

2007 Annual Report

Wings Financial Federal Credit Union



Wings
FINANCIAL 

A Successful 2007 Leads to a Challenging 2008

Last year was a very successful year for your credit union. We experienced solid financial growth. We had the best new member growth we've had since 2002. We improved automated access to the Credit Union through the addition of new services and we entered into several new airline partnerships that should pay dividends for years to come.

From a financial perspective, your credit union is strong. The assets of the Credit Union increased from \$1.6 billion to \$1.84 billion, a 14% increase. Deposits increased from \$1.31 billion to \$1.45 billion, an 11% increase. Reserves and equity grew 19% to \$215 million and loans outstanding increased from \$816 million to \$909 million. Our capital ratio, stood at 11.04%, far above the federal guideline of 7% for a well-capitalized credit union.

Wings Financial added 9,401 new members last year and now has more than 117,000 members. Our Atlanta office added 1,304 new members last year, 14% of the total. This branch represents our first office built "from scratch" outside the Twin Cities. In July 2007, we introduced online

membership applications. By year-end 2007, 1,088 new members opened accounts without having to visit one of our offices.

Making Wings Financial a convenient place to do business is one of our key goals. In 2007, we introduced Remote Deposit, which enables members to enter their deposits and receive immediate access to their money using their home computers. Combined with a robust online banking application, Remote Deposit makes Wings Financial as convenient as your nearest computer. This January, we announced a major expansion of our surcharge-free ATM network. Wings Financial now has more than 55,000 surcharge-free ATMs from coast to coast.

As your credit union grows, we are developing partnerships with more and more airlines. In 2007, new partnerships included JetBlue, Sun Country, Colgan Airways and Eos Airlines.

Finally, I must address a concern that several members have mentioned. When speaking with members recently, they

all want to know about the possible exposure of the Credit Union to the subprime mortgage mess. Unlike other financial institutions, Wings Financial never changed its mortgage underwriting criteria so it could write more loans. Our loan underwriting criteria is, and always has been, based upon the member's credit score and his or her financial history. The result has been a solid mortgage portfolio with very low delinquency. We're thankful that our past conservative posture is now serving us well.

2008 promises to be a very interesting year. But no matter what happens in the economy, be assured that your credit union is well positioned to bring you value and the excellent service you have come to expect.



Paul V. Parish
President/CEO

Wings Financial at 70: An impressive past, a promising future

Wings Financial celebrates its 70th birthday in 2008. The organization has come a long way from the dreams of seven airline employees who started the credit union in a basement room in St. Paul, Minn., in 1938. The Great Depression was not yet over and they were looking for a way to pool their resources with those of their co-workers to help one another financially. The credit union ended 1938 with \$5,782 in assets.

If only those seven founding members could see what their dream has become. Today, Wings Financial has \$1.8 billion in assets and serves 117,000 members worldwide. The Credit Union, one of the largest in the United States, operates 17 branches stretching from Atlanta to Honolulu, with more on the way. Wings Financial has the largest surcharge-free ATM network in the

country with more than 55,000 ATMs and it offers its members an extensive array of products and services that can be accessed online, 24 hours a day, seven days a week.

Despite the fact that the organization has grown and changed significantly over the years, some things are the same today as they were in 1938. First, Wings Financial still serves only those who work in air transportation and their family members. The organization remains committed to the air transportation industry and the people who work in it. Next, the Credit Union is focused on giving you the best value possible in financial services. I think you'll find the rates the Credit Union pays on deposits and charges on loans to be far superior to those of other institutions. Finally, Wings Financial still places the

highest priority on serving you, the member-owners of the organization.

My term as Chairperson of the Board and as a board member ends with this year's annual meeting. I have enjoyed serving on the Board of Directors and talking with members over the years on ways we could better serve them. I leave with confidence knowing that Wings Financial is on solid financial footing and well positioned to serve your financial needs long into the future.



Donavan E. Mayer
Chairperson of the Board

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

as of December 31, 2007, and 2006

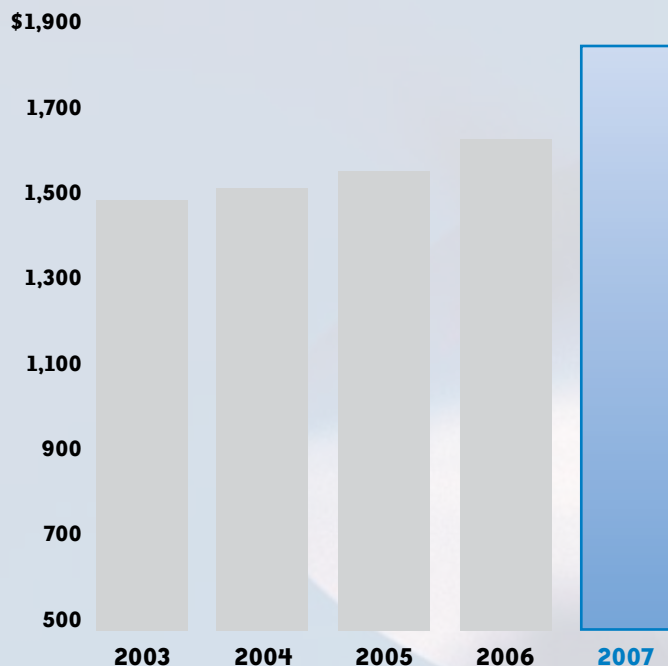
Wings Financial Federal Credit Union and Subsidiary Consolidated Statements of Income

years ending December 31, 2007, and 2006

	(\$ in thousands)	
	2007	2006
ASSETS		
Cash and Cash Equivalents	\$12,786	\$13,157
Investments	851,831	691,364
Loans-Held for Sale	—	25,447
Loans Receivable, Net of Allowance for Loan Losses	903,256	810,710
Property and Equipment-Net	25,276	26,763
Other Assets	44,163	39,326
Total Assets	\$1,837,312	\$1,606,767
LIABILITIES AND MEMBERS' EQUITY		
Members' Share Accounts	\$1,457,337	\$1,310,152
Borrowed Funds	150,000	100,000
Other Liabilities	14,963	15,472
Total Liabilities	1,622,300	1,425,624
Regulatory Reserve	23,526	23,526
Operations Reserve	71,618	71,618
Unrealized Gain (Loss) on "Available for Sale" Investments	12,022	(8,404)
Undivided Earnings	107,846	94,403
Total Members' Equity	215,012	181,143
Total Liabilities and Members' Equity	\$1,837,312	\$1,606,767

	(\$ in thousands)	
	2007	2006
INTEREST INCOME		
Loans	\$51,787	\$45,571
Investment Securities	39,988	29,367
Total Interest Income	91,775	74,938
DIVIDEND/INTEREST EXPENSE	53,132	40,816
NET INTEREST INCOME	38,643	34,122
PROVISION FOR LOAN LOSSES	5,005	3,700
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	33,638	30,422
NON-INTEREST INCOME		
Miscellaneous Income	16,141	14,354
Gain (Loss) on Investments	(1,097)	(2,281)
Total Non-Interest Income	15,044	12,073
NON-INTEREST EXPENSE		
Compensation and Benefits	17,408	17,297
Occupancy	2,235	2,082
Office Operations	11,888	12,258
Other	3,708	2,844
Total Non-Interest Expense	35,239	34,481
NET INCOME	\$13,443	\$8,014

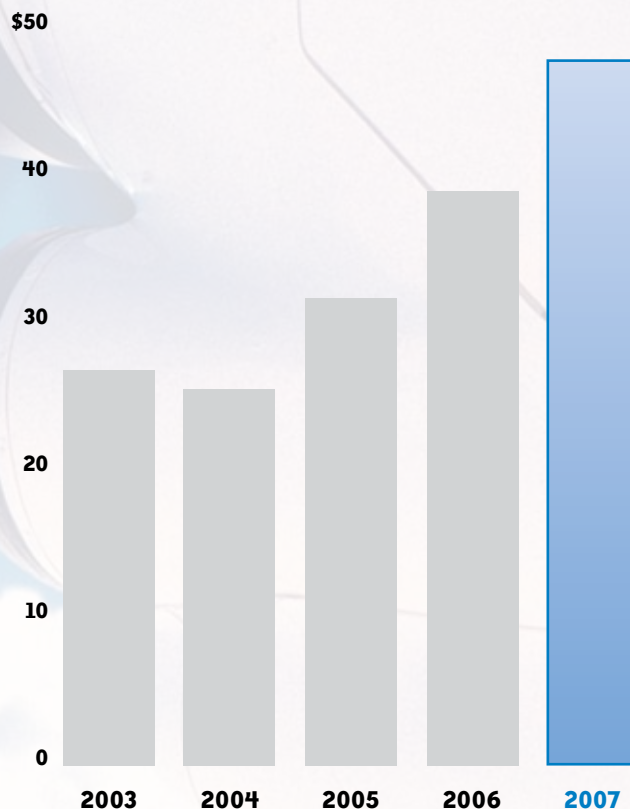
Total Assets (Dollars in millions)



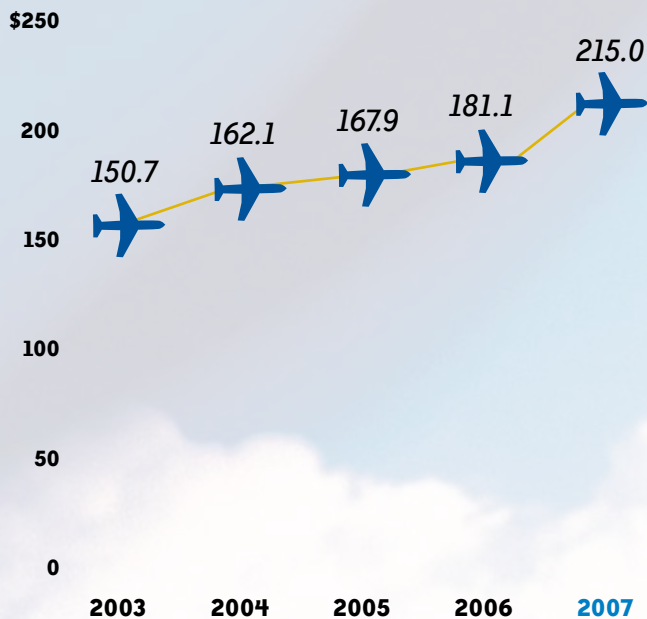
Loans (Dollars in millions)



Dividends (Dollars in millions)



Members' Equity (Dollars in millions)



This report contains the highlights of the year-end financial reports for 2007. Copies of the 2007 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.