

Monthly Update

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

	One Month to <u>July 31, 2010</u>	Year to Date <u>July 31, 2010</u>
TSX	3.71%	-0.28%
S&P 500	6.88%	-1.21%
DJII	7.08%	0.36%
NASDAQ	6.90%	-0.64%

Distributions (by record date)

	BK	BK.PR.A	Total
Total to Date	\$4.7441	\$2.9389	\$7.6830
2010 YTD	\$0.4375	\$0.2917	\$0.7292
2009	\$0.5625	\$0.5000	\$1.0625
2008	\$0.9535	\$0.5648	\$1.5183
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.4125	\$0.2470*	\$0.6595

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

Commentary

North American financial markets experienced solid gains during July spurred on by generally stronger than expected Q2 earnings, an easing of the European sovereign debt crisis and progress in the containment of the Gulf oil spill. In particular, the results of the European bank stress tests which were released in June were generally received favorably and helped reverse the decline in the Euro which improved stability in world financial markets.

Despite these positive developments, the economy and stock markets seem to have reached a critical juncture as market participants are increasingly questioning the durability and robustness of the recovery as many of the government sponsored stimulus measures come to an end. High unemployment, continued housing weakness and ballooning deficits in the U.S continue to act as a significant headwind for a more robust economic recovery. The Canadian economy is clearly doing better than most other developed countries but will be adversely impacted if worldwide growth slows due to its dependence on resource exports.

Over the coming months, market participants will continue to carefully scrutinize every piece of economic data in order to try and ascertain the shape and durability of this economic recovery. As mentioned in previous commentaries, sustained economic growth will require a greater transition from government led growth to private economic growth.

The valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should act as a major support at these current market prices.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$21.44 (July 30/10)

Cash Weighting:	8%
Canadian Equity Weighting:	92%

BK.PR.A Trading Price:	\$10.22 (July 30/10)
Current Yield:	4.9% annually*
Asset Coverage:	214%
Market Capitalization:	\$91,898,250

BK Trading Price:	\$10.45 (July 30/10)
Current Yield:	7.2% annually*
Market Capitalization:	\$93,966,410

*Last distribution annualized.

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.