



River City Credit Union Ltd.

Credit Union

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3477

Ferrier Branch

8620-58 Avenue
Edmonton, AB
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Westwood Branch:

11840-106A Street
Edmonton, AB
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Ph: (780) 496-8754

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Email:

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Website:

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February 2010

Dear Member(s):

**IMPORTANT NOTICE REGARDING:
A SPECIAL MEETING AND THE FUTURE OF YOUR CREDIT UNION**

At the Board of Director's meeting January 26, 2010, a motion was approved to bring forward a resolution to the membership to proceed with an amalgamation with Royglenor Savings and Credit Union Ltd.

We are calling a membership meeting on March 17, 2010 at which time a Resolution to Amalgamate will be brought forward. A two-thirds majority vote of the members present is required to pass the resolution.

Your presence is requested as it is necessary to achieve a quorum as per the requirements of the Credit Union Act.

The meeting particulars are:

Date: Wednesday March 17, 2010
Time: Registration 6:30 PM
Place: Chateau Louis Conference Centre,
Kingsway Ave & 117th Street
Edmonton, Alberta

Royglenor Savings and Credit Union has faced many challenges over the past few years, but has been able to prosper and survive. However, they are now faced with an obstacle that could jeopardize their ability to continue to operate as an independent Credit Union.

A few years ago, the Alberta Credit Union System introduced a new computer banking system and placed a sunset on our existing system effective December 31, 2010. Royglenor completed a financial analysis of the proposed new system and determined that they are not in a financial position to afford the fixed costs, staging fees or annual operating expenses.

Their Management and Board considered the following options and completed the necessary due diligence:

- 1) Other computer suppliers.
- 2) Build in-house computer system and hire computer specialist.

- 3) Scale back services to savings accounts and consumer loans.
- 4) Merge with another credit union

Extensive research was conducted on a province wide basis and letters of interest were sent to several Credit Unions. Positive responses were received from two Edmonton based Credit Unions. However, we were the only Credit Union who was committed to keeping the branch located in the Community Services Centre open and to continue to provide Royglenor members with the financial products and services they have at present.

Conclusion:

Additional information will be provided to the full membership at the March Special Meeting. Your attendance at this meeting is needed in order for you to decide the future course for the Credit Union.

We are bringing forward the Resolution to Amalgamate with Royglenor Savings and Credit Union Ltd to the March Special Meeting. The Board of Directors has determined it is in the best interest of the Credit Union to amalgamate with them as of July 01, 2010.

We look forward to your attendance at the March 17th meeting.

Respectfully submitted,



Kevin Moore

Kevin Moore, President, Board of Director's

D. A. Munro

Dave Munro, CEO

Credit Union

- AMENDED -

SUMMARY AND DETAILS OF THE AMALGAMATION AGREEMENT

The name of the new Credit Union will be River city Credit Union Ltd. The Royglenor location will remain open and continue serve members and will be referred to as the Royglenor branch of River City Credit Union Ltd. All employees, except the General Manager, will be guaranteed jobs.

The Bond of Association of the new Credit Union will include Alberta Health Care (AHC) employees, former AHC employees and their families. The new Credit Union will have a total of four branches; with services at the new Credit Union similar to the existing services now provided.

The Board of Directors of the new Credit Union will consist of 12 members, two (2) of which will initially be appointed from the current Board of Royglenor Savings and Credit Union Ltd.

The By-laws of the new Credit Union will be substantially the same as the existing By-laws of Royglenor Savings and Credit Union Ltd. The proposed amalgamation date is July 01, 2010.

The proposed amalgamation is subject to Credit Union Deposit Guarantee Corporation Ltd. approval.

The new Credit Union will have the following projected totals as of:

	Combined Financials of RCCU & Royglenor		RCCU Projected Financials	Combined Financials of RCCU & Royglenor
	01/Jul/2010	31/Oct/2010	31/Oct/2010	31/Oct/2011
	In Thousands of Dollars			
Total Loans and Investments	\$89,317	\$89,809	\$77,413	\$93,230
Total Deposits	\$86,931	\$87,345	\$74,826	\$89,622
Member Shares	\$937	\$930	\$621	\$907
Retained Earnings	\$3,688	\$3,811	\$3,449	\$4,146
Total Equity	\$4,606	\$4,741	\$4,070	\$4,992
Total Deposits and Equity	\$91,713	\$92,294	\$79,053	\$94,791
Financial Income	\$2,776	\$4,363	\$3,885	\$4,864
Financial Expense	\$967	\$1,497	\$1,364	\$1,820
Financial Margin	\$1,809	\$2,866	\$2,520	\$3,044
Other Income	\$548	\$823	\$660	\$823
Operating Expenses	\$2,628	\$3,777	\$2,877	\$3,400
Operating Margin	\$(358)	\$(219)	\$183	\$335

Some material transition costs include personnel costs for retention and severance agreements in place at the time of publication totaling \$287,058. These agreements have been reviewed with legal counsel and are deemed to be within industry standard and are considered fair and reasonable under the circumstances. General operating expenses also include \$50,000 for projected computer conversion costs. Exact figures are not known at this time.

RESOLUTION

For the General Meeting of River City Credit Union Ltd.

Date: March 17, 2010
Time: Registration at 6:30 PM
Meeting call to order at 7:00 PM
Place: Chateau Louis Conference Centre,
Kingsway Ave & 117th Street
Edmonton, AB

WHEREAS

River City Credit Union Ltd., and Royglenor Savings & Credit Union Ltd. have been examining the opportunities and the benefits of a merger for some time,

AND WHEREAS

The two Credit Unions have worked together in several service related areas,

AND WHEREAS

The two Credit Unions have learned, through this process, that they are extremely compatible; both share a common philosophy with the similar markets and members.

NOW THEREFORE BE IT RESOLVED THAT

River City Credit Union Ltd agrees to merge with Royglenor Savings and Credit Union Ltd., and hereby adopt the Amalgamation Agreement as presented.