



As at May 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.

	One Month to May 31, 2011	Year to Date May 31, 2011
TSX	-1.02%	2.68%
S&P 500	-1.35%	6.96%
DJII	-1.88%	8.57%
NASDAQ	-1.33%	6.88%

Distributions (by record date)

	BK	BK.PR.A	Total
Total to Date	\$5.3691	\$3.3556	\$8.7247
2011 YTD	\$0.3125	\$0.2083	\$0.5208
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 generally weakened during the month largely as result of US economic data suggesting the economic recovery had begun to moderate significantly. The impact of the Japanese tsunami disaster on the supply chain for the automotive and technology industry was a contributing factor for some of the slower economic growth. Higher commodity prices, especially energy costs were also seen to be impacting growth.

The U.S. housing market and unemployment market continue to exert a drag on the U.S. economy. The anticipated end of the US Federal Reserve's "QE2" policy at the end of June has also been a source of apprehension by market participants. Market participants have worried that the removal of this major source of monetary stimulus will adversely impact equity markets which has in large part been credited for fueling a significant increase in equity markets since its announcement and implementation in the fall of 2010. 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.

Canadian economic indicators generally remain relatively strong with housing and employment conditions much stronger than most other developed economies.

Record low interest rates in North America are expected to remain until economic growth is deemed to be on a self sustaining growth path. In the context of these low rates, the valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should continue to act as a major support at these current market prices. The dividend income continues to be supplemented by income generated from the covered call writing program.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	December 1, 2012
Net Asset Value	\$23.37

Cash Weighting:	5%
Canadian Equity Weighting:	95%

BK.PR.A	Trading Price:	\$10.45
	Current Yield*:	4.8%
	Asset Coverage:	234%
	Market Capitalization:	\$85,368,997

BK	Trading Price:	\$12.53
	Current Yield*:	6.0%
	Market Capitalization:	\$102,361,103

*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.