determines to be creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty except overnight term deposits placed with the Royal Bank of Canada (RBC) of \$1.2 million as at December 31, 2008. In addition, the Company had \$0.7 million held in trust with the Credit Union Central of Canada.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 21 to 25 of the Annual Information Form dated as at March 28, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

XIV. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As of December 31, 2008, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 (DC&P). They have concluded that the DC&P were adequate and effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiary entities for the year ended December 31, 2008 is appropriately recorded, processed, summarized and reported and communicated to management as appropriate to allow for timely decisions regarding required disclosure. In addition, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the effectiveness of the Company's internal controls over financial reporting as defined in Multilateral Instrument 52-109 (ICFR) for the year ended December 31, 2008. The internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. They have concluded that the design of the ICFR was adequate and effective to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. There have been no changes in the Company's internal controls during the most recent period beginning January 1, 2008 and ending December 31, 2008 that have materially affected or would be reasonably likely to materially affect the Company's internal control over financial reporting.

The Chief Executive Officer and the Chief Financial Officer have limited the scope of their design of the Company's DC&P and ICFR to exclude controls, policies and procedures of (i) International Infrastructure L.P., a proportionately consolidated entity in which the Company has an interest; and (ii) Barlow, a business that the Company acquired not more than 365 days before the issuer's financial year-end.

XV. CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A and other public announcements by the Company contain information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", similar words or the negative thereof, or variations of words and phrases that certain actions, events or anticipated outcomes "may", "would" or "might" be taken, occur or be achieved. These statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Factors which could cause actual results to differ materially from those set forth in the forward-looking statements include (but are not limited to): the nature of the Company's investments; the Company's dependence on management of portfolio companies; the Company's limited

operating history; the available opportunities and competition for investments; the concentration of the Company's investments; the Company's access to capital for fund management; the Company's dependence on key personnel and Sentry Select; leverage of the businesses in which the Company invests; the market for the Company's securities and volatility of trading price; the trading price of the Company's common shares relative to the net book value (net asset value); risks affecting the Company's investments; risks affecting the Company's investments in capital pool companies; the need for the Company to make follow-on investments in portfolio companies; investments by the Company in private issuers and illiquid securities; joint investments with third parties; conflicts of interest; no guaranteed returns; the potential loss of investment in common shares; the Company's additional financing requirements; the management of the growth of the Company; shifts in target exit dates and IRR for investments in private entities; effectiveness of the NCIB and mandatory market purchase plan in enhancing liquidity of common shares and reduce the spread between net book value and market price of the common shares on the TSX, and other risks detailed from time to time in the Company's continuous disclosure documents. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Unless otherwise stated, all forward-looking statements speak only as of the date of this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Additional information relating to the Company, including the Company's annual information form, is on SEDAR at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Shareholders of C.A. Bancorp Inc.

We have audited the consolidated balance sheets of C.A. Bancorp Inc. (the "Company") as at December 31, 2008 and 2007 and the consolidated statements of operations and comprehensive (loss) income, deficit and accumulated other comprehensive income and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"

Chartered Accountants

Licensed Public Accountants

March 6, 2009

CONSOLIDATED BALANCE SHEETS

As at December 31 (in \$ thousands)

	Note	2008	2007
ASSETS			
Cash and cash equivalents	3	\$ 1,245	\$ 946
Accounts receivable		1,132	2,503
Cash held as collateral	4	700	-
Assets from discontinued operations (AgriFinancial)	5	85,664	80,181
Mortgages and loans receivable	6	104	8,027
Publicly traded investments	7	2,024	30,881
Investments in private entities	8	30,253	12,697
Investment in Charter REIT	9	8,948	17,421
Investment in C.A. Bancorp Canadian Realty Finance Corporation	10	9,293	-
Other corporate investments		378	151
Future income taxes	17	2,745	1,196
Intangible assets	10, 11	2,922	-
Goodwill	11	1,823	-
Deferred costs, prepaid expenses and other assets		357	345
Capital assets		190	-
		\$ 147,778	\$ 154,348
LIABILITIES			
Accounts payable and accrued liabilities		\$ 721	\$ 1,293
Due to broker	12	2,600	-
Note payable to C.A. Bancorp Canadian Realty Finance Corporation	10	2,578	-
Liabilities from discontinued operations (AgriFinancial)	5	75,094	70,539
		80,993	71,832
NON-CONTROLLING INTERESTS	11	66	-
SHAREHOLDERS' EQUITY			
Share capital	16	78,747	82,603
Contributed surplus	16	4,408	1,990
Deficit		(16,436)	(2,077)
		66,719	82,516
		\$ 147,778	\$ 154,348

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"John F. Driscoll"

JOHN F. DRISCOLL, Director

"Paul Haggis"

PAUL HAGGIS, Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

For the year ended December 31 (in \$ thousands except per share amounts)

	Note	2008	2007
REVENUE			
Interest and investment income		\$ 6,098	\$ 4,093
Asset management fees		1,433	731
Other fees and commissions		527	723
Revenues from rental properties		-	1,691
		8,058	7,238
NET RESULTS OF INVESTMENTS			
Realized (loss) gain on sale of publicly traded investments		(7,974)	1,022
Change in unrealized loss on publicly traded investments	7	(1,621)	(3,259)
Change in unrealized (loss) gain on investments in private entities held for trading	8	(1,127)	90
Unrealized foreign exchange gain, investments in private entities	8	151	-
Unrealized gain (loss) on common share portfolio		(10,556)	-
Unrealized MTM on forward contract		10,556	-
Equity participation in other corporate entities		(18)	(13)
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation	10	(118)	-
Equity participation in Charter REIT	9	(522)	(418)
Impairment loss in Charter REIT	9	(6,624)	-
Gain on dilution of investment in Charter REIT	9	-	1,373
		(17,853)	(1,205)
EXPENSES			
General and administration	14	2,455	1,968
Interest expense		1,842	941
Management fees	14	1,240	947
Corporate and transaction costs		736	1,295
Investment management fee	13	257	353
Stock based compensation	15	530	1,167
Depreciation and amortization		21	760
Rental property operating costs		-	487
		7,081	7,918
NET LOSS BEFORE INCOME TAXES		(16,876)	(1,885)
(RECOVERY) PROVISION FOR INCOME TAXES			
Current tax provision	17	128	415
Future tax recovery	17	(1,526)	(1,196)
		(1,398)	(781)
NET LOSS FROM CONTINUING OPERATIONS BEFORE NON-CONTROLLING INTERESTS		(15,478)	(1,104)
NON-CONTROLLING INTERESTS	11	(14)	(979)
NET LOSS FROM CONTINUING OPERATIONS		(15,464)	(125)
NET EARNINGS FROM DISCONTINUED OPERATIONS	5	1,105	142
NET (LOSS) EARNINGS AND COMPREHENSIVE (LOSS) EARNINGS		\$ (14,359)	\$ 17
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (in thousands)			
Basic		27,923	21,486
Diluted		27,923	21,532
NET (LOSS) EARNINGS PER SHARE - BASIC			
Continuing operations		\$ (0.55)	\$ (0.01)
Discontinued operations		0.04	0.01
Net loss		\$ (0.51)	\$ 0.00
NET (LOSS) EARNINGS PER SHARE - DILUTED			
Continuing operations		\$ (0.55)	\$ (0.01)
Discontinued operations		0.04	0.01
Net loss		\$ (0.51)	\$ 0.00

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF DEFICIT AND ACCUMULATED
OTHER COMPREHENSIVE INCOME

For the year ended December 31 (thousands of Canadian dollars except per share amounts)

	Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2006	\$ (2,094)	\$ -	\$ (2,094)
Net earnings for the year	17	-	17
Balance, December 31, 2007	\$ (2,077)	\$ -	\$ (2,077)
Net loss for the year	(14,359)	-	(14,359)
Balance, December 31, 2008	\$ (16,436)	\$ -	\$ (16,436)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31 (in \$ thousands)

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES IN CONTINUING OPERATIONS			
Net loss (earnings)		\$ (14,359)	\$ 17
Less: Earnings from discontinued operations, net of tax		1,105	142
Net loss from continuing operations		(15,464)	(125)
Adjusted for non-cash items			
Future tax recovery		(1,526)	(1,196)
Change in unrealized loss on publicly traded investments	7	1,621	3,259
Non-controlling interest	11	(14)	(979)
Stock based compensation	15	530	1,167
Impairment loss in Charter REIT	9	6,624	-
Non-cash gain in Charter REIT	9	-	(1,373)
Equity participation in Charter REIT	9	522	418
Other Charter REIT related items		-	1,538
Equity participation in C.A. Bancorp Canadian Realty Finance Corporation		118	-
Realized loss (gain) on publicly traded investments		7,974	(1,022)
Equity participation in other corporate entities		18	13
Depreciation and amortization		21	760
Non-cash interest income on private investments		(751)	(136)
Change in unrealized gain on private investments		1,127	(90)
Unrealized foreign exchange gain		(151)	-
		649	2,234
Changes in non-cash operating working capital:			
Increase in current liabilities		2,028	311
Decrease (Increase) in receivables, net of effect of acquisition of Barlow		1,349	(2,288)
Increase in deferred costs, prepaid expenses and other assets		(12)	(240)
Cash flows from operating activities in continuing operations		4,014	17
CASH FLOWS FROM INVESTING ACTIVITIES IN CONTINUING OPERATIONS			
Mortgages and loans issued		(4,845)	(9,027)
Mortgages and loans repaid		12,767	1,000
Financing fees received		113	-
Purchase of publicly traded investments		(8,381)	(44,645)
Sale proceeds of publicly traded investments		27,805	15,758
Investments in private entities		(17,780)	(12,471)
Cash held as collateral	4	(700)	-
Acquisition of Barlow Capital Management Inc.		(2,070)	-
Investments in C.A. Bancorp Canadian Realty Finance Corporation		(9,850)	(9,500)
Note payable to C.A. Bancorp Canadian Realty Finance Corporation		(2,676)	-
Class A Share Distributions received from C.A. Bancorp Canadian Realty Finance Corporation		184	-
Loan from C.A. Bancorp Canadian Realty Finance Corporation		2,578	-
Distributions received from Charter REIT	9	1,532	756
Investment in Charter REIT	9	(204)	(18,099)
Investment in corporate entities		(244)	-
Purchase of capital assets		(42)	-
Other		(12)	(1)
Cash flows from investing activities in continuing operations		(1,825)	(76,229)
CASH FLOWS FROM FINANCING ACTIVITIES IN CONTINUING OPERATIONS			
Common shares issued	16	-	49,203
Common shares repurchased	16	(1,969)	(898)
Issue costs	16	-	(4,185)
Warrants exercised		-	133
Cash from non-controlling interest		80	-
Cash flows from financing activities in continuing operations		(1,889)	44,253
Cash flows from (used in) all continuing operations		300	(31,959)
Cash flows from discontinued operating activities		1,401	1,113
Cash flows from discontinued investing activities		4,166	(67,158)
Cash flows from discontinued financing activities		(7,506)	68,436
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,639)	(29,568)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		3,337	32,905
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 1,698	\$ 3,337
CASH AND CASH EQUIVALENTS CONSIST OF:			
Cash and cash equivalents from continuing operations	3	\$ 1,245	\$ 946
Cash and cash equivalents from discontinued operations		453	2,391
		\$ 1,698	\$ 3,337
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Income taxes paid		\$ 760	\$ -
Interest paid		\$ 231	\$ 963

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION

C.A. Bancorp Inc. ("C.A. Bancorp" or the "Company") is a publicly traded Canadian merchant bank and alternative manager that provides investors with access to a range of a private equity and other alternative asset class opportunities.

The Company trades on the Toronto Stock Exchange (the "TSX") under the symbol "BKP".

The Company's two significant financings to date including a public offering from treasury of \$38.8 million in gross proceeds which closed in November 2006 and a public offering from treasury of \$48.8 million in gross proceeds which closed in June 2007.

The Company's wholly owned subsidiary C.A. Bancorp Ltd. is licensed as an Investment Counsel and Portfolio Manager ("ICPM") and a Limited Market Dealer ("LMD") with the Ontario Securities Commission. The Company's wholly-owned subsidiary C.A. Bancorp Realty Finance Inc. is registered as a Mortgage Broker (License Number 10819) with the Financial Services Commission of Ontario ("FSCO").

The Company's wholly-owned subsidiary C.A. Realty Management Inc. has a management agreement with Charter Real Estate Investment Trust ("Charter" or "Charter REIT") which is publicly traded entity on the TSX Venture Exchange under the symbol "CRH.UN". The Company owns approximately 33% of Charter's issued and outstanding units.

C.A. Bancorp Ltd. has a management agreement with and the Company holds a 27% interest in the Class A Shares of C.A. Bancorp Canadian Realty Finance Corporation ("CRFC") which is publicly traded on the TSX (the Class A Shares trade under the symbol "RF.A", the Preferred Shares traded under the symbol "RF.PR.A" and the Warrants trade under the symbol "RF.WT").

The Company is the manager of the Sentry Select Total Strategy Fund ("Total Strategy Fund") which is a publicly listed fund on the TSX under the symbol "TSF.UN". The Company owned approximately 10% of the Total Strategy Fund's units at year end. See note 20(d). Total Strategy Fund is currently being terminated.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

(a) Comparative figures

Financial information has been restated for previous periods to reflect the discontinued operations from the sale of our investment in AgriFinancial Canada Corp. The results of this business and the assets and liabilities are shown in discontinued operations (see note 4).

(b) Principles of consolidation

C.A. Bancorp's financial statements as at December 31, 2008 include the accounts of its subsidiaries (with ownership percentages in parentheses):

- C.A. Bancorp Ltd. (100%)
- C.A. Realty Management Inc. (100%)
- C.A. Bancorp Realty Finance Inc. (100%)
- C.A. Bancorp Telecom Inc. (100%)
- C.A.B. Barlow Holdings Corp (85%)

The Company's accounts also include the consolidated assets and liabilities of C.A. Bancorp Financial Corp. and wholly-owned subsidiaries of C.A. Bancorp Financial Corp.: AgriFinancial Canada Corp. and AgriFinancial Leasing Inc. collectively "AgriFinancial". AgriFinancial has been classified as a discontinued operation (see Note 4). The Company's accounts also include C.A.B. Barlow Holdings Corp. which represents the Company's 85% interest in Barlow Capital Management Inc. ("Barlow Capital").

In addition, the Company proportionately consolidates the accounts of International Infrastructure L.P. a joint-venture with Sentry Select Capital Corp. The Company proportionately consolidated cash of \$98 on the balance sheet and recorded a realized loss on publicly traded investments of (\$162) as well as investment income of \$14, and expenses of \$4.

On September 12, 2008, CRFC issued additional Class A equity shares to the public which resulted in a decrease in the Company's ownership of Class A shares from 100% to 27%. Accordingly, the Company's investment in CRFC is accounted for using the equity basis from September 12, 2008 (see Note 9) onwards.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF
PRESENTATION (continued)

The Company's consolidated financial statements for the year ended December 31, 2007 include revenue and expense accounts of Charter Real Estate Investment Trust ("Charter REIT") for the period of February 23, 2007 to August 9, 2007, the period during which the Company had a controlling interest in Charter REIT (see Note 8).

All intercompany transactions and balances have been eliminated in these consolidated financial statements.

(c) **Financial Instruments**

Financial assets are classified as available-for-sale, held-to-maturity, held-for-trading or as loans and receivables. All financial assets are required to be carried at fair value in the consolidated balance sheets, except for loans, receivables and held-to-maturity investments which are carried at amortized cost using the effective interest rate method and except for equity instruments whose fair value cannot be reliably measured. All financial liabilities must be classified as either held-for-trading or other financial liabilities. Financial liabilities that are held-for-trading are required to be carried at fair value, whereas all other financial liabilities are carried at amortized cost using the effective interest rate method. Subsequent measurement and changes in fair value of financial instruments will depend on their initial classification as follows: held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value (when fair value is reliably measured) recorded in other comprehensive income until the instrument is derecognized or impaired. In cases where fair value is not reliably measured the carrying value will continue to be used subject to impairment tests. Comprehensive income consists of net income and other comprehensive income. Major components of other comprehensive income may include unrealized gains and losses on financial assets classified as available-for-sale and changes in fair value of the effective portion of cash flow hedging instruments. For the years ended December 31, 2008 and 2007, comprehensive loss is the same as net loss.

(d) **Loans, and other receivables**

Loans and receivables are measured at amortized cost using the effective interest method.

(e) **Publicly traded investments**

Publicly traded investments are classified as held-for-trading.

Publicly traded investments are carried at fair value. The closing bid prices are used in determining the fair value of individual investments.

The Company records security purchases and sales on a trade date basis. Purchases or sales that have not settled at period end are recorded as "Due from/to broker".

(f) **Investments in private entities**

Investments in debentures are classified as held-to-maturity and are initially valued at estimated fair value and thereafter carried at amortized cost with interest recognized using the effective interest method.

Equity investments are classified as held-for-trading or available-for-sale depending on whether fair values are reliably measurable. Where fair values are reliably measurable, equity investments will be classified as held-for-trading and initially valued at fair value. Subsequently, carrying values will be adjusted to fair value. Where fair values are not reliably measurable, equity investments will be classified as available-for-sale and initially valued at estimated fair value and thereafter carried at cost.

Options to purchase equity investments are classified as held for trading and are carried at fair value.

(g) **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities, notes payable and secured debt are classified as other liabilities, all of which are carried at amortized cost.

(h) **Revenue recognition**

(i) *Interest and investment income*

Interest income is recognized on an accrual basis as it is earned. Investment income is recorded on the ex-dividend/ex-distribution date.

(ii) *Loan origination fees*

Loan origination fees are considered to be adjustments to loan yield and are recognized over the expected life of the loan using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF
PRESENTATION (continued)

(iii) *Asset management fees*

Asset management fees recorded as revenue are based upon the average net asset value of the Total Strategy Fund and are recognized on an accrual basis.

(iv) *Other commission and fees*

Deal fees or work fees are recognized when the engagement services have been fully completed and management is assured of their realization.

Mortgage broker commissions are recognized when management is assured of their realization. Any commissions paid to employees as a result of commissions generated for the Company are included in general and administration expense.

(i) *Deferred costs*

Deferred costs include expenses related to start-up private equity investments and funds. These costs are recovered from the investees or funds upon closing or in the case where the Company believes they are no longer recoverable expenses.

(j) *Capital assets*

Depreciation and amortization of capital assets is provided on a straight-line basis as follows:

Furniture, equipment and terminals	-	3 to 5 years
Leasehold improvements	-	term of lease
Computer equipment, software and tools	-	3 to 10 years
Vehicles	-	5 years

Impairment is tested on an annual basis.

(k) *Goodwill*

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired, and is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess.

(l) *Intangible assets*

Intangible assets with an indefinite life are accounted for at cost and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess.

Other intangible assets are accounted for at cost and are amortized over their estimated useful life using the straight-line method. The intangible asset set up for management contracts with CRFC is amortized over a period of 7 years.

(m) *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash and short-term investments with maturities of three months or less from the date of their acquisition. Short-term investments are carried at cost plus accrued interest, which approximates market value.

(n) *Investments in capital pool companies*

Investments in capital pool companies are accounted for using the equity method as the Company is deemed to exercise significant influence over its investments. The Company is deemed to exercise significant influence over these investments as it holds more than 20% of outstanding shares and management of the Company sits on the board of directors.

(o) *Incentive stock options*

The Company has an incentive stock option plan as described in Note 13. The Company follows the fair value method of accounting for the expense associated with the plan, whereby an estimate of the fair value of the stock options granted is measured and recorded as an expense over the vesting period or at the date of grant if options vest immediately, with the related offset recorded as shareholders' equity. The effect of actual forfeitures

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF
PRESENTATION (continued)

of previously granted options is recognized as they occur. Any consideration paid to the Company with respect to the exercise of stock options is credited to share capital. For the purpose of accounting for incentive stock options, directors, officers and direct employees of the Company are considered employees and other parties are considered non-employees.

(p) Income taxes

The Company uses the asset and liability method to provide for income taxes on all transactions recorded in the financial statements. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference and unused losses, as applicable, at substantively enacted tax rates expected to be in effect when the assets are realized or the liabilities are settled. A valuation allowance is established to reduce future income tax assets to the amount that is more likely than not to be realized.

(q) Earnings (loss) per share

Basic income (loss) per share is calculated using the weighted average number of shares outstanding for the period. The treasury stock method is used to determine diluted income (loss) per share.

(r) Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used in the valuation of loans and leases receivable, valuation of intangible assets and goodwill, allocation of purchase price to intangible assets and goodwill, valuation of private equity investments, impairment of assets, loan provisions, useful life for amortization, and the calculation of the fair value of stock options. Actual results could differ from these estimates.

(s) Series 1, Preferred Shares

Issue costs related to the preferred shares, Series 1 (the "Preferred Shares") of C.A. Bancorp Canadian Realty Finance Corporation were deferred and amortized over their life using the effective interest method. This amortization has been recorded as an interest expense for the period that the Company consolidated the income and expense accounts of CRFC from February 22, 2008 to September 12, 2008.

(t) Charter REIT related accounting policies (during consolidation period in 2007)

The Company used the straight-line method of recognizing rental revenue, whereby the total amount of rental revenue to be received from leases was accounted for on a straight-line basis over the terms of the respective leases.

Revenues from rental properties also included realty tax and operating cost recoveries, and other incidental income which were recognized on an accrual basis.

The Company allocated the purchase price for income producing properties as follows:

i. Land

Land was recorded at its estimated fair value.

ii. Buildings

Buildings were recorded at either depreciated replacement cost based on estimates of prevailing construction costs for buildings of a similar class and age or a "dark value" appraisal, which is an income based valuation approach and gives the hypothetical value of the building as if the property were completely vacant at the date of acquisition.

iii. Loan and commitment fees

Loan and commitment fees were deferred and were amortized into income using the effective interest method.

(u) Future accounting changes

Goodwill and Intangibles

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and intangible assets, replacing Section 3062, Goodwill and other intangible assets and Section 3450, Research and Development costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new sections will be applicable to financial statements relating to fiscal years beginning on or after

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. The new sections establish standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of these standards are not expected to have a significant impact on the Company's financial position or results of operations.

(v) Variable interest entity

Where the Company is considered the primary beneficiary of a variable interest entity ("VIE") under CICA's Accounting Guideline ("AcG-15"), the Company has consolidated the accounts of such VIE with the portion related to other beneficiaries reflected as non-controlling interests.

(w) Changes in Accounting Policies and Recent Pronouncements

Effective January 1, 2008, the Company adopted the following accounting standards issued by the CICA:

- i. Section 3862 "Financial Instruments – Disclosures" requires extensive disclosures about the significance of financial instruments for an entity's financial position and results of operation as well as quantitative and qualitative disclosures on the nature and extent of risks arising from financial instruments. Section 3863 "Financial Instruments – Presentations" replaces Section 3861. The required disclosures are contained in Notes 3, 6, 7, 8 and 20.
- ii. Section 1535 "Capital Disclosures" requires qualitative and quantitative disclosures about the Company's management of capital and its compliance with any externally imposed capital requirements. The required disclosures are contained in Note 19.

In February 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets" replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The changes will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning January 1, 2009. The new standard establishes the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements. The Corporation does not expect the adoption of this new Section will have a material impact on its consolidated financial statements.

In January 2009, the CICA adopted Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current Sections, 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these Sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new Sections were created to converge Canadian GAAP and IFRS. The Corporation is currently evaluating the impact of the adoption on these changes on its consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

As at December 31, 2008, the Company held \$1,245 (December 31, 2007 - \$946) in cash and cash equivalents including an overnight term deposit at Royal Bank of Canada of \$1,185 and cash equivalents of a Government of Canada Treasury bill, yielding 1.12%, and maturing on January 22, 2009 in the amount of \$60.

4. CASH HELD AS COLLATERAL

Funds held in trust consist of a \$700 deposit held in trust with the Credit Union Central of Canada in relation to the sale of AgriFinancial. It earned interest at 0.25 % per annum and was repaid in full on January 30, 2009.

5. DISCONTINUED OPERATIONS - SALE OF AGRIFINANCIAL CANADA

In October 2007 the Company invested \$9,500 and the Total Strategy Fund invested \$1,000 of equity capital in C.A. Bancorp Financial Corp. which became the holding entity for the Company's purchase (the "AgriFinancial Acquisition") of the AgriFinancial business lines: Agrifinance and AgriCard. The purchase was effected through two other newly created corporations, AgriFinancial Canada Corp. and AgriFinancial Leasing Inc. and was financed with \$10,500 of equity capital provided by the Company and the Total Strategy Fund and approximately \$77,800 of debt financing (total assets purchased were approximately \$90,000 and the assumption of \$1,700 of liabilities).

5. DISCONTINUED OPERATIONS - SALE OF AGRIFINANCIAL
CANADA (continued)

The AgriFinancial Acquisition closed on October 12, 2007 and the Company consolidated the accounts of C.A. Bancorp Financial Corp., AgriFinancial Canada Corp. and AgriFinancial Leasing Inc. from that day onwards until the fourth quarter of 2008. Total Strategy Fund's interests in AgriFinancial were accounted for as non-controlling interests up until the fourth quarter of 2008.

In September 2008 the Company and Total Strategy Fund entered into an agreement to sell all of the outstanding shares of C.A. Bancorp Financial Corp. to a third party for net consideration of approximately \$20,500 (\$18,500 to C.A. Bancorp and \$2,000 to Total Strategy Fund). The deal was subject to regulatory approvals and closed on January 30, 2009.

For financial reporting purposes in the fourth quarter of 2008 the operations of AgriFinancial have been deemed to be "discontinued" and have been accounted for in that manner. Assets and liabilities, while still consolidated, are aggregated and shown in two separate lines on the balance sheet which are discrete from the rest of the balance sheet captions. On the statement of operations the discontinued operations of AgriFinancial are shown net so that revenues, expenses, taxes and non-controlling interests in relation to the AgriFinancial business are reflected on one-line and distinguished from the rest of the Company's continuing operations.

All of 2008 and 2007 have been reclassified to reflect the change in status of AgriFinancial from a continuing operation to a discontinued operation. However this reclassification has not resulted in any change to the total assets, total liabilities, or net income (loss) reported for either 2007 or 2008.

The following table summarizes the statements of operations for the discontinued operations (note that only the net earnings from discontinued operations are reflected on the statement of operations):

For the year ended December 31,	2008	2007
Revenues from discontinued operations	\$ 10,037	\$ 2,128
Expenses from discontinued operations	(8,125)	(1,839)
Pre-tax earnings before non-controlling interest	1,912	289
Income tax expense	(717)	(132)
Non-controlling interest	(90)	(15)
Net earnings from discontinued operations	\$ 1,105	\$ 142

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6. MORTGAGES AND LOAN RECEIVABLE

Composition of mortgages and loan receivable

	December 31, 2008		December 31, 2007	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Mortgages and loans receivable are comprised of the following:				
Related party loan	\$ 104	\$ 104	\$ -	\$ -
Commercial real estate mortgages	-	-	8,027	8,027
Total	\$ 104	\$ 104	\$ 8,027	\$ 8,027

The related party loan receivable is due from a management employee of Barlow Capital and is repayable over 3 years and is at a market rate of interest.

7. PUBLICLY TRADED INVESTMENTS

In accordance with the Company's accounting policies, a fair value (change in unrealized gain (loss)) adjustment of (\$1,621) was recognized in the statement of operations on the publicly traded investments for the year ended December 31, 2008 (year ended December 31, 2007 – change in unrealized loss taken to income of \$3,259) bringing the total balance sheet adjustment to an unrealized loss of (\$5,225) at December 31, 2008 (December 31, 2007 – unrealized loss adjustment of (\$3,604)).

7. PUBLICLY TRADED INVESTMENTS (continued)

Industry Grouping	December 31, 2008			December 31, 2007		
	Cost	Fair Value	Unrealized Loss	Cost	Fair Value	Unrealized Loss
Industrials	\$ 3,162	\$ 412	\$ (2,750)	\$ 14,307	\$ 12,874	\$ (1,433)
Diversified and Other	307	575	268	8,430	8,014	(416)
Financial Services	3,531	987	(2,544)	6,862	5,567	(1,295)
Infrastructure	179	37	(142)	2,639	2,518	(121)
Energy and Commodities	70	13	(57)	2,247	1,908	(339)
Total	\$ 7,249	\$ 2,024	\$ (5,225)	\$ 34,485	\$ 30,881	\$ (3,604)

The Company held 161,100 units in the Total Strategy Fund as at December 31, 2008 carried at \$575 which represents approximately 10% of the total issued and outstanding units of the Total Strategy Fund. The Company is the Manager of the Total Strategy Fund.

The Company had eight positions in its publicly traded investments portfolio as at December 31, 2008 carried at a fair value of \$2,024. The largest position in the portfolio was \$600. The average investment size in the portfolio was \$300 and the median investment size was \$300.

A 10% price move on the average investment in the portfolio would result in a pre-tax gain or loss on the statement of operations of \$30 and on the portfolio's largest position of \$60.

A 10% move on the entire portfolio would result in a pre-tax gain or loss of \$200.

8. INVESTMENTS IN PRIVATE ENTITIES

Issuer	Classification	Maturity Date	December 31, 2008				December 31, 2007			
			Face/Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)	Face/Contractual Value	Cost	Carrying Value	Unrealized Gain (Loss)
High Fidelity HDTV Inc.										
<i>Debenture</i>	MATURITY	Jul-11	\$ 2,750	\$ 2,464	\$ 2,464	\$ -	\$ 2,750	\$ 2,313	\$ 2,313	\$ -
<i>PIK Interest</i>	MATURITY	Jul-11	209	209	209	-	-	68	68	68
<i>Common Shares</i>	TRADING	n/a	-	4	5	1	-	4	5	-
<i>Warrants</i>	TRADING	n/a	-	451	644	193	-	451	543	92
<i>Equity Option</i>	TRADING	n/a	-	50	40	(10)	-	50	47	(3)
			2,959	3,178	3,363	185	2,818	2,886	2,976	89
Birmingham Foundation Solutions										
<i>Preferred Shares</i>	TRADING	n/a	8,280	8,280	8,280	-	8,280	8,280	8,280	-
<i>Common Shares</i>	TRADING	n/a	-	920	920	-	-	920	920	-
			8,280	9,200	9,200	-	8,280	9,200	9,200	-
Windward Telecom Limited										
<i>Preferred Shares</i>	TRADING	n/a	-	509	609	100	-	-	-	-
<i>Common Shares</i>	TRADING	n/a	-	201	244	43	-	201	201	-
<i>Promissory Note</i>	MATURITY	Demand	87	78	87	8	-	-	-	-
			87	788	940	151	-	201	201	-
Kingswood Estates										
<i>Equity</i>	TRADING	n/a	-	6,000	6,000	-	-	320	320	-
			6,000	6,000	6,000	-	-	320	320	-
Salbro Bottle Group										
<i>Debenture</i>	MATURITY	Feb-11	3,600	3,152	3,152	-	3,600	-	-	-
<i>Warrants</i>	TRADING	n/a	-	533	506	(26)	-	-	-	-
			3,600	3,684	3,658	(26)	3,600	-	-	-
Everus Communications										
<i>Debenture</i>	MATURITY	Dec-10	4,413	3,919	2,901	(1,017)	-	-	-	-
<i>PIK Interest</i>	MATURITY	Dec-10	238	238	238	-	-	-	-	-
<i>Warrants</i>	TRADING	n/a	-	583	431	(152)	-	-	-	-
			4,651	4,740	3,570	(1,170)	-	-	-	-
Digital Payments Technologies										
<i>Debenture</i>	MATURITY	Oct-11	3,500	2,819	2,819	-	-	-	-	-
<i>PIK Interest</i>	MATURITY	Oct-11	22	22	22	-	-	-	-	-
<i>Warrants</i>	TRADING	n/a	-	708	681	(26)	-	-	-	-
			3,522	3,549	3,522	(26)	-	-	-	-
Total			\$23,099	\$31,139	\$30,253	\$(886)	\$14,698	\$12,607	\$12,697	\$89

8. INVESTMENTS IN PRIVATE ENTITIES (continued)

The change in unrealized gain (loss) representing the difference between cost and carrying value of the above investments of (\$976) in the period is comprised of two components: the change in unrealized loss on investments held-for-trading of \$(1,127) and the unrealized currency gain of \$151 on a U.S. denominated investment.

(a) *High Fidelity HDTV Inc.*

The original fair value allocation of the debenture component of the investment was calculated based on the present value of the cash flows expected on the debenture at a discount rate of 18%.

The original fair value allocation of the equity component of the investment was calculated based on the present value of the estimated enterprise value in 2011 years assuming a discount rate of 45%. The enterprise value was estimated based on current earnings and growth in subscribers.

In order to value the common shares and warrants the Company has assumed a modestly lower forecasted enterprise value in 2011 but is using the same overall discount rate to discount the enterprise value. The lower forecasted enterprise value assumes the same earnings before interest, taxes, depreciation and amortization ("EBITDA") figures as in our original investment thesis but a lessened enterprise value to EBITDA assumption to reflect current valuation compression in the overall capital markets.

(b) *Birmingham Foundation Solutions*

In November of 2007 the Company made a \$9,200 cash investment in Birmingham Foundation Solutions ("Birmingham") in return for a combination of common and preferred shares. The preferred shares which have a face value of \$8,280 earn a dividend of 8.89% per annum which is payable quarterly and convert into common shares upon the sale of Birmingham.

The Birmingham investments are classified as held-for-trading.

(c) *Windward Telecom Limited*

On February 21, 2008, the Company, through its wholly subsidiary, C.A. Bancorp Telecom Inc., completed a U.S. \$700 equity investment in total in Windward Telecom Limited ("Windward"). Of this, U.S. \$200 of the investment was funded in 2007.

The Company's investment is structured as U.S. \$200 in common shares representing a 10% interest in Windward which yields an annual management fee of 5% and a U.S. \$500 in convertible, redeemable, retractable preferred shares paying a 13% annual dividend, with the preferred shares being convertible into 25% of Windward's common shares under certain conditions.

(d) *Kingswood Estates*

On January 23, 2008, the Company completed its \$6,000 investment in a newly formed limited partnership (the "Real Estate LP") that acquired a 360-unit apartment complex in Kitchener, Ontario (the "Kingswood Estates") for an aggregate purchase price of \$23,000. The Company invested \$6 million for an 80% limited partnership interest in the Real Estate LP, with the residual \$1,500 equity interest invested by Centurion Apartment Properties Limited Partnership and a third party investor. The Real Estate LP financed the remaining \$15.5 million of the \$23 million Kingswood Estates purchase price through financing provided by the assumption of three existing mortgages.

(e) *Salbro Bottle Group*

On February 29, 2008, the Company funded \$3,600 in the privately held Salbro Bottle Group of companies by way of debt and equity. The Company's investment is structured as a secured debenture with a 12% coupon and nominal cost warrants providing the Company with a base 12.5% equity interest.

The initial \$3,600 cash investment was allocated to the securities received based on the estimated fair value of each security. The debenture was originally fair valued using a discounted cash flow analysis with an effective discount rate of 18% and classified as held-to-maturity.

The equity is classified as held-for-trading and was originally fair valued using a 45% per annum discount rate on the projected enterprise value in four years. The projected enterprise value was based on forecasted EBITDA.

There was no material change to the valuation of warrants in Salbro. The slight reduction was a function of using modestly lower exit multiples at the time of expected maturity.

(f) *Everus Communications Inc.*

On June 24, 2008, the Company funded \$2,500 in the privately held Everus Communications Inc. ("Everus") by way of debenture and warrants providing an equity interest. Subsequent to the initial advance, the Company funded an additional \$1,900 in Everus by December 31, 2008 (again by way of a debenture and warrants).

8. INVESTMENTS IN PRIVATE ENTITIES (continued)

The Company's investment is structured as a secured debenture with a 15% coupon and nominal cost warrants providing the Company with a minimum 22% equity interest in Everus.

The aggregate \$4,500 investment was allocated to the securities received based on the estimated fair value of each security at the time of closing. The debenture is classified as held-to-maturity and was allocated a fair value of \$2,149 at inception using a present value (discount cash flow) analysis with an effective discount rate of 24% on the original \$2,500 advance.

The equity is classified as held-for-trading and was fair valued using a 47% per annum discount rate on the projected enterprise value in two and a half years. The projected enterprise value was based on Everus' forecasted EBITDA.

Due to a slower than anticipated growth rate at Everus since the time the investment was made and the fact that not all interest payments on the debenture are current, the Company has decided that the risk profile of the investment has increased and has taken an other than temporary impairment and a fair value adjustment of \$1,017 and \$152 on the debenture and warrants (equity) respectively.

The Company used a 38% discount rate on the debenture (including payment-in-kind interest and all other debt obligations owed by Everus to the Company) to arrive at the year-end valuation. The write-down on the debenture is considered an unrealized loss and is reflected in the net results of investments on the statements of operations.

(g) *Digital Payments Technologies Corp.*

On October 31, 2008, the Company funded a \$3,000 investment in Digital Payment Technologies Corp. ("Digital"), a privately held company based in Vancouver, by way of a debenture and warrants providing an equity interest. On November 26, 2008, the Company funded an additional \$500 in Digital by way of a debenture and warrants providing an equity interest.

The \$3,500 investment was allocated to the securities received based on the estimated fair value of each security at the time of closing. The debenture was fair valued using a discounted cash flow analysis with an effective discount rate of 20% and is classified as held-to-maturity.

The equity is classified as held-for-trading and was fair valued using a 45% per annum discount rate on the projected enterprise value in five years. The projected enterprise value was based on Digital's forecasted EBITDA.

Digital designs, manufactures, and distributes multi-space pay station hardware, software, and online management solutions for customers to manage their parking assets (e.g. parking lots).

9. INVESTMENT IN CHARTER REIT

In 2006 and 2007 the Company participated in three private placements and one public offering for Charter REIT securities for total capital invested of \$18,600.

The Company controlled Charter REIT between February 23, 2007 and August 9, 2007 during which time it owned over 50% of Charter REIT's equity and consolidated the Charter REIT accounts for financial reporting purposes.

On June 21, 2007, Charter REIT completed another private placement which diluted the Company's interest in Charter REIT from 57.1% to 52.4% the Company recorded a gain (non-cash) on dilution of Charter REIT on its consolidated statement of operations of \$452.

On August 9, 2007 Charter REIT completed a public offering which diluted the Company's ownership in Charter from 52% to approximately 33%. As a result of the dilution the Company recorded a gain (non-cash) on its consolidated statement of earnings of \$921.

In accordance with the equity method of accounting for long-term investments a carrying value adjustment of \$418 was taken against earnings, for return of capital, based on the Company's percentage ownership for the period from August 9, 2007 to December 31, 2007, and \$522 for the 2008 fiscal year.

Beginning March 2008 the Company elected to participate in Charter REIT's distribution reinvestment plan ("DRIP") on approximately 18% of the Charter REIT units it holds. As a result, the Company has received 121,627 units to date in lieu of cash. On the Company's remaining 82% of Charter REIT units, the Company continues to receive cash distributions. Charter REIT is currently paying out distributions of \$0.01333 a unit per month or \$0.15996 a unit per year.

The trading price of units in Charter REIT has declined from the time of its public offering in August of 2007 at \$3.45 a unit to a closing price of \$0.70 at December 31, 2008 (December 31, 2007 - \$2.75). The 52 week trading price range was \$0.45 to \$2.85 in 2008. The overall public REIT market in Canada has been under significant valuation

9. INVESTMENT IN CHARTER REIT (continued)

pressure as investors have been concerned with the overall health of the economy and more specifically to the majority of REITs, the availability of term-debt financing. Before consideration of any adjustments the Company would be carrying its investment in Charter REIT at \$15,571 or \$2.61 a unit. The Company believes that given the market conditions for public REITs, the economy and the reduced availability of term debt financing and the publicly traded value of Charter REIT units the decline in carrying value of the Company's investment in Charter REIT to be other than temporary in nature. As a result, the Company has taken a write-down to the value of its investment in Charter REIT as follows:

	Number of Units	Carrying Value per Unit	Carrying Value
Before write-down as at December 31, 2008	5,965,453	\$ 2.61	\$ 15,572
Write-down as at December 31, 2008	-	(1.11)	(6,624)
As at December 31, 2008	5,965,453	\$ 1.50	\$ 8,948

The \$6,624 write-down has been taken as a charge to pre-tax earnings on the consolidated statements of operations. This write-down has been estimated based on the cash flows of the underlying properties in Charter REIT and the current capitalization rates.

The Company's investment in Charter REIT had an estimated fair value of \$4,176 (December 31, 2007 - \$15,778) as at December 31, 2008 based on the closing bid price of \$0.70 (December 31, 2007 - \$2.70).

10. C.A. BANCORP CANADIAN REALTY FINANCE CORPORATION

(a) *CRFC Start-Up and Preferred Share Offering*

In the first quarter of 2008, the Company as promoter closed an initial public offering of Preferred Shares (the "Preferred Share Offering") for a newly created mutual fund corporation, C.A. Bancorp Canadian Realty Finance Corporation ("CRFC"). CRFC is a single-purpose entity created to provide investors with exposure to a portfolio of commercial real estate loans and mortgages in Canada (the "Portfolio") which are held in a limited partnership (the "Partnership") managed by the Company through its wholly-owned subsidiary C.A. Bancorp Ltd. CRFC obtains economic exposure to the Portfolio through the simultaneous purchase of a basket of Canadian common shares (the "Basket") and the execution of an over-the-counter derivative contract (the "Forward Contract") with a subsidiary of a major Canadian Schedule I bank. The Forward Contract is designed to hedge CRFC's market risk to the Basket and to provide the return of the Portfolio net of any transaction and operating costs. The Basket consists of highly liquid non-dividend paying Canadian common shares which are typical of structured transactions of this type.

An aggregate of 1,540,000 Preferred Shares were issued by CRFC at \$25 each for total gross proceeds raised of \$38.5 million. The Preferred Shares have a ten year term and pay fixed tax-efficient quarterly distributions to investors of \$0.4219 or 6.75% per annum. The Company initially purchased 766,160 Class A Shares of CRFC at \$10.25 per share for a total cost of \$7.85 million. The Class A Shares rank subordinate to the Preferred Shares and had no fixed distribution schedule until the fourth quarter of 2008.

Upon closing of the CRFC Preferred Share Offering the entire portfolio of commercial real estate loans held by the Company totaling \$12,700 (December 31, 2007 - \$8,000) was sold to the Partnership at carrying value which equaled fair value.

(b) *Commitment*

The Company has agreed to subscribe for, or arrange subscriptions for, additional Class A shares of CRFC on a quarterly basis if the face value of the outstanding Preferred Shares exceeds the tangible net book value of the Class A shares by a ratio of greater than 9 to 1. As at December 31, 2008, the ratio was approximately 1.2 to 1.

(c) *Unit Offering*

The Company and CRFC filed a short-form prospectus for CRFC dated August 27, 2008 offering stapled units ("Units") at a price of \$10.00 per Unit (the "Unit Offering"). Each Unit consisted of one Class A Share and one warrant ("Warrant") to purchase one Series 1, Preferred Share (the "Preferred Shares"). The issuance of Class A Shares under the Unit Offering came from CRFC's treasury. Each Warrant entitles the holder to purchase one Preferred Share at a subscription price of \$23.75 at any time on or before 4:00 p.m. (Toronto time) on September 30, 2011.

10. C.A. BANCORP CANADIAN REALTY FINANCE CORPORATION
(continued)

The Company agreed to pay for all issue costs related to the Unit Offering over a period of seven years.

The Company has issued a note payable in the amount of \$2,676 to CRFC in connection with the Unit Offering to repay CRFC for the expenses of the Unit Offering over seven years, plus interest equal to 6% per annum. A corresponding amount has been included in intangible assets representing asset management contracts. The amount outstanding on this note as at December 31, 2008 is \$2,578 of which \$391 is payable within the next year in quarterly equal installments plus accrued interest. The amount of interest accrued at December 31, 2008 is \$nil.

The Company purchased 200,000 Units under the Unit Offering which provided it with an additional 200,000 Class A Shares and 200,000 Warrants. Including the Company's purchase a total of 2,900,000 Units were sold under the Unit Offering. The offering closed on September 12, 2008.

The following is a continuity of CRFC's Class A Shares in 2008:

	Held by C.A. Bancorp	% of total	Held by Other Public Investors	% of total	Total Class A Shares
Preferred Share Offering (February 20, 2008)	766,160	100.0%	-	-	766,160
Unit Offering (September 20, 2008)	200,000	6.9%	2,700,000	93.1%	2,900,000
Repurchased and Cancelled under MMPP and NCIB	-	-	(66,100)	100.0%	(66,100)
Balance as at December 31, 2008	966,160	26.8%	2,633,900	73.2%	3,600,060

(d) *Fair Value*

The Company's investment in CRFC had a fair value of \$5,894 as at December 31, 2008 based on the closing bid price of \$6.10.

(e) *Equity Accounting for Investment*

The Company consolidated the financial statements of CRFC up to September 12, 2008 as it held 100% of the Class A shares to that date. Subsequent to the unit offering the Company's ownership decreased to 26.8% and the Company is accounting for this investment under the equity method as it exercises significant influence over CRFC.

In accordance with the equity method of accounting for investments a carrying value adjustment of \$(118) was taken against earnings based on the Company's percentage ownership for the period from September 12, 2008 to December 31, 2008 for which the Company was deemed to have significant influence over CRFC.

11. ACQUISITION OF BARLOW CAPITAL MANAGEMENT INC.

On July 30, 2008, the Company announced the acquisition of 85% of the shares of Barlow Capital Management Inc. ("Barlow" or "Barlow Capital") through a newly created wholly-owned subsidiary C.A.B. Barlow Holdings Corp. for \$2,600 (excluding closing costs). The Company paid \$2,088 to acquire 80% of Barlow and \$500 to acquire an additional 5%. Closing costs of \$302 were paid. Barlow's senior management team owns the remaining 15% of the outstanding shares.

Barlow is a fee-for-service boutique investment counsellor and portfolio manager with an exclusive focus on providing endowment style investment management services to high net worth Canadian investors.

The financial statements of Barlow have been consolidated in these financial statements for the period from July 30, 2008 to December 31, 2008.

Of the \$2,390 paid to acquire the initial 80% of the shares of Barlow (including closing costs), \$321 was to purchase identifiable net assets (see table below) \$246 (December 31, 2007 – nil) was recorded as intangible assets consisting of customer relationships and the remaining \$1,823 (December 31, 2007 – nil) was allocated to goodwill.

In addition \$65 (December 31, 2007) of non-controlling interests are reflected in the consolidated financial statements to account for Barlow management's interests in Barlow Capital.

11. ACQUISITION OF BARLOW CAPITAL MANAGEMENT INC
(continued)

Assets	
Cash	\$ 604
Future Income tax asset	15
Accounts receivable, deferred costs, prepaid expenses and other assets	254
Capital Assets	169
	\$ 1,042
Liabilities	
Accounts payable	\$ 595
Deferred income	46
Redeemable preferred shares	459
	1,100
Conversion of preferred shares to equity	(459)
	\$ 641
Net identifiable assets acquired	\$ 401
Company's 80 % ownership	\$ 321

12. DUE TO BROKER

As at December 31, 2008, the Company had \$2,600 in due to broker which represents a margin loan secured by the Company's publicly traded investments and Class A Shares in CRFC.

13. ASSET AND INVESTMENT MANAGEMENT FEES

The Company earns management fees on the Total Strategy Fund and pays Sentry Select, as the investment manager, a portion of its management fees received in the form of investment management fees. Fees of \$202 (2007 - \$618) were recognized as income on account of Total Strategy Fund for 2008 and investment management fees of \$114 (2007 - \$353) were expensed.

The Company earns management fees on CRFC and pays Sentry Select, as the investment manager, a portion of its management fees received in the form of investment management fees. Fees of \$576 (2007 - nil) were recognized as income on account of CRFC and investment management fees of \$143 (2007 - nil) were expensed.

The Company also recognized \$396 (2007 - \$113) in asset management fees from Charter REIT for the year end December 31, 2008.

14. ADMINISTRATION AND MANAGEMENT AGREEMENTS WITH
SENTRY SELECT

The Company is a party to a management and an administration agreement ("Management Agreement" and "Administration Agreement" respectively) with Sentry Select Capital Corp. Sentry Select Capital Corp. is privately held and controlled by the Chairman and Chief Executive Officer of C.A. Bancorp.

(a) **Administration Agreement**

Under the terms of the Administration Agreement the Company pays Sentry Select a monthly fee of \$40 plus applicable taxes in exchange for the provision of administrative services including accounting and recordkeeping, regulatory reporting and compliance, investor relations, office space, equipment and certain administrative and management personnel, and other administrative and office services.

For the year ended December 31, 2008, \$480 (2007 - \$480) was charged to the Company in respect of the Administration Agreement. As of December 31, 2008, \$nil (2007 - \$nil) was due to Sentry Select in respect of such fees.

(b) **Management Agreement**

The Management Agreement engages Sentry Select to provide investment management services in respect of the Company's merchant banking business and other investing activities, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments, for a quarterly fee of ¼ of 1.50% (reduced to 1.10% subsequent to year-end - effective February 1, 2009) (the "Management Fee"), plus applicable taxes, based on the Company's closing consolidated net book value from the previous quarter (subject to certain adjustments in accordance with the Management Agreement). For the year

14. ADMINISTRATION AND MANAGEMENT AGREEMENTS WITH SENTRY SELECT (continued)

ended December 31, 2008, the Company incurred \$1,191 (2007 – \$972) in Management Fees to Sentry Select.

Sentry Select may also be entitled to a performance bonus (“Performance Bonus”) equal to 20% of the amount by which the annual consolidated pre-tax, pre-Management Fee and pre-Performance Bonus net income of the Company, as at December 31 in each year, exceeds the Yearly Bonus Threshold (as defined in the Management Agreement and subject to Clawback Payments and Cumulative Bonus Thresholds also as defined in the Management Agreement) for such year. The Yearly Bonus Threshold is an amount equal to a return of 8% per annum based on the Company’s consolidated net book value. No Performance Bonus has been incurred to date.

(c) *Reimbursable Employees*

Up until November 2008 Sentry Select had provided management personnel, at Sentry Select’s cost, in excess of that which was required under the Management and Administration Agreements. Under the terms of the Administration Agreements, Sentry Select had the option to ask C.A. Bancorp for reimbursement of the additional management personnel by way of formal notice which was given to C.A. Bancorp (the “Notice”). C.A. Bancorp was served with a formal notice on November 1, 2008. C.A. Bancorp’s operating expenses increased by an estimate of \$1,100 per annum as a result of the Notice. Since the Notice of effective from November 1, 2008, onwards only \$144 in expenses were incurred (reflected in general and administration expenses on the consolidated statements of operations) for 2008.

15. STOCK BASED COMPENSATION

The Company has a stock option plan (the “Plan”) for the benefit of directors, officers and employees (“Employees”) and consultants and service providers (“Non-Employees”) of the Company. Pursuant to the Plan, the Board of Directors may allocate non-transferable options to purchase up to a maximum of 10% of the outstanding common shares of the Company. Options granted pursuant to the Plan are exercisable at a price not less than the market price of the Common Shares on the stock exchange on which such shares are traded less any applicable discounts permitted by the rules of such exchange. The maximum number of common shares which may be reserved for issuance to any one person under the Plan is 5% of the common shares outstanding at the time of grant.

Pursuant to the Plan and approval by the Board of Directors on September 15, 2005, the Company granted, to directors, an aggregate of 21,500 options (of which 2,000 have been forfeited) to purchase common shares which may be exercised from issuance at a price of \$2.00 per share for a period of five years from the date of grant.

Pursuant to the Plan and approval by the Board of Directors on June 22, 2006, the Company granted, to certain employees and non-employees an aggregate of 78,000 (of which 18,000 have been forfeited) options to purchase common shares which may be exercised from issuance at a price of \$3.30 per share for a period of five years from the date of grant subject to vesting restrictions. One-third of the options vested on the date of grant and the remaining two-thirds vesting equally on June 22, 2007 and June 22, 2008.

Pursuant to the Plan and approval by the Board of Directors on December 22, 2006, the Company granted, to certain employees and non-employees an aggregate of 765,500 options (of which 95,000 have been forfeited) to purchase common shares which may be exercised from issuance at a price of \$3.10 per share for a period of five years from the date of grant subject to vesting restrictions. One-third of the options vested on the date of grant with the remaining two-thirds vesting equally on December 22, 2007 and December 22, 2008.

Pursuant to the Plan and approval by the Board of Directors on August 21, 2007, the Company granted, to certain employees and non-employees an aggregate of 1,275,000 options (of which 135,000 have been forfeited) to purchase common shares which may be exercised from issuance at a price of \$3.30 per share for a period of five years from the date of grant subject to vesting restrictions. One-third of the options vested on the date of grant with the remaining two-thirds vesting equally on August 21, 2008 and August 21, 2009.

For the year ended December 31, 2008, the Company recorded a total expense of \$531 (2007 - \$1167) in relation to the aforementioned C.A. Bancorp option grants. The fair values of the incentive stock option grants on the date of grant were estimated using a Black-Scholes option pricing model. In determining the fair value of options, management was required to make assumptions that could have a material impact on the valuation. For the purposes of assuming a dividend yield management assumed a rate of 0%. Other assumptions used on the dates of grant including the risk-free rate and the expected volatility are disclosed in the following table which summarizes information about the stock options outstanding as of December 31, 2008:

15. STOCK BASED COMPENSATION (continued)

Optionee Type	# of Optioned Shares Outstanding	Exercisable	Expiry Date	Exercise Price	Free Rate	Risk-Volatility Assumption	(\$ 000s) Value at Grant
Sept. 15, 2005 Grant							
Employees	19,500	19,500	Sept. 15, 2010	\$ 2.00	3.82%	30%	\$ 13
	19,500	19,500					13
June 22, 2006 Grant							
Employees	45,000	45,000	June 22, 2011	\$ 3.30	4.45%	40%	62
Non-Employees	15,000	15,000	June 22, 2011	\$ 3.30	4.45%	40%	21
	60,000	60,000					83
Dec. 22, 2006 Grant							
Employees	565,500	565,500	Dec. 22, 2011	\$ 3.10	3.80%	38%	694
Non-Employees	105,000	105,000	Dec. 22, 2011	\$ 3.10	3.80%	38%	129
	670,500	670,500					823
August 21, 2007 Grant							
Employees	1,020,000	680,000	Aug. 21, 2012	\$ 3.30	4.50%	60%	1,271
Non-Employees	120,000	80,000	Aug. 21, 2012	\$ 3.30	4.50%	60%	149
	1,140,000	760,000					1,420
Total All Grants	1,890,000	1,510,000					\$ 2,339

The following table summarizes the Company's stock option activity for the years ended December 31:

	2008	Weighted Average Exercise Price	2007	Weighted Average Exercise Price
Number outstanding, beginning of year	2,055,000	\$ 3.22	863,000	\$ 3.09
Granted	-	-	1,275,000	3.30
Forfeited/cancelled	(165,000)	3.23	(83,000)	3.21
Number outstanding, end of year	1,890,000	\$ 3.22	2,055,000	\$ 3.22
Exercisable, end of the year	1,510,000	\$ 3.19	963,167	\$ 3.17

As at December 31, 2008, the weighted average contractual remaining life of the options was 3.35 (2007 – 4.36) years.

16. SHAREHOLDERS' EQUITY

(a) Share capital

Authorized:

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Class A, Class B and Class C Preference Shares, issuable in series without nominal or par value.

On August 8, 2007, the Company announced its intention to purchase and cancel its common shares through a normal course issuer bid ("NCIB") made through the facilities of the Toronto Stock Exchange ("TSX"). The Company renewed the NCIB on August 18, 2008 and can purchase up to a maximum of 6,299 common shares in any trading day. Since the NCIB has been in effect, as at December 31, 2008, 900,100 shares have been repurchased and cancelled at an average price of \$1.86, of which 499,400 have been repurchased and cancelled in 2008 at an average price of \$1.56.

On April 25, 2008, the Company's shareholders passed a motion to implement a mandatory market purchase plan ("MMPP") pursuant to which, the Company will use its best efforts to purchase for cancellation its common shares if they are offered at a price less than 90% of the net book value per common share on the principal stock exchange on which they are traded, currently the TSX. The obligation is subject to a limit in any calendar quarter of 1.25% of the number of outstanding common shares at the beginning of each quarter. The obligation is also subject to certain conditions to ensure that the marketability of the common shares is not seriously impaired, the Company has adequate liquidity, the Company does not have to liquidate securities other than in an orderly

16. SHAREHOLDERS' EQUITY (continued)

manner, there is no material legal action instituted or threatened that materially adversely affects the Company and that there is no general suspension of trading of the Company's common shares. Since inception and as at December 31, 2008, 839,300 common shares have been repurchased and cancelled at an average price of \$1.42 under the MMPP. The MMPP expires as of the Company's next annual meeting scheduled for April 14, 2009.

The following is a continuity of the share capital of the Company:

	(000s) Number of common shares	Share capital
As at December 31, 2006	14,136	\$ 38,592
Common Shares issued (cancelled) during the year as a result of:		
Warrants exercised	38	146
Treasury offering	14,500	47,850
Treasury offering - over-allotment	410	1,353
Issue costs	-	(4,185)
Normal course issuer bid	(401)	(153)
As at December 31, 2007	28,683	\$ 82,603
Common Shares cancelled during the period as a result of:		
Normal course issuer bid	(499)	(1,439)
Mandatory market purchase program	(839)	(2,417)
As at December 31, 2008	27,345	\$ 78,747

(b) *Contributed surplus*

	Carrying Value
As at December 31, 2006	\$ 375
Net increase related to stock based compensation	1,119
Warrants cancelled or expired in 2007	241
Normal course issuer bid	255
As at December 31, 2007	\$ 1,990
Net increase related to:	
Stock based compensation	531
Normal course issuer bid	1,226
Mandatory market purchase plan	661
As at December 31, 2008	\$ 4,408

17. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's consolidated future income tax assets as at the year-end are as follows:

	2008	2007
Future income tax assets		
Non-capital loss carryforwards	\$ 515	\$ 83
Unrealized impairment on Charter REIT units	960	-
Deemed capital gain on conversion of Charter shares to Charter REIT units	435	435
Other Charter REIT carrying value adjustments	196	104
Net unrealized loss on investments	996	587
Net realized loss on investments	1,255	-
Cumulative eligible capital pool expenses	28	30
Return of capital distributions	-	(43)
Other	33	-
	4,418	1,196
Valuation allowance	(1,673)	-
Net future tax asset	\$ 2,745	\$ 1,196

17. INCOME TAXES (continued)

As at December 31, 2008, the Company and its subsidiaries had non-capital losses available to be carried forward to offset income in future years of \$1,437. A valuation allowance against the benefit of these losses has been recognized in these consolidated financial statements but these losses are still available to offset future taxable income up to the date of their expiry. These losses expire as follows:

Year	
2028	\$1,437

The recovery of income taxes differs from the result that would be obtained by applying the combined Canadian Federal and Provincial statutory income tax rates to loss before income taxes as follows:

	2008	2007
Loss before income taxes		
and non-controlling interest	\$ (16,876)	\$ (1,885)
Combined federal and provincial income tax rate	33.5%	36.1%
Expected recovery for income taxes	(5,653)	(681)
Permanent differences	2,490	458
Future tax rate change	22	201
Prior year adjustments	65	-
Valuation allowance	1,673	-
Recognition of previously unrecognized tax losses	-	(759)
Other	5	-
Net tax recovery	\$ (1,398)	\$ (781)
Current tax provision	\$ 128	\$ 415
Future tax recovery	(1,526)	(1,196)
Net tax recovery	\$ (1,398)	\$ (781)

18. RELATED PARTY TRANSACTIONS

Unless mentioned elsewhere in the notes to these consolidated financial statements the following are additional disclosures regarding related party transactions.

(a) **Reimbursement of expenses**

As at December 31, 2008, \$89 (December 31, 2007 - \$nil) was due to Sentry Select for reimbursement of third party expenses of the Company paid for by Sentry Select.

(b) **Charter REIT**

As at December 31, 2008, \$110 (December 31, 2007 - \$156) in acquisition and management fees were due from Charter REIT.

(c) **C.A. Bancorp Canadian Realty Finance Corporation**

As at December 31, 2008, \$94 (December 31, 2007 - \$nil) was due from CRFC for reimbursement of third party expenses of CRFC paid for by the Company.

19. SEGMENT DISCLOSURES

The Company has organized its reporting structure based on the following segments:

- (i) **Financial services** which includes agricultural lending, commercial real estate lending and commercial mortgage brokering.
- (ii) **Investing and asset management** which includes private and public entity "direct" investments (excluding real estate) and asset management activities (excluding real estate management or lending activities).
- (iii) **Real estate which includes real estate equity** (Charter REIT, Kingswood Estates) and real estate management (the management contract with Charter REIT).

19. SEGMENT DISCLOSURES (continued)

	Year ended December 31							
	Financial Services		Investing and Asset Management		Real Estate		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues	\$2,197	\$281	\$5,579	\$4,756	\$611	\$2,201	\$8,387	\$7,238
Net results of investments	(118)	-	(17,213)	(2,160)	(522)	955	(17,853)	(1,205)
Expenses	(2,099)	(129)	(4,818)	(3,466)	(493)	(4,323)	(7,410)	(7,918)
Pre-tax net earnings (loss)	(20)	152	(16,452)	(870)	(404)	(1,167)	(16,876)	(1,885)
Net (provision) recovery of income taxes	(8)	(5)	1,409	786	(3)	-	1,398	781
Net earnings (loss) before NCI	(28)	147	(15,043)	(84)	(407)	(1,167)	(15,478)	(1,104)
Non-controlling interests	-	-	14	-	-	979	14	979
Net (loss) earnings from continuing operations	(28)	147	(15,029)	(84)	(407)	(188)	(15,464)	(125)
Net earnings from discontinued operations	1,105	142	-	-	-	-	1,105	142
Net earnings (loss)	\$1,077	\$289	\$(15,029)	\$(84)	\$(407)	\$(188)	\$(14,359)	\$17
Total assets:								
From continuing operations	\$9,312	\$8,242	\$37,822	\$47,789	\$14,980	\$18,136	\$62,114	\$74,167
From discontinued operations	85,664	80,181	-	-	-	-	85,664	80,181
Total assets	\$94,976	\$88,423	37,822	\$47,789	\$14,980	\$18,136	\$147,778	\$154,348

20. RISK MANAGEMENT

Market risk

The Company is exposed to market risk on its portfolio of publicly traded investments.

The Company does not use any derivatives to hedge its market risk and has no intention to do this for the foreseeable future.

Liquidity risk

The Company has made investments in private entities which do not typically have an active market. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events. However, such liquidity events are rarely expected in the first year of making the investment. The Company seeks to obtain regular cash flow from these investments through coupon payments and/or management fees.

The Company invests in public securities in an active market which can be readily disposed of. There can be no assurance that an active trading market for the securities will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings in a timely manner.

Interest rate sensitivity and risk management

The Company is exposed to interest rate risk as its subsidiaries may borrow funds (liabilities) at both fixed and floating rates.

Exposure to interest rate risk exists as a result of the mismatch, or gap, between assets, liabilities and off-balance sheet instruments, if any, scheduled to mature or reset on particular dates.

The Company manages interest rate risk, where possible, by maintaining an appropriate mix of fixed and floating rate assets and liabilities. The Company may, from time to time, consider the use of interest rate swap contracts and forward interest rate contracts to hedge interest rate risk. Decisions to use these products will be based on the relative merits of hedging vis-à-vis the costs of such hedging arrangements.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty except overnight term deposits placed with the Royal Bank of Canada ("RBC") of \$1.2 million as at December 31, 2008. RBC has a senior debt rating of AA- from S&P.

20. RISK MANAGEMENT (continued)

Foreign Exchange Risk

The Company does not have any significant exposure to foreign exchange risk. Its investments in the private entity "Windward Telecom" are the only foreign based investments that the Company has. The revenues and expenses of the operating company are primarily in U.S. dollars. Given that approximately \$710 is invested in Windward a 1% change in foreign exchange rates would give rise to a gain or loss of \$7.

21. CAPITAL DISCLOSURES

The Company's objectives when managing capital are: (a) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and (b) to provide an adequate return to shareholders by seeking returns on investments that are commensurate with the level of risk on the investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may buy back shares, issue new shares, sell assets or issue debt.

The Company views all shareholders' equity as capital. The Company is not subjected to any material externally imposed capital requirements.

22. SUBSEQUENT EVENTS

(a) Sale of AgriFinancial Canada Corp.

In September 2008 the Company announced that it had entered into a share purchase agreement with a third party pursuant to which the third party or an affiliate would acquire the shares of C.A. Bancorp Financial Corp. (the holding company for the AgriFinancial business. The transaction closed on January 30, 2009. The Company sold its interest with a net carrying value of \$10,600 on December 31, 2008 for \$18,500 resulting in a pre-tax capital gain of approximately \$7,900.

(b) Change to Ongoing Operating Expenses

Similar to the Notice provided under the Administration Agreement effective November 2008, Sentry Select provided an additional Notice to C.A. Bancorp in respect of three employees for which it had previously paid cash salaries, bonuses and benefits related to the operation of Charter REIT for which C.A. Bancorp has a management contract to operate. As a result from February 1, 2009 onwards C.A. Bancorp is expected to incur approximately \$600 per annum in additional operating expenses. See Note 12.

(c) Reduction in Management Fees

An amendment to the Management Agreement was made between Sentry Select and C.A. Bancorp pursuant to which the Management Fee was reduced from 1.50% to 1.10% of financial statement capital per year. See Note 12. Sentry Select had previously paid the 0.40% difference to investment dealers as a servicing fee which was terminated, along with the reduction in management fee, effective February 1, 2009.

(d) Repurchase of Investments in Private Entities from the Sentry Select Total Strategy Fund

In August of 2008 the Company made an offer, which was accepted, to the Total Strategy Fund to repurchase investments in three private entities for the cost to the Total Strategy Fund plus any accrued distribution at the time the repurchase took place. The Company completed the purchase of these investments, each of which were investments the Company already had existing positions in on March 6, 2009 for cash proceeds of \$2,568 as follows:

Issuer	Cost	Accrued and unpaid Distributions	Total Purchase Price
High Fidelity HDTV	\$1,250	106	1,356
Birmingham Foundation Solutions	800	11	811
Salbro Bottling	400	1	401
	\$2,450	\$118	\$2,568

DIRECTORS:

John F. Driscoll
Richard Zarzeczny^{1,2,3}
Mark Gardhouse
Frank Potter
Paul Haggis^{1,2,3}
Timothy Unwin^{1,2,3}

¹Member of Audit Committee

²Member of Corporate Governance, Compensation and Nominating Committee

³Member of Standing Independent Committee

OFFICERS:

John F. Driscoll	Chairman and Chief Executive Officer
Mark Gardhouse	President
Paolo De Luca	Chief Financial Officer
Michael Lovett	Managing Director, Real Estate Capital
Kurt Brands	Vice-President, Corporate Development
Jake Trainor	Vice-President, Corporate Development
Helen Martin	General Counsel
Greg Walker	Manager, Equity Investments
Ryan Caughey	Corporate Secretary

AUDITORS:

Deloitte & Touche LLP, Toronto, Ontario

TRANSFER AGENT:

Computershare Investor Services Inc., Calgary, Alberta

COUNSEL:

Macleod Dixon LLP, Toronto, Ontario

C.A. BANCORP INC.
THE EXCHANGE TOWER
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