

Wings Financial Credit Union

# 2009

ANNUAL REPORT



---

Wings  
FINANCIAL 

## Providing Superior Member Value Is Key to Wings Success

Wings Financial experienced an eventful and successful year in 2009. The biggest event was our change to a Minnesota state charter from our previous federal charter. This change allowed us to continue focusing on our nationwide aviation field of membership, but also to diversify by welcoming those from the Minneapolis/St. Paul metro area. Growth so far in the Twin Cities has met expectations, but aviation continues to make up the majority of our membership and remains our largest source of new members.

In 2009, Wings performed exceptionally well while maintaining our position of price leadership in the marketplace. Wings welcomed 10,593 new members from across the country. Assets increased 24% from \$2.03 billion to \$2.52 billion. Deposits increased 27.9% from \$1.65 billion to \$2.11 billion. Wings' capital ratio, an indicator of our financial stability, stood at 9.8% at year-end –

well above the federal guideline of 7% for a well-capitalized credit union.

While many financial institutions cut back significantly on the value returned to their members or customers in 2009, Wings was in a position to do just the opposite with nation-leading rates on several products. From August through December, we doubled members' rewards in our Debit Card Signature Rewards program. Wings also launched a mobile banking service and opened a new branch in Edina, Minn.

Even with the good news, Wings has faced some challenges. One was a requirement by the NCUA that healthy credit unions help subsidize the losses and poor decisions of other credit unions. Wings fought this mandate aggressively, but in the end we had to pay. Fortunately, our financial strength allowed us to absorb this with little impact to our bottom line.

In 2010, we hope to see some stabilization and possibly growth in the economy. As we work through this recovery, we will continue doing what we do best – returning the most value possible to our members. We'll focus on keeping you informed of the many ways Wings can bring more value to your household – whether through our industry-leading checking account, which we believe is the single most rewarding checking account in the nation; a loan for a new purchase; or a debt consolidation loan to help you pay down your debt faster.

Thank you for your continued support of Wings Financial Credit Union.



Paul V. Parish  
CEO/President

## Wings Shows Solid Performance in a Rough Economy

Wings enjoyed another successful year despite the condition of our economy. We should all be proud to be part of a strong, stable and prudently managed financial institution.

Wings' impressive performance was evident in every area of the operation. Our position of price leadership has served us well, especially shown by the tremendous growth in deposits we've seen over the last year. Wings' assets grew \$492 million in 2009 to just over \$2.5 billion. Loan demand has remained flat to declining slightly. We hope demand will pick up in 2010.

Membership grew significantly in 2009 – we welcomed more than 10,500 new members. The vast majority of new members came from the air transportation industry, but we also welcomed many from the Twin Cities

metro area as a result of our addition of the MSP metro area to our field of membership.

Although we hope membership growth continues within the aviation industry, that growth could grow more challenging as employment in aviation continues to decline. A Feb. 22, 2010, article from *The Wall Street Journal* stated a decline of 3% in airline industry employment just in the last year, and a 25% drop in the past eight years. This news is disheartening in light of Wings' long-standing ties to aviation, but our growth during this decline is a testament to the value we provide to members. Also, this continued decline reinforces the sound strategic move we made by expanding our charter to ensure Wings' long-term viability.

As 2010 continues to unfold, it's clear that consumers have focused

their attention on paying down debt and getting back on financial track. Balancing our growth will be challenging this year, but Wings is in a strong financial position to weather this storm. We have taken some steps now to manage our growth for the long term by adjusting our deposit products temporarily. While the adjustments have inconvenienced some, the changes have been working as intended.

Wings is strong, secure and growing. There aren't many financial institutions that can say that confidently today like I can. Thank you for your support.



David J. Olson  
Chairperson of the  
Board of Directors

## Wings Financial Credit Union and Subsidiary Consolidated Statements of Financial Condition

as of December 31, 2009, and 2008

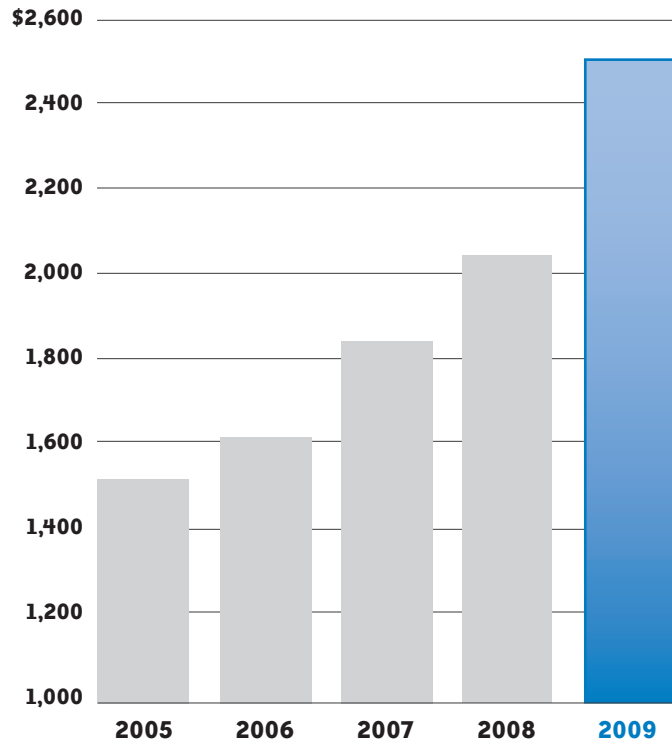
## Wings Financial Credit Union and Subsidiary Consolidated Statements of Income

years ending December 31, 2009, and 2008

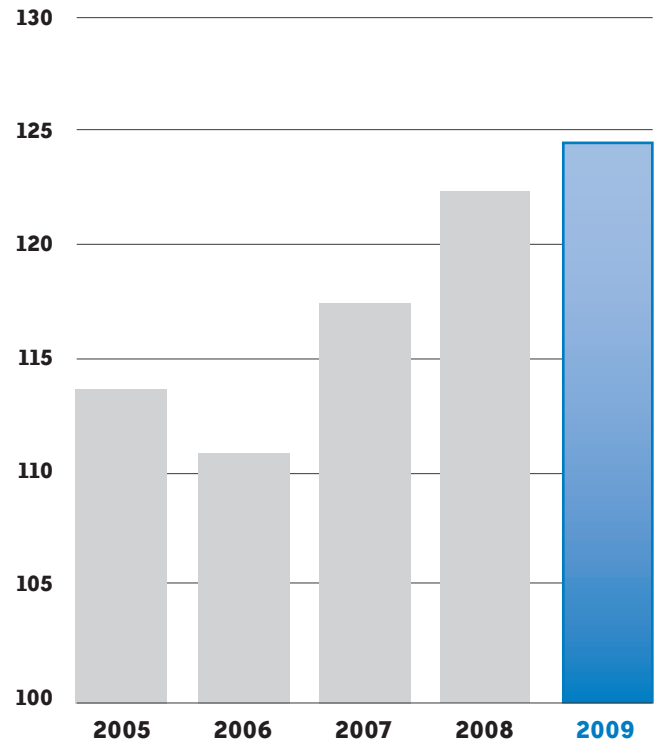
	(\$ in thousands)	
	2009	2008
<b>ASSETS</b>		
Cash and Cash Equivalents	\$17,511	\$7,641
Investments	1,542,206	1,042,840
Loans—Held for Sale	—	1,544
Loans Receivable, Net of Allowance for Loan Losses	848,097	890,707
Property and Equipment-Net	26,423	24,486
Other Assets	88,703	62,856
<b>Total Assets</b>	<b>\$2,522,940</b>	<b>\$2,030,074</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' Share Accounts	\$2,106,077	\$1,653,976
Borrowed Funds	150,000	150,000
Other Liabilities	19,601	16,200
<b>Total Liabilities</b>	<b>\$2,275,678</b>	<b>\$1,820,176</b>
Regulatory Reserve	23,526	23,526
Operations Reserve	71,618	71,618
Unrealized Gain (Loss) on "Available for Sale" Investments	(1,775)	(10,805)
Undivided Earnings	153,893	125,559
<b>Total Members' Equity</b>	<b>247,262</b>	<b>209,898</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$2,522,940</b>	<b>\$2,030,074</b>

	(\$ in thousands)	
	2009	2008
<b>INTEREST INCOME</b>		
Loans	\$49,835	\$55,305
Investment Securities	53,274	44,807
<b>Total Interest Income</b>	<b>103,109</b>	<b>100,112</b>
<b>DIVIDEND/INTEREST EXPENSE</b>	<b>52,835</b>	<b>55,839</b>
<b>NET INTEREST INCOME</b>	<b>50,274</b>	<b>44,273</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>10,020</b>	<b>6,800</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>40,254</b>	<b>37,473</b>
<b>NON-INTEREST INCOME</b>		
Miscellaneous Income	27,510	12,676
Gain (Loss) on Investments	6,172	4,146
<b>Total Non-Interest Income</b>	<b>33,682</b>	<b>16,822</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and Benefits	20,768	18,329
Occupancy	2,279	2,681
Office Operations	14,074	12,336
Other-Than-Temporary Impairment	1,975	—
NCUSIF Stabilization	2,645	—
Other	3,861	3,236
<b>Total Non-Interest Expense</b>	<b>45,602</b>	<b>36,582</b>
<b>NET INCOME</b>	<b>\$28,334</b>	<b>\$17,713</b>

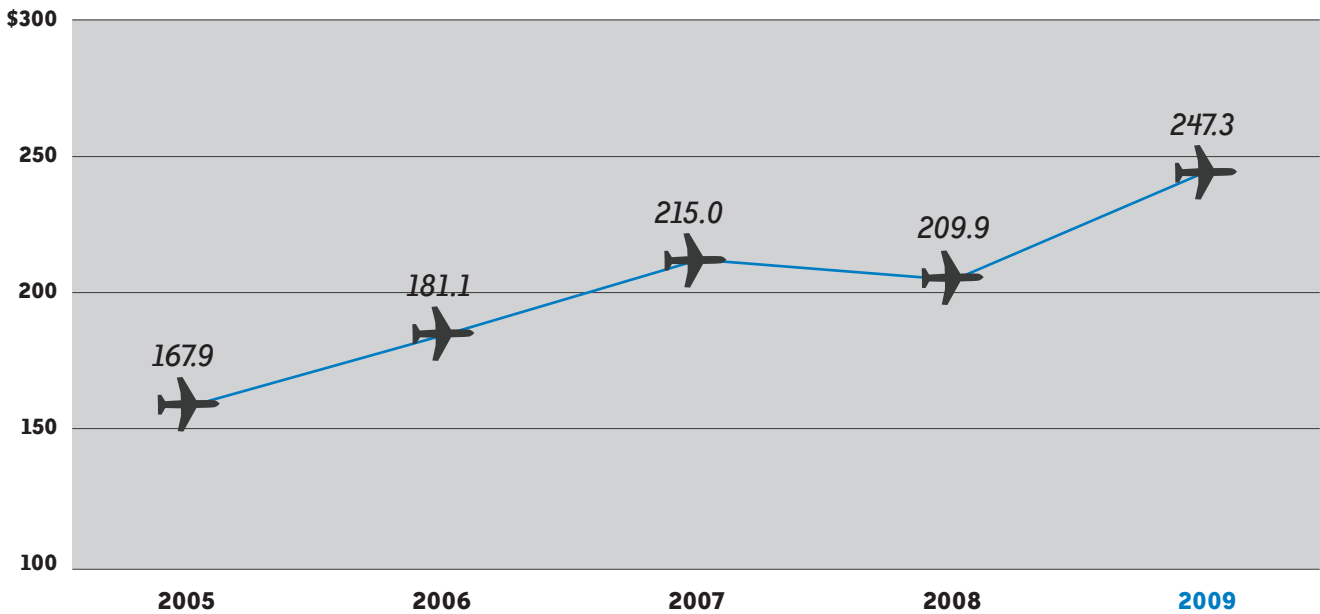
**Total Assets** (Dollars in millions)



**Membership** (In thousands)



**Members' Equity** (Dollars in millions)



This report contains the highlights of the year-end financial reports for 2009. Copies of the 2009 Audited Financial Statements, auditors' opinions and notes to financial statements are available at our Central Region Office at 14985 Glazier Avenue, Apple Valley, MN 55124.

