

Subject: RBC Dexia - Dexia News

On October 3, 2011, Dexia issued an announcement that it will be restructuring. I want to reassure you that it is business as usual at RBC Dexia. This announcement will have no impact on RBC Dexia's operations today or our future growth plans.

RBC Dexia Investor Services Limited is an independently capitalised company with a strong and highly liquid balance sheet, a conservative risk profile and has its own credit ratings. Our strong credit ratings (AA- by S&P and Aa3 by Moody's) are based on our standalone financial strength as well as the support of our two shareholders, RBC and Dexia. In fact, S&P commented that, "On a standalone basis, RBC Dexia exhibits sound profitability, resulting from large economies of scale, recurring revenues and strong liquidity."

Impact on RBC Dexia

Please note that Dexia's position has no impact on RBC Dexia's operations. RBC Dexia is not a wholly-owned subsidiary of Dexia. Dexia has a 50% equity interest in RBC Dexia; however, this does not entitle Dexia to access RBC Dexia assets or that of RBC Dexia's clients. In the unlikely event of the appointment of an administrator for Dexia, this would only impact the equity ownership of RBC Dexia, not its underlying assets or operations.

It is important to note that Dexia's challenges since the financial crisis of 2008 have been no impediment to our growth or success, including our first acquisition. In fact, our shareholder agreement is structured to prevent weakness at either parent from impairing RBC Dexia's ability to operate as a strong, independent company, able to grow both organically and through acquisitions.

Clients' securities

RBC Dexia holds clients' securities separately and distinctly from its own assets. As segregated assets, they are fully protected in the extremely unlikely event of default or bankruptcy of RBC Dexia.

For markets in which clients' securities are held through subcustodians, RBC Dexia generally operates through omnibus accounts where client securities are held on behalf of clients in the name of RBC Dexia or its nominee. This structure provides asset protection for underlying clients in the unlikely event of RBC Dexia default as the market recognises RBC Dexia or its nominee as merely the account holder who holds assets on behalf of underlying beneficial owners. Beneficial ownership is reflected in RBC Dexia's book of record. With limited exceptions, in any markets where the nominee concept is not fully recognised or the market requires registration of beneficial owners, we open segregated accounts in the client's name.

Cash deposits

Consistent with generally accepted banking practice, cash left with RBC Dexia constitutes a deposit. Please note that clients' exposure on all bank balances, except for fiduciary deposits, is to RBC Dexia. RBC Dexia invests in government paper, placements with high-quality banks and collateralised loans. RBC Dexia maintains a conservative risk profile and has very low levels of credit/liquidity/market risk exposures.

In accordance with our stringent investment policy, we place funds on a short-term, highly liquid basis with high quality counterparties. We have portfolio limits regarding single name exposure, minimum credit quality, and asset mix parameters to ensure high quality and high liquidity. RBC Dexia does not have material unsecured exposure to Dexia or to RBC, although they are significant counterparties.

I trust that this provides you with the information that you require. Please do not hesitate to contact me, should you wish to discuss further.

With many thanks

M.
Client Service Manager
Sales & Distribution