

80
YEARS
1938-2018



Vision, Innovation, Value.
ANNUAL REPORT 2018

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Wings
FINANCIAL
CREDIT UNION

LETTERS FROM THE BOARD

\$5 Billion Asset Milestone, Other Records Cap an Outstanding 80th Anniversary Year

There were so many great achievements during Wings' 80th anniversary year, it's challenging to narrow down to a few highlights to share. But first, thank you, our members, for another exceptional year at Wings! Your participation in our cooperative through deposits, loans or everyday banking needs led to a record-breaking year by several measures.

We welcomed a record 33,857 new members to Wings in 2018 – growing Wings' membership to over 260,000. Of this total, we welcomed 5,562 members through our purchase of three bank branches in the northwestern Twin Cities, and we expanded into northwestern Minnesota through a merger with Thief River Falls-based Soo Select Credit Union.

One of the reasons members join Wings is the value they receive through our low loan rates. Wings approved a record \$1.35 billion in loans in 2018, bringing our portfolio to \$3.2 billion! More and more members are realizing significant savings with a loan from Wings. We saw outstanding growth in all lending areas, including consumer, mortgage and commercial loans.

Other members join Wings for our market-leading rates on deposits. Total deposits grew by \$266.8 million to end the year at nearly \$4.2 billion. This growth was more than double the previous year. 2018 was a much better year for our savers than we've seen recently, with significant increases in rates on our savings and certificate accounts. Special certificate

promotions and the additions of new High-Yield Savings and High-Yield Checking accounts were all part of our record deposit growth.

All of these successes led to Wings' assets growing from \$4.5 billion earlier in 2018, to over \$5 billion at year-end! As we've seen rapid growth, we've worked hard to ensure that this growth is healthy and our organizational stability is maintained. This is best shown through our capital ratio. Capital held steady at 13.2%, compared to 13.1% at the end of 2018. This is far above the federal guideline of 7% for a well-capitalized credit union.

With our strong capital level, we are in a great position to invest in the future of Wings. And we've been doing just that. In addition to the merger and acquisition noted above, we began construction of branches with a new, modern design featured on the cover of this report, in the Twin Cities communities of Maple Grove and Lakeville. Maple Grove opened in January 2019, and Lakeville will open this spring. We also continue to invest in our online and mobile banking tools – adding new features like FICO score access to CU Online and mobile; a new CU Online will launch later this spring.

While some members prefer higher yields on savings or low loan rates, others prefer to be rewarded for their everyday spending through their payment cards. We've revamped our entire Visa® Credit and Debit Card product lines to bring even more value to you through cards that meet virtually all needs, from simple low

rates to rewards. Among these enhancements was the launch of our Member Rewards Credit Card and Debit Card program. These cards earn points on purchases you can redeem at our state-of-the-art Member Rewards website, accessed through CU Online.

In closing, I would like to thank all of our volunteer Board of Directors and Committee members who give a significant amount of time ensuring that Wings is heading in the right direction. In particular, I would like to thank Dale Kariya, who is retiring from our Board of Directors this year after 12 years of service. Dale spent three years on our Supervisory Committee before joining our Board in 2010, where he served for 9 years, with the last three years served as our Board Chair.

We at Wings are very proud of the success achieved in 2018, and are excited about our future. We thank you, and we look forward to providing outstanding value and service to you in the coming year.



Frank Weidner

R. Frank Weidner
President and CEO

Focus on Members and Our Communities Continues After 80 Years

On behalf of your Board of Directors, Committee Members and the entire Wings team, I'd like to thank you for your continued support of Wings Financial Credit Union. Our team of board and committee volunteers works closely with the management team to move the organization forward, and everything we do focuses on how we can best bring value and outstanding service to the membership.

November 2018 marked 80 years since it all began. In 1938, seven Northwest Airlines employees created a financial cooperative for the airline's employees to help each other get ahead financially. Later, that dream expanded to the nationwide aviation industry, and eventually the Minneapolis-St. Paul and Seattle metro areas to make up the credit union we're all part of today.

In 2018, the organization expanded its reach even further through several strategic initiatives, including expansion into several new areas.

Wings expanded convenience in the northwestern Twin Cities through the acquisition of three bank branches in Coon Rapids, Plymouth and Otsego. Upon completion in July, we welcomed 2,868 customers from these branches and many of the employees to Wings. These new branches have already seen tremendous growth. Around the same time, we added three additional counties on the western edge of the

Twin Cities to our metro area field of membership including McLeod, Meeker and Stearns counties.

In December, Soo Select Credit Union, based in the northwestern Minnesota community of Thief River Falls, merged with Wings. Soo Select grew its original Soo Line Railroad employee field of membership to include several large employers like Digi-Key, Arctic Cat, Sanford Health and others in the area. We welcomed the employees and 2,694 members from Soo Select to Wings in December. In addition to working with local employers, Wings will also serve six counties that encompass the Thief River Falls area.

These important strategic initiatives, which allow us to expand the reach of Wings' value and service to more people, couldn't happen without our team of outstanding employees. They are central to our success. In 2018, the StarTribune named Wings Financial a Top 150 employer in the Twin Cities for the sixth consecutive year. This award is given based on employee surveys from hundreds of local companies, and it shows that our employees value Wings as an employer and the work they do for you.

Speaking of service, our employees brought their commitment to service outside of Wings to our local communities through our second Wings' Day of Service in October. Branches closed for the day and employees contributed over 2,000 hours

volunteering at three great organizations – Second Harvest Heartland, Feed My Starving Children and The Minnesota Zoo. Branches outside of Minnesota also served that day with various organizations in their areas.

In addition to volunteer service, Wings is committed to furthering financial education. Much of this work is funded by the Wings Financial Foundation. We broke records here, too. Through our in-person and online financial education programs, Wings reached over 10,000 students in 2018. And, our annual golf open, which brings Wings' business partners together to raise funds for the foundation, raised \$93,000 to contribute to these efforts.

Thank you for your continued support of Wings Financial Credit Union. Wings is in an excellent position to begin our next 80 years of success.



Dale S. Kariya

Dale S. Kariya
Board Chair

WINGS FINANCIAL CREDIT UNION
AND SUBSIDIARY CONSOLIDATED
STATEMENTS OF
FINANCIAL CONDITION

As of December 31, 2018 and 2017

(\$ in thousands)

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$150,691	\$114,774
Investments	1,426,178	1,495,131
Loans Receivable, Net of Allowance for Loan Losses	3,236,951	2,700,579
Property and Equipment-Net	55,615	41,660
Other Assets	195,754	190,340
Total Assets	\$5,065,189	\$4,542,484
LIABILITIES AND MEMBERS' EQUITY		
Members' Share Accounts	\$4,195,606	\$3,928,760
Borrowed Funds	200,000	0
Other Liabilities	50,833	47,847
Total Liabilities	4,446,439	3,976,607
Regulatory Reserve	95,144	95,144
Unrealized Gain (Loss) on "Available for Sale" Investments	(17,610)	(10,820)
Undivided Earnings	541,216	481,553
Total Members' Equity	618,750	565,877
Total Liabilities and Members' Equity	\$5,065,189	\$4,542,484

WINGS FINANCIAL CREDIT UNION
AND SUBSIDIARY CONSOLIDATED
STATEMENTS OF INCOME

Years Ending December 31, 2018 and 2017

(\$ in thousands)

	2018	2017
INTEREST INCOME		
Loans	\$115,997	\$91,385
Investment Securities	39,110	49,311
Total Interest Income	155,107	140,696
DIVIDEND / INTEREST EXPENSE	31,499	23,957
NET INTEREST INCOME	123,608	116,739
PROVISION FOR LOAN LOSSES	4,798	4,202
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	118,810	112,537
NON-INTEREST INCOME		
Miscellaneous Income	46,816	37,936
Gain (Loss) on Investments	779	3,136
Total Non-Interest Income	47,595	41,072
NON-INTEREST EXPENSE		
Compensation and Benefits	49,870	42,418
Occupancy	7,092	5,622
Office Operations	29,628	28,079
Other	10,316	7,753
Total Non-Interest Expense	96,906	83,872
NET INCOME	\$69,499	\$69,737

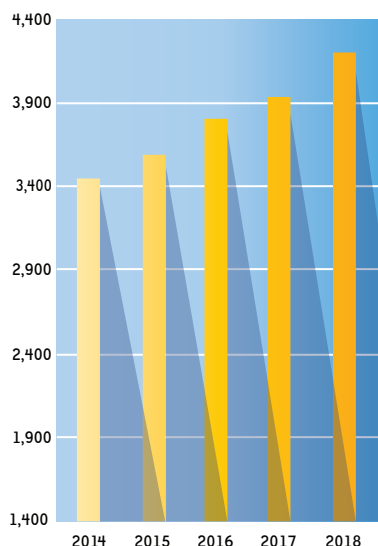


NEW SERVICES, ADDED VALUE

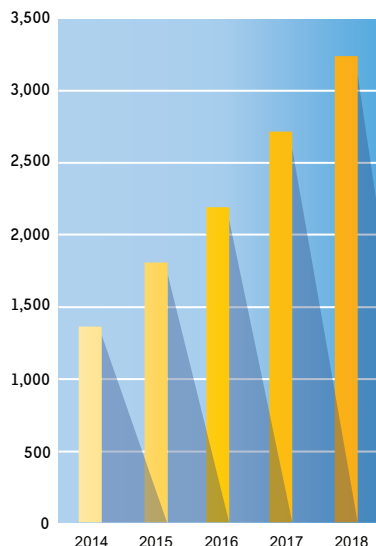
- › **Wings Member Rewards** helps members earn valuable rewards with Wings services
- › **High-Yield Checking/Savings** offer higher earnings on deposit accounts
- › **Flex-Line HELOC** provides an affordable new financing option
- › **FICO® score reporting** makes it easier to monitor and manage credit health

GROWTH AND SECURITY

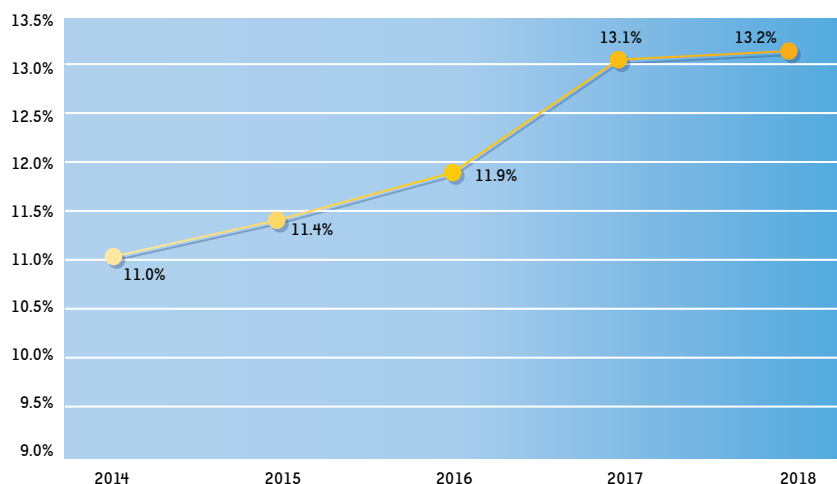
Total Savings (Dollars in Millions)



Total Loans (Dollars in Millions)



Net Worth %



EXTENDING OUR REACH

- › **33,857 new members**, including 5,562 from KleinBank & Soo Select
- › **6 new branches** underway or acquired
- › **3 new counties** in Twin Cities field of membership

“ I woke to fraudulent charges on my card. Within 3 hours, the card was canceled, charges had been reversed, and I had a brand-new card.

Thanks, Wings! ”

– Michele S.

COMMUNITY CONNECTIONS

- › **\$93,000 raised** for financial literacy
- › **10,000 students reached** through education programs
- › **2,000+ volunteer hours** on Wings' Day of Service

“ Their rates are competitive, the service phenomenal. I still use Wings after moving across the country. They are that good. ”

– Violette W.

