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Twin Cities-based REAL Financial Credit Union Merging with Wisconsin-based Royal Credit Union (RCU)

Combined Credit Union Will Serve 120,000 Members with Assets of More Than $1 Billion

EAU CLAIRE, WIS. (Dec. 17, 2008) — Twin Cities-based REAL Financial Credit Union will merge with Eau Claire, Wis.-based Royal Credit Union (RCU) in a transaction expected to be complete by Dec. 31. The National Credit Union Administration, Minnesota and Wisconsin regulators and REAL's membership have approved the merger, according to Charles Grossklaus, RCU's chief executive officer.

REAL, whose members include Realtors, their staffs and their families, will continue to operate under its brand name while operations are merged into RCU over the next year. REAL members will experience no operating changes in the immediate future and no staff reductions are expected, Grossklaus said. Dean Wickstrom, REAL's current chief executive officer, will continue to oversee all REAL locations as regional manager.

"RCU is strong, stable and well positioned for its move into the Twin Cities market," Grossklaus said. "Our organization has a long history of successfully merging and growing credit unions, and we see great potential in REAL."

RCU will offer REAL's members new products and services early in 2009, including first mortgage lending and business services with lending and deposits. RCU members will be able to use REAL's 30 Twin Cities-area shared financial service centers the second half of 2009, Grossklaus added.

The combined credit union will have 14 branches, 11 across central and western Wisconsin and three in the Twin Cities, serve more than 120,000 members and will have assets of more than $1 billion, ranking it as the sixth largest credit union in the two-state area.

REAL Began Search for Merger Partner Early in Housing Market Downturn

REAL's board and executive leadership began considering a merger as far back as 24 months, according to REAL's Wickstrom. REAL currently serves employees of firms affiliated with the Minnesota Association of Realtors® and members of the Western Wisconsin Realtors®, as well as their families, through three branch locations including Edina, St. Paul and Coon Rapids, and 30 shared service centers. The credit union has $30 million in assets, 7,500 members and 17 employees.

"Our Realtor members were on the frontline of the housing market crisis," Wickstrom said. "They were the first to telegraph the drop in housing transactions and, consequently, in their incomes."

REAL has incurred $2.5 million in unpaid loans since 2006, primarily due to its members' declining incomes.

"We looked at a long list of potential merger partners and ultimately selected RCU based on its strong operating history, financial stability and complete service offering," Wickstrom said. "RCU is led by true community credit union people who put members first. The organization's track record for community involvement is truly inspiring, and we're confident that commitment will follow RCU to its new operating markets.

"RCU sees great value and opportunity in the Realtor markets in Minnesota and Wisconsin," Wickstrom added. "That's exciting for our current and prospective members."

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RCU has been the number-one home loan lender in Wisconsin's Eau Claire and Chippewa Counties for nearly a decade. "We know real estate from both the Realtor and the homeowner points of view," RCU's Grossklaus said. "We can — from day one — offer expertise and a portfolio of products and services that will be of real value to our Realtor members."

Under the merger plan, all of REAL's assets and liabilities will be transferred to RCU as part of the transaction. This transfer will include REAL's staff, members and facilities.

About Royal Credit Union (RCU)

RCU, Royal Credit Union, is a federally insured credit union serving 113,000 Members with 11 full service offices in Eau Claire, Chippewa Falls, Whitehall, Rice Lake, Colby and New Richmond. Membership is open to those who live or work in Barron, Buffalo, Burnett, Chippewa, Clark, Dunn, Eau Claire, Jackson, Marathon, Pierce, Pepin, Polk, Rusk, St. Croix, Taylor, Trempealeau, Washburn or Wood County. For more information, visit www.rcu.org.

About REAL Financial Credit Union

REAL Financial Credit Union headquartered in Edina, Minn., serves more than 7,500 Members and has three offices in Edina, St. Paul and Coon Rapids. Membership is open to members of the Minnesota Association of Realtors, employees of firms affiliated with the association, members of the Western Wisconsin Realtors Association, their employees and families. REAL members also have access to more than 3,500 Credit Union Service Center locations across the United States. For more information, visit www.realfinancialcenter.com.

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