



2008 ANNUAL REPORT



Wings  
FINANCIAL 

## Another Successful Year in a Challenging Environment

Last year was another very successful year for your credit union. We experienced both strong financial growth and solid growth in new members. We continued to make Wings Financial a more convenient place to do business. Two of our offices were relocated and two new locations were opened. We also continued to expand automated access to the credit union.

From a financial perspective, your credit union remains in excellent condition. The assets of the credit union increased from \$1.84 billion to \$2.03 billion, a 10.5% increase. Deposits increased from \$1.45 billion to \$1.66 billion, a 14.5% increase. Loan demand remains flat due to the economy with our total loan portfolio standing at \$900 million at the end of 2008. Our capital ratio, an indicator of our financial stability, stood at 10.9%, far above the federal guideline of 7% for a well-capitalized credit union.

Wings Financial added 9,427 new members last year, our best performance since 2002. Wings Financial now has over 122,000 total members. We took a number of steps to improve member convenience in 2008. We relocated Wings Financial offices in both Seattle and Honolulu. In Seattle, our office is now located directly across the street from the Sea Tac International Airport and has both drive-up teller and ATM service. In Honolulu, we moved our office onto airport property making it much easier to transact business. We opened a new office in Orlando in November to serve that growing market. We've been pleased to see many longtime members

now living in the Orlando area stop to visit. We also opened our first office in New York in January 2009 at JFK International Airport to serve our existing 1,700 New York area members and our partnership with JetBlue. In March, we opened our 19<sup>th</sup> branch office in the Twin Cities suburb of Edina. This office nicely complements our seven other branches currently serving the Twin Cities. And, because our field of membership extends to the families of air transportation industry employees, we believe this newest branch is well-located to attract new members, as well.

Because many of our members do not live close to a Wings Financial office, we continue to look for ways to improve automated access. 2009 will see the introduction of Wings Financial mobile banking. Using a web-enabled cell phone, Wings Financial members will be able to access a modified version of our web site and be able to perform a variety of transactions right on their phone. Testing on this new service is nearly complete and we'll be rolling it out to members shortly.

The merger between Delta and Northwest presents both challenges and opportunities for your credit union in 2009. Many airline employees will be going through changes this year and we want to reassure our members that we're there to help in any way possible. If you work for Northwest, you'll still be able to direct deposit your paycheck into Wings Financial once your payroll changes to Delta. If the merger causes you to move, look to the credit union to help with a new mortgage or any other need

you may have. If you're relocating to Atlanta, visit the Wings Financial office located next to the Hartsfield-Jackson Atlanta International Airport. Our staff there will be happy to assist in any way possible. Finally, if you leave airline employment, take your Wings Financial account along. Once you're a member, you're always a member no matter where you live or work.

The current economic environment continues to be challenging for all financial institutions including Wings Financial. We're lucky in a sense that our financial strength gives us much greater flexibility to deal with these uncertain times than many of our competitors. We remain concerned that our federal regulator, the National Credit Union Administration (NCUA), may look to healthy credit unions like Wings Financial to assist other credit unions in less stable positions. We intend to oppose any action which would diminish the capital we've built over the past 70 years. We don't believe this is a good use of the organization's money. We'll keep you advised as events warrant.

If the first two months of 2009 are any indication, it promises to be a very turbulent year. We remain confident that our strength and stability will enable us to continue to bring you the excellent value and the excellent service you have come to expect.



*Paul V. Parish*

Paul V. Parish  
President and CEO

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

as of December 31, 2008, and 2007

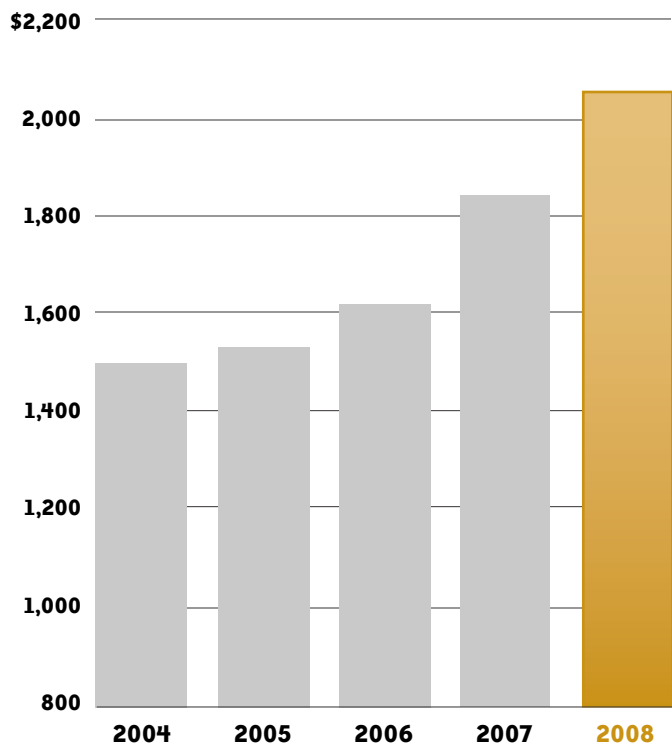
	(\$ in thousands)	
	2008	2007
<b>ASSETS</b>		
Cash and Cash Equivalents	\$7,641	\$12,786
Investments	1,042,840	851,831
Loans-Held for Sale	1,544	—
Loans Receivable, Net of Allowance for Loan Losses	890,707	903,256
Property and Equipment-Net	24,486	25,276
Other Assets	62,856	44,163
<b>Total Assets</b>	<b>\$2,030,074</b>	<b>\$1,837,312</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' Share Accounts	\$1,653,976	\$1,457,337
Borrowed Funds	150,000	150,000
Other Liabilities	16,200	14,963
<b>Total Liabilities</b>	<b>\$1,820,176</b>	<b>\$1,622,300</b>
Regulatory Reserve	23,526	23,526
Operations Reserve	71,618	71,618
Unrealized Gain (Loss) on "Available for Sale" Investments	(10,805)	12,022
Undivided Earnings	125,559	107,846
<b>Total Members' Equity</b>	<b>209,898</b>	<b>215,012</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$2,030,074</b>	<b>\$1,837,312</b>

**Wings Financial Federal Credit Union and  
Subsidiary Consolidated Statements of Income**

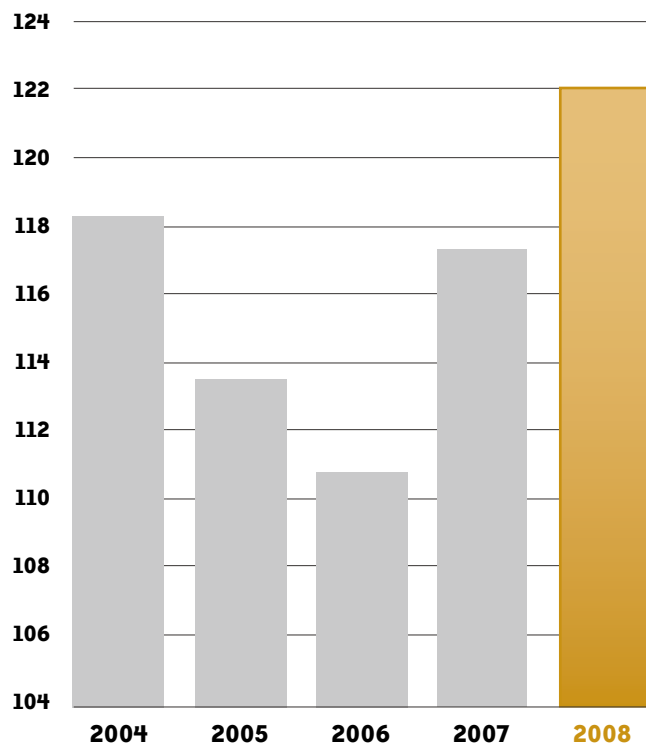
years ending December 31, 2008, and 2007

	(\$ in thousands)	
	2008	2007
<b>INTEREST INCOME</b>		
Loans	\$55,305	\$51,787
Investment Securities	44,807	39,988
<b>Total Interest Income</b>	<b>100,112</b>	<b>91,775</b>
<b>DIVIDEND/INTEREST EXPENSE</b>	<b>55,839</b>	<b>53,132</b>
<b>NET INTEREST INCOME</b>	<b>44,273</b>	<b>38,643</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>6,800</b>	<b>5,005</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>37,473</b>	<b>33,638</b>
<b>NON-INTEREST INCOME</b>		
Miscellaneous Income	12,676	16,141
Gain (Loss) on Investments	4,146	(1,097)
<b>Total Non-Interest Income</b>	<b>16,822</b>	<b>15,044</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and Benefits	18,329	17,408
Occupancy	2,681	2,235
Office Operations	12,336	11,888
Other	3,236	3,708
<b>Total Non-Interest Expense</b>	<b>36,582</b>	<b>35,239</b>
<b>NET INCOME</b>	<b>\$17,713</b>	<b>\$13,443</b>

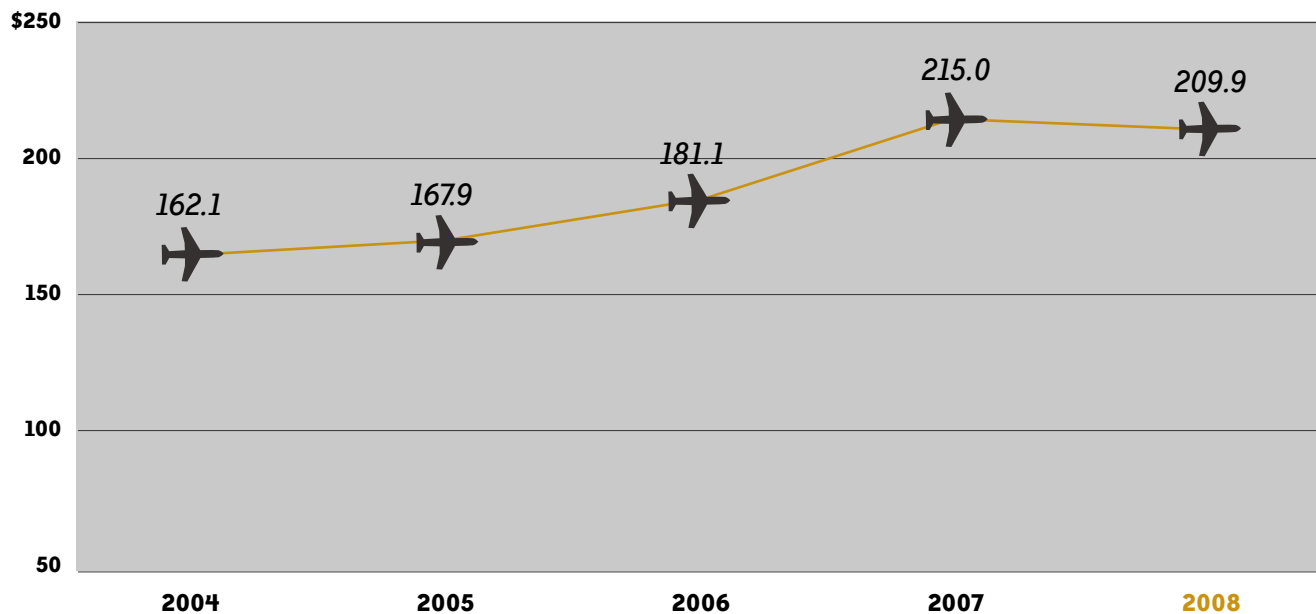
**Total Assets** (Dollars in millions)



**Membership** (In thousands)



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



This report contains the highlights of the year-end financial reports for 2008. Copies of the 2008 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.



## Wings Financial Remains Solid in Troubled Times

### Conservative Approach Pays Dividends

Wings Financial celebrated its 70<sup>th</sup> birthday in November 2008, an impressive accomplishment. Even more impressive is the way the credit union has navigated the turbulent financial waters of the past year. Your credit union remains on solid financial footing because it adhered to the same conservative principles and operating philosophies that guided it for its first 70 years.

One only has to open the newspaper or turn on the television to hear of more financial institutions seeking help from the federal government to stay afloat. Their risky lending and investment practices have caused massive losses and now require government intervention. Contrast that with the situation at Wings Financial. Your credit union never saw fit to offer risky sub-prime mortgage loans or to change

our lending criteria in any way. Our investment portfolio remains rock solid through our conservative management. We have a strong focus on cost control throughout the organization. You may ask the results of this approach. Wings Financial surpassed \$2 billion in assets in 2008 with a capital ratio of 10.9%, nearly four percent higher than what our federal regulator considers “well capitalized.” A brief look at our income statement in this Annual Report will show that we added \$18 million to net worth in 2008 while paying some of the highest savings yields in the country. Few financial institutions can match this record.

The coming year promises more challenges. Be assured that your board of directors is closely monitoring the economic environment and will do everything possible to ensure the

continued success of your credit union. Our financial strength gives us great flexibility in the current environment. We’ll remain open to opportunities that may come our way while safeguarding our members’ assets. At the same time, we intend to retain our price leadership on both savings and loan products.

I appreciate the strong support our members provide to Wings Financial. The trust you show in us, particularly in these challenging times, is gratifying. Your board of directors does not take your trust for granted. We intend to earn your trust and serve your financial needs long into the future.



A handwritten signature in black ink that reads "David Olson".

David Olson  
Chairperson of the Board





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