

ANNUAL REPORT 2016

RAND TOWER

Wings' 23rd branch, located in Minneapolis' historic Rand Tower, showcases our latest innovations in technology and convenience.



Wings
FINANCIAL
CREDIT UNION

Letters from the Board

Giving Flight to Member Dreams

Creating value and providing great service are central to what Wings is about. We call it “giving flight to members’ financial dreams.” I would like to share a few results from 2016 that show how we are accomplishing this for our members, no matter where they are on their financial journeys.

Wings welcomed 21,329 new members to Wings in 2016 – another all-time record – improving on our 2015 record of 18,324. This brought total membership at year-end to 215,087. Our members come to us at all stages of life, from those opening new checking accounts in their teens, to first-time homebuyers needing mortgages, to those at retirement looking for secure investments for their savings.

Regardless of the point members are in life, many members choose Wings because of the value membership brings. In 2016, Wings once again delivered significant value to members. We continuously compare our rates on several products to those of local and national competitors to benchmark our pricing against theirs. In 2016, our comparisons

estimate that Wings returned \$27 million in overall value to members over what our competitors are able to offer!

Some of the value members received in 2016 came from our market-leading deposit rates. We enhanced our certificate offerings throughout the year to offer even more choices for those looking for a secure savings or certificate account. Member deposits increased \$215 million to just over \$3.8 billion at year-end.

Loans are another significant way members gain value from their relationships with Wings. Dreams of buying new cars, trucks, boats or homes, improving homes, or going on once-in-a-lifetime vacations are often made possible through Wings loans. A record \$940 million in loans were originated on behalf of Wings members in 2016. This led to our total loan portfolio surpassing the \$2 billion mark for the first time, ending the year at \$2.2 billion. Our move to a new tiered pricing structure for our consumer loans allowed us to offer better rates to all members whether they have

perfect credit, repairing credit or are just starting their credit history. All of the value Wings provides wouldn’t be possible without our team of dedicated employees who deliver great service to you on a daily basis. I’m proud to share that in 2016, Wings was once again named a *StarTribune* Top Workplace for our fourth consecutive year, showing the commitment employees have to the mission of Wings. The award is based on employee surveys conducted at thousands of Minnesota-based companies and only 150 were presented with this award.

Thank you for your continued membership in Wings and your contributions to our successes. We look forward to serving you in 2017.



Frank Weidner
R. Frank Weidner
President and CEO

Strong Foundation Allows for Future Investments

On behalf of your Board of Directors, I’d like to thank you for your continued support of Wings Financial Credit Union. Your volunteers work closely with the management team to move the organization forward, and everything we do focuses on how we can best bring value to the membership.

2016 was another great year for Wings members on many levels. Wings ended 2016 with total assets of just over \$4.4 billion, an increase of \$200 million from 2015. Net worth ended the year at a very strong level of 11.9%, increasing from 11.4% the previous year. The National Credit Union Administration considers a credit union to be well-capitalized if its net worth is greater than 7%. We are well above that level, keeping Wings in a very strong position financially.

This strong financial foundation allows Wings to give back to you, our member-owners, in significant ways. Our core loan and deposit accounts are the primary ways we provide that value. On the deposit front, we finally are seeing

rates edge upward, and our financial strength will ensure we can continue paying market-leading rates in a rising-rate environment. With loans, we have structured our products and pricing to ensure great value for all members who need loans to fulfill a dream or get through a difficult time or situation.

Beyond great loan and savings rates, our financial strength allows us to invest in the future. Last summer, an opportunity arose to purchase a building adjacent to our existing headquarters, allowing for future growth and providing an even better workplace for our employees. We also developed a new, innovative branch concept in downtown Minneapolis last summer, which is featured on the cover of this report. This new design showcases the latest technology including PTMs (Personal Teller Machines) – which function much like ATMs, but offer most teller transactions via live video interactions with tellers in Apple Valley. This new technology brings greater efficiency to our branch operations, and provides expanded branch teller hours in some locations.

Wings also made significant investments in technology in 2016. New mortgage and consumer loan origination systems were implemented to more efficiently process loans. And, for members who use our online and mobile tools, we updated wingsfinancial.com and launched a completely redesigned mobile app. Members continue to embrace mobile technology, and it is our fastest-growing delivery channel today. A few mobile statistics are highlighted in this annual report, illustrating just how much members are embracing mobile banking.

Wings Financial is a strong and growing organization, thanks to our loyal members who trust us with their financial business every day.

Thank you for another great year!



Dale S. Kariya
Dale S. Kariya
Board Chair

WINGS FINANCIAL CREDIT UNION
AND SUBSIDIARY CONSOLIDATED
STATEMENTS OF
FINANCIAL CONDITION

As of December 31, 2016 and 2015

	(\$ in thousands)	
	2016	2015
ASSETS		
Cash and Cash Equivalents	\$256,441	\$200,290
Investments	1,806,265	2,043,527
Loans Receivable, Net of		
Allowance for Loan Losses	2,185,570	1,796,406
Property and Equipment-Net	36,206	33,686
Other Assets	150,857	153,943
Total Assets	\$4,435,339	\$4,227,852
LIABILITIES AND MEMBERS' EQUITY		
Members' Share Accounts	\$3,802,355	\$3,587,887
Borrowed Funds	90,000	140,000
Other Liabilities	46,408	38,345
Total Liabilities	3,938,763	3,766,232
Regulatory Reserve	95,144	95,144
Unrealized Gain (Loss) on		
"Available for Sale" Investments	(10,384)	(1,548)
Undivided Earnings	411,816	368,024
Total Members' Equity	496,576	461,620
Total Liabilities and Members' Equity	\$4,435,339	\$4,227,852

WINGS FINANCIAL CREDIT UNION
AND SUBSIDIARY CONSOLIDATED
STATEMENTS OF INCOME

Years Ending December 31, 2016 and 2015

	(\$ in thousands)	
	2016	2015
INTEREST INCOME		
Loans	\$74,069	\$65,185
Investment Securities	46,987	44,426
Total Interest Income	121,056	109,611
DIVIDEND / INTEREST EXPENSE	26,898	29,816
NET INTEREST INCOME	94,158	79,795
PROVISION FOR LOAN LOSSES	3,142	2,400
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	91,016	77,395
NON-INTEREST INCOME		
Miscellaneous Income	34,033	31,931
Gain(Loss) on Investments	3,042	838
Total Non-Interest Income	37,075	32,769
NON-INTEREST EXPENSE		
Compensation and Benefits	43,732	37,457
Occupancy	5,783	4,053
Office Operations	26,558	25,815
Other	8,226	8,723
Total Non-Interest Expense	84,299	76,048
NET INCOME	\$43,792	\$34,116

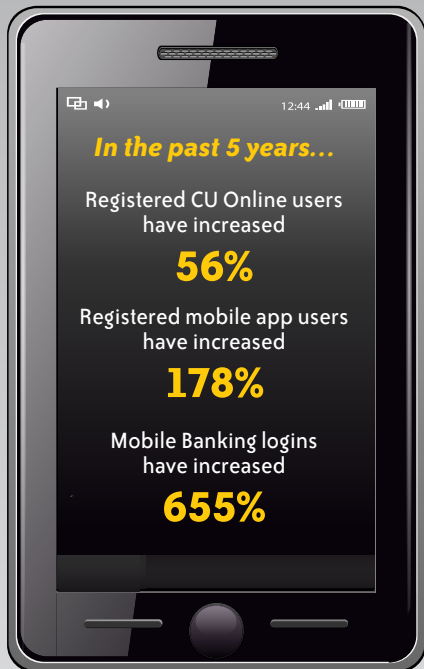
2016: YEAR IN REVIEW

- ✱ The Wings family gained **21,329 new members**, 1,695 of whom were referred by current members
- ✱ **6 new Personal Teller kiosks** expanded member access to personal, face-to-face service beyond business hours
- ✱ **Wings' website & mobile app were completely updated**, with refreshed graphics and simpler navigation
- ✱ Wings' financial literacy programs helped educate **4,325 students & adults**



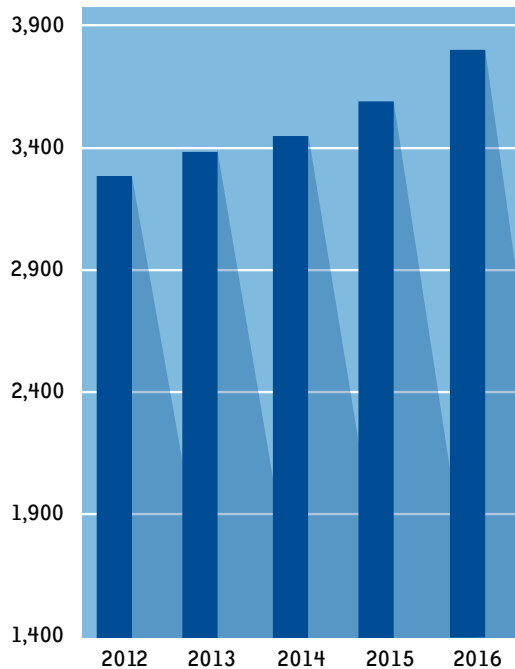
DIGITAL SERVICES' GROWING POPULARITY

Since the launch of Mobile Deposit in 2013, members have used it **1,057,172 times** – depositing over **\$370 million dollars!**

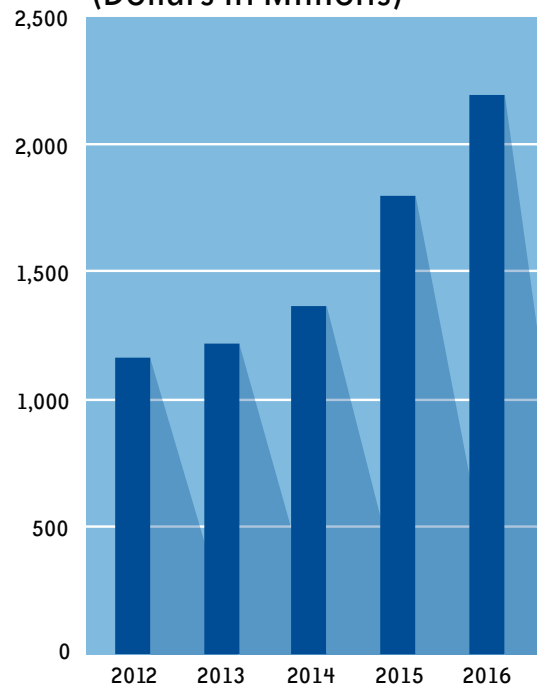


GROWTH AND SECURITY

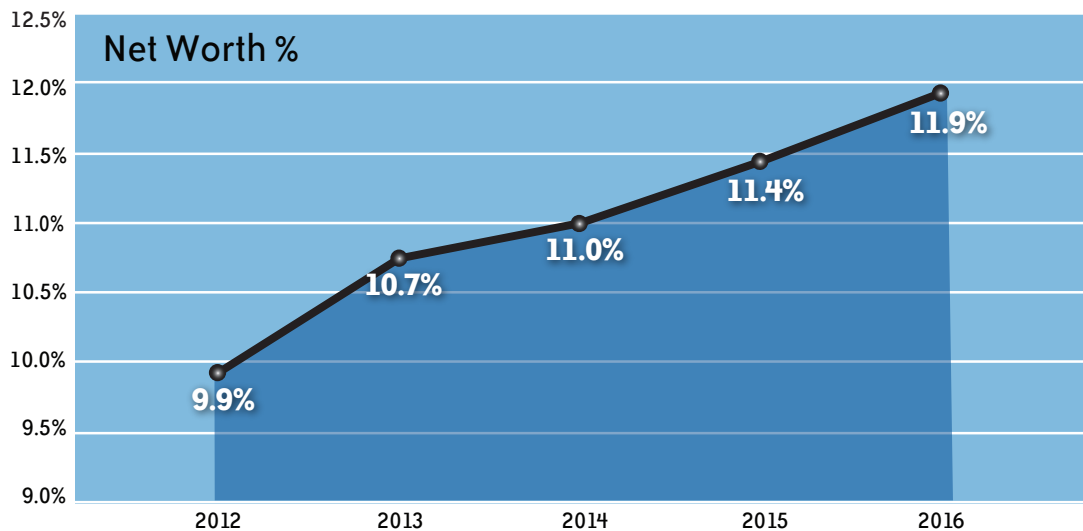
Total Savings
(Dollars in Millions)



Total Loans
(Dollars in Millions)



Net Worth %



This report contains the highlights of the year-end financial reports for 2016. Copies of the 2016 Audited Financial Statements, auditors' opinions and notes to financial statements are available at Wings' Headquarters: 14985 Glazier Avenue, Apple Valley, MN 55124.

“ I LOVE Wings! Great service, great technology and cash back debit cards are a few of many reasons to do ALL your banking here! **”**

–Mike D.



Federally insured by NCUA.