

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2023. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at www.canadianbanc.com or by writing to the Company at Investor Relations, 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2.

These reports are available to view and download at www.canadianbanc.com or www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGIES

Investment objectives

Canadian Banc Corp. invests primarily in a portfolio of common shares which will include each of the following Canadian chartered banks:

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

The Company may also invest up to 20% of the net asset value in equity securities of Canadian or foreign financial services corporations other than the core holdings listed above. In order to supplement the dividends received on the portfolio and to reduce risk, the Company will from time to time write covered call options in respect of some or all of the common shares in the portfolio.

The Company offers two types of shares:

Preferred shares

The investment objectives with respect to the Preferred shares are as follows:

1. Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the \$10 repayment value; and
2. On the termination date of December 1, 2028 (subject to further 5 year extensions thereafter), to pay holders the \$10 repayment value of those shares.

Class A shares

The investment objectives with respect to the Class A shares are as follows:

1. Effective November 15, 2021, to provide holders with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month (previously, 10%). The net asset value per unit must remain above the required \$15 per unit threshold for monthly distributions to be declared; and
2. On the termination date, to pay holders the original issue price (\$15) of those shares.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2023. In addition, note 5 of the financial statements (“Management of Risk of Financial Instruments”) contains disclosure on specific types of risks related to the financial investments held by the Company.

RESULTS OF OPERATIONS

North America markets continued to experience macroeconomic headwinds and bouts of volatility during the period ended May 31, 2023. The Bank of Canada and the U.S. Federal Reserve’s aggressive tightening of monetary policies beginning in early 2022, which included rapid increases in interest rates and the reduction of their balance sheets in order to control inflation, has had an adverse impact on the North American economies, affecting many households and small businesses with higher loan payments. Both the Bank of Canada and the U.S. Federal Reserve remain committed to hawkish monetary policies, including increasing interest rates, until inflation returns to the 2% target.

In early March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. Later in the month, Credit Suisse was taken over by UBS Group at the behest of regulators in Switzerland. These events led to widespread and significant declines in the market prices of financial services companies in the United States and Canada and highlighted the risks associated with the historical pace of increase in interest rates that had occurred over the last year.

Markets were also buffeted by the ongoing developments surrounding the U.S. debt ceiling discussions and the potential adverse consequences that could result if U.S. politicians were unable to reach an agreement to increase the debt ceiling limit before the projected early June deadline at which time the U.S. would run out of the ability to fully fund all of its obligations.

The yield curve continued to be inverted during the period, with shorter term maturities yielding more than longer term maturities, which generally adversely impacted the earnings potential of financial services companies and reflected market expectations for a decline in longer-term interest rates as a result of deteriorating economic performance.

The period ended with a decline in North American stocks as unexpectedly strong reports on the Canadian and U.S. labour markets caused some concern among market participants that more central bank interest rate hikes may be required to slow potential wage pressures that could continue to sustain higher inflation rates.

Against this backdrop, the portfolio securities generally tracked the broader market, experiencing bouts of volatility during the period and ending the period lower.

The net assets per unit finished at \$19.28 as at May 31, 2023, after the payment of \$1.41 in combined distributions to both classes of shares at the targeted rates. A combined total of \$30.04 has been paid in distributions since inception.

The Company announced on May 25, 2023 that the TSX accepted its notice of intention to make a Normal Course Issuer Bid (the “NCIB”) to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems. The NCIB commenced on May 29, 2023 and will terminate on May 28, 2024. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 2,226,511 Preferred shares and 2,204,842 Class A shares of the Company, representing 10% of the public

float of 22,265,111 Preferred shares and 22,048,422 Class A shares. As of May 15, 2023, there were 22,287,682 Preferred shares and 22,082,182 Class A shares issued and outstanding. The Company will not purchase, in any given 30-day period, in the aggregate, more than 445,753 Preferred shares or more than 441,643 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 15, 2023. The previous NCIB which commenced on May 27, 2022 terminated on May 26, 2023. There were no Preferred shares nor Class A shares purchased for cancellation during the period ended May 31, 2023.

During the period ended May 31, 2023, 4,106,000 Preferred shares were sold through an at-the-market equity program (“ATM Program”) at an average selling price of \$10.08 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were \$41,387,246, \$40,352,556 and \$1,034,690, respectively.

During the period ended May 31, 2023, 4,659,900 Class A shares were sold through the ATM Program at an average selling price of \$13.37 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were \$62,311,264, \$60,753,483 and \$1,557,781, respectively.

The Company issued 2,360,000 Preferred shares at \$10.00 per share and 1,560,000 Class A shares at \$13.75 per share for gross proceeds of \$45,050,000 pursuant to a secondary offering that was completed on January 31, 2023. Agents’ fees and issuance costs were \$1,791,403 in connection with this offering.

Net assets of the Company finished the period at \$434 million.

The covered call writing program continued to provide additional income and supplemented the dividend income earned in the portfolio.

RECENT DEVELOPMENTS

Financial markets and equity markets have experienced volatility in response to significant macroeconomic factors, including central bank responses to inflation levels and geopolitical events and tensions, including military events in Ukraine and Russia.

In addition, the abrupt closures of certain U.S. regional banks due to liquidity and solvency concerns led to widespread and significant declines in the market prices of financial services companies in the United States and Canada.

The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve.

Effective December 5, 2022, Michael Sharp was appointed to the Independent Review Committee (the “IRC”) of the Company following the death of William C. Thornhill, who had served as a dedicated member of the IRC since May 2007.

RELATED PARTY TRANSACTIONS

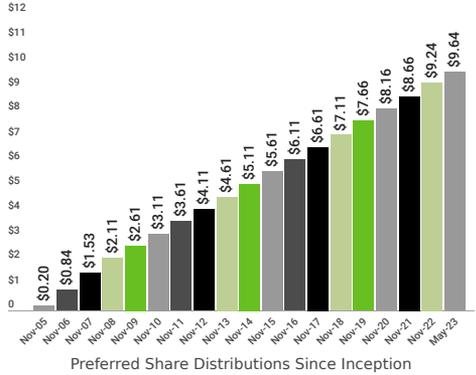
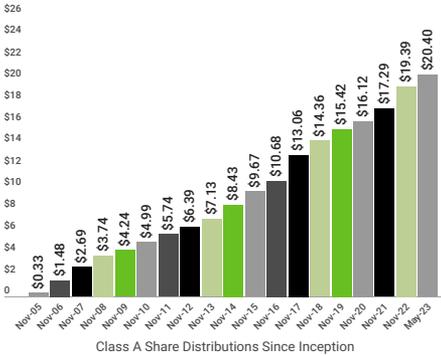
Quadravest Capital Management Inc. (“Quadravest”) as investment manager and Manager earns fees from the Company as described below in the Management Fees section.

Class A shares - Distributions

Class A shareholders receive monthly cash distributions targeted to be at a rate of 15% annualized (effective November 2021, previously 10%) based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month. The net asset value per unit must remain above the required \$15 per unit threshold for monthly distributions to be paid. Total monthly cash distributions per Class A share during the period amounted to \$1.0080 at the target rate.

Preferred shares - Distributions

Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the \$10 repayment value. Total distributions during the period amounted to \$0.40 per Preferred share.



20.40

Cumulative total of distributions paid to Class A share since inception



1.12

Special distributions paid since inception



9.64

Cumulative total of distributions paid to Preferred share since inception

FINANCIAL HIGHLIGHTS

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the past five years. This information is derived from the Company's semi-annual financial statements and previous audited annual financial statements. The information in the following table is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit.

The Company's net assets per unit

	May 31, 2023	Years ended November 30				
		2022	2021	2020	2019	2018
Net assets per unit, beginning of period ⁽¹⁾	21.37	23.11	19.01	21.36	21.02	23.28
Increase (decrease) from operations						
Total revenue	0.41	0.79	0.81	0.84	0.83	0.82
Total expenses	(0.12)	(0.28)	(0.33)	(0.24)	(0.29)	(0.32)
Realized gains for the period	0.01	0.16	0.28	(0.32)	0.44	0.31
Unrealized gains (losses) for the period	(1.69)	(0.43)	5.05	(1.52)	0.96	(1.30)
Total increase (decrease) from operations ⁽²⁾	(1.39)	0.24	5.81	(1.24)	1.94	(0.49)
Distributions ⁽³⁾						
Canadian dividends	(1.34)	(2.53)	(1.40)	(1.21)	(1.15)	(1.47)
Capital gains dividends	(0.07)	(0.15)	(0.27)	-	(0.45)	(0.33)
Total distributions	(1.41)	(2.68)	(1.67)	(1.21)	(1.60)	(1.80)
Net assets per unit at end of period	19.28	21.37	23.11	19.01	21.36	21.02
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	9.28	11.37	13.11	9.01	11.36	11.02
Net assets per unit at end of period	19.28	21.37	23.11	19.01	21.36	21.02

- (1) Net assets per unit is the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.
- (2) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and other income (charges) related to Preferred shares and is calculated based on the weighted average number of units outstanding during the period.
- (3) Distributions are to Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution in the period and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

RATIOS AND SUPPLEMENTAL DATA

	May 31, 2023	Years ended November 30				
		2022	2021	2020	2019	2018
Net asset value (millions) ⁽¹⁾	\$434.0	\$345.4	\$235.9	\$203.1	\$237.0	\$235.0
Number of units outstanding ⁽²⁾	22,510,926	16,168,419	10,207,582	10,679,482	11,092,282	11,180,657
Base Management expense ratio ⁽³⁾	1.11%	1.16%	1.39%	1.28%	1.35%	1.39%
Management expense ratio including one time secondary offering expenses ⁽⁴⁾	2.24%	2.60%	1.45%	1.28%	1.35%	2.64%
Management expense ratio per Class A share ⁽⁵⁾	12.32%	9.61%	6.74%	9.42%	7.70%	8.83%
Portfolio turnover rate ⁽⁶⁾	0.54%	6.11%	9.11%	14.5%	2.5%	11.8%
Trading expense ratio ⁽⁷⁾	0.04%	0.04%	0.05%	0.06%	0.02%	0.03%
Closing market price (TSX): Preferred shares	\$10.02	\$10.06	\$10.70	\$10.31	\$10.67	\$10.12
Closing market price (TSX): Class A shares	\$12.99	\$13.40	\$13.20	\$8.67	\$10.59	\$10.99

(1) This information is provided as at May 31 or November 30.

(2) At times when there is an unequal number of Class A and Preferred shares outstanding, a notional unit amount will be determined based on the net assets attributable to each of the Class A and Preferred shares as a proportion of the net asset value of the Company.

(3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, withholding tax, distributions on Preferred shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(4) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.

(5) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs and withholding tax), all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the period. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.

(6) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Company during the period.

MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadrainvest is entitled to a base management fee payable in arrears at an annual rate equal to 0.65% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month end valuation date. In addition, Quadrainvest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadrainvest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.20% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date and an amount equal to the service fee payable to dealers on the Class A shares at a rate of 0.50% per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A shares in respect of each month in such calendar quarter. Effective June 1, 2022, the Company discontinued the payment of the service fee.

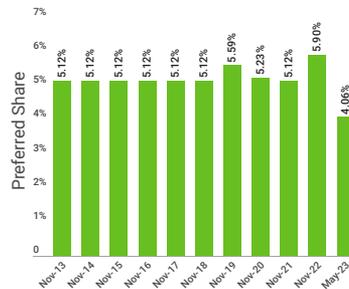
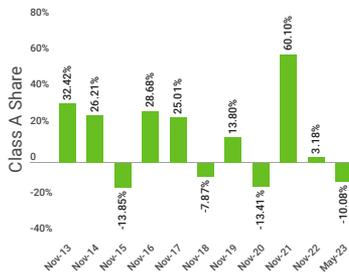
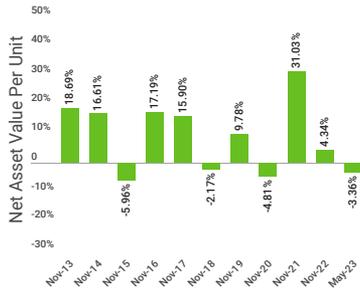
The base management fee was used by Quadrainvest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

PAST PERFORMANCE

Year-by-Year Returns

The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Preferred share or a Class A share would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

- The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable additional securities of the Company;
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
- Past performance of the Company does not necessarily indicate how it will perform in the future.



SUMMARY OF INVESTMENT PORTFOLIO
All holdings as at May 31, 2023

Name	Weighting (%)
Royal Bank of Canada	17.6
Toronto-Dominion Bank	11.8
National Bank of Canada	10.8
Bank of Montreal	9.8
Canadian Imperial Bank of Commerce	5.9
J.P. Morgan Chase & Co.	5.8
Bank of Nova Scotia	5.8
Bank of America	5.0
Citigroup Inc.	2.7
Goldman Sachs Group Inc.	2.6
Morgan Stanley	2.0
Total long positions as a percentage of net assets	79.8
Cash	21.6
Other net assets (liabilities)	-1.4
	100.0

The summary of investment portfolio may change due to ongoing portfolio transactions of the Company. Updates are available quarterly.