



As at March 31, 2011

Monthly Update

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

Distributions (by record date)

	BK	BK.PR.A	Total
Total to Date	\$5.2441	\$3.2723	\$8.5164
2011 YTD	\$0.1875	\$0.1250	\$0.3125
2010	\$0.7500	\$0.5000	\$1.2500
2009	\$0.5625	\$0.5000	\$1.0625
2008	\$0.9535	\$0.5648	\$1.5183
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.4125	\$0.2470*	\$0.6595

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

Commentary

The North American financial markets displayed incredible resilience given the number of geopolitical concerns that came into play in March; an earthquake and tsunami in Japan, Yemen President negotiating to step down by year's end, Hosni Mubarak resigning as President of Egypt and increased violence in Libya under calls for Moammar Gadhafi to step down to name a few. These concerns will be continually monitored for their impact going forward.

The U.S. housing market and unemployment market continue to exert a drag on the U.S. economy. Other measures of economic activity including manufacturing activity and retail sales seemed to suggest that the economy continues to improve, albeit at a fairly modest pace. The question of whether this economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus remains to be answered in the coming months and years.

The valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should continue to act as a major support at these current market prices. Many Canadian companies held in the portfolios are expected to raise their dividends over the next 6 months. During the bank earnings release last month Bank of Nova Scotia and TD Bank increased their annual dividend by 6% and 8% respectively. The dividend income continues to be supplemented by income generated from the covered call writing program.

	One Month to Mar 31, 2011	Year to Date Mar 31, 2011
TSX	-0.14%	5.01%
S&P 500	-0.11%	5.42%
DJII	0.76%	6.41%
NASDAQ	-0.04%	4.83%

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	December 1, 2012
Net Asset Value	\$23.99
Cash Weighting:	4%
Canadian Equity Weighting:	96%
BK.PR.A Trading Price:	\$10.40
Current Yield*:	4.8%
Asset Coverage:	240%
Market Capitalization:	\$84,960,533
BK Trading Price:	\$13.20
Current Yield*:	5.7%
Market Capitalization:	\$107,834,522

*Last distribution annualized.

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.