



AN *Award-Winning* YEAR

2022 ANNUAL REPORT

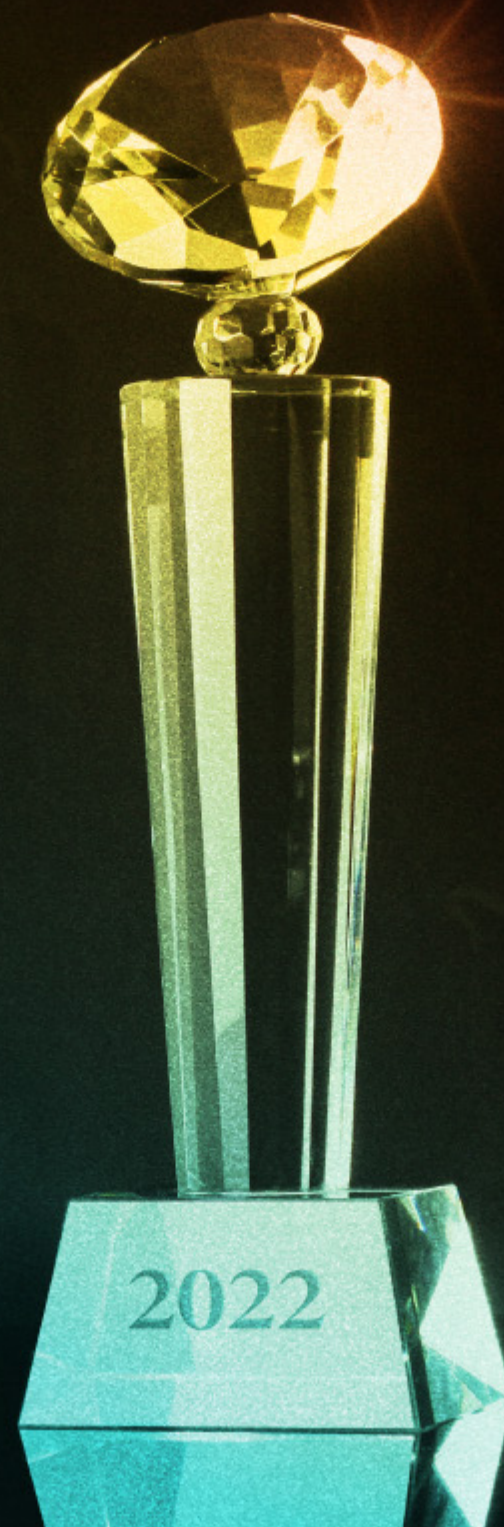


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A Report from the Chairman & President

On behalf of the Board of Directors and Management, we are privileged to submit the 2022 Spectra Credit Union Annual Report to you. Every day, your Credit Union lives its mission of providing high-quality financial services, products, and education to help our members, communities, and employees reach their full potential. We are grateful for your membership and faith in Spectra, and it is our pleasure to serve the financial needs of you and your families.

As we worked through 2022, we felt the stronghold of COVID release its grip on our communities. That freedom felt great, but with that release, inflation began to creep upward, impacting all aspects of the national economy. The Federal Reserve, in an effort to control rising inflation, increased rates seven times for a total of **4.50%**. This rapidly rising rate environment impacted all sectors of the economy, especially financial institutions.

The excess liquidity, or deposits, within the Credit Union started flowing out as everyday expenses increased, like groceries, gasoline, electricity, and clothing. Financial institutions scrambled to keep up with the rapidly changing rate environment, with uncertainty remaining high. In response to Spectra's changing need for liquidity, we began offering certificate specials with some of the highest rates in our area. We hope you were able to take advantage of those opportunities. Look for continued promotional opportunities throughout 2023.



Mary Kappus, Chairman and Kristin Shultz, President/CEO

Mary E Kappus Kristin D Shultz

A Report from the Chairman & President Continued

Throughout the turmoil, Spectra Credit Union remained financially strong and a safe place to keep your money. Over 96% of our deposits are insured by the National Credit Union Association alone or in combination with Excess Share Insurance for our high deposit money market account holders. We believe this extra security is essential for maintaining trust in the credit union. We ended 2022 with capital well over the regulatorily required **7%** at **9.61%** and risk-based capital at **12.5%**. Capital serves as our rainy-day fund and helps fuel the growth and expansion of products and services within the Credit Union. You will see in our financial statements for 2022 that we ended the year with a loss of income. Although we never want to be in this position, much of that loss is “unrealized.” To follow accounting standards, we are required to account for some of our investments at market value. Like your 401K retirement accounts at the end of 2022, several of our long-term investment accounts had a negative earnings year. It is important to note that although this loss shows on our income statement, it is not an actual loss, as we did not sell any investments for a loss in 2022.



9.61%
CAPITAL

12.5%
**RISK-BASED
CAPITAL**

A Report from the Chairman & President Continued

The Credit Union's Diversity, Equity, and Inclusion (DEI) efforts gained national recognition in 2022 when the Credit Union Times named Spectra an inaugural Luminary Award winner for our DEI efforts. DEI challenges organizations to think beyond traditional methods to be more equitable and inclusive. Our marketing efforts use the tagline, **"You are welcome."** Everyone is welcome at Spectra, regardless of their background. We embrace the Hispanic community by providing bilingual staff in all member-facing departments, Spanish for the Electronic Teller telephone banking service, as well as offering our website in Spanish and English. And we partnered with a local Hispanic church to better understand the needs of our Hispanic community members. To ensure we represent all member ethnicities, we now offer language line interpreting services that include 240 languages for those that do not speak English or Spanish. Spectra recognizes that for new members to feel comfortable entrusting their financial lives with us, they need the option to communicate with us in their native language.





Growth

The Credit Union grew in many facets in 2022. Spectra ended the year with approximately **\$597M** in assets, a **7.67%** increase over 2021. We supported over **2,889** members with their lending needs, growing Credit Union loan balances by an incredible **25%**! The quality of our loan portfolio continues to be outstanding, with a delinquency ratio of **0.49%** and charge-offs of **0.42%**. And Credit Union membership grew by **5.52%** in 2022, for a total of **26,900** members.

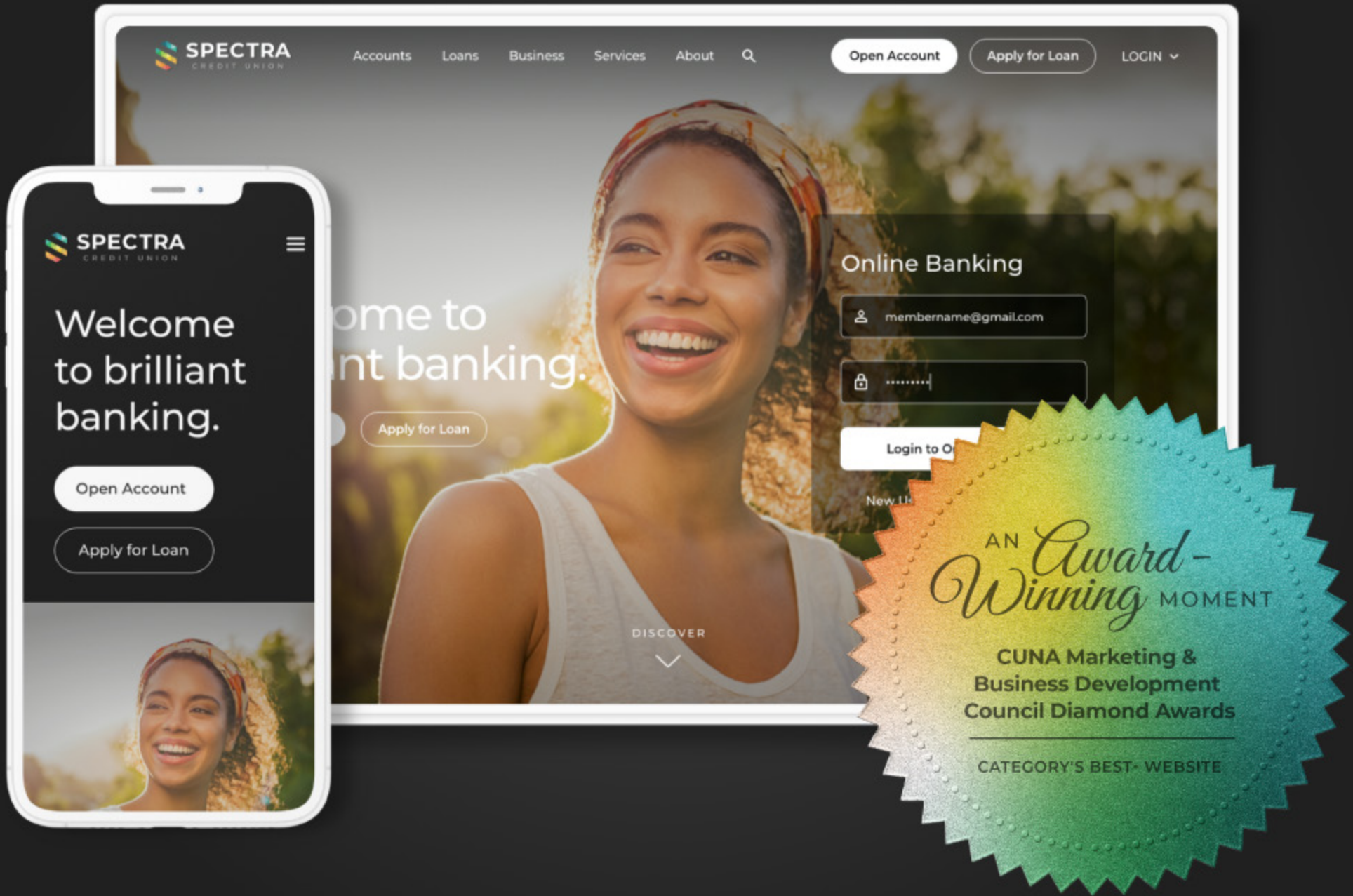
\$597 M
IN ASSETS

**LOAN BALANCE
INCREASE BY**

25%

**SPECTRA
MEMBERSHIP
GREW BY**
5.52%

26,900
TOTAL
MEMBERS



Growth

In late 2022, we launched the “Brilliant Kids” Youth Savings Account featuring “Junior Scientist Iris” as the mascot -- inspired by our founders at the Naval Research Laboratory. In Greek, Iris means “rainbow,” so her name relates back to the spectrum of colors in our logo and the diversity of our membership. (You can read about her “back story” on our website at SpectraCU.com/brilliant-kids-savings.) This introductory savings account for children offers a 10% interest rate on the first \$1,000 deposit and is a great way to prepare our children for a bright and stable financial future.





SPECTRA
CREDIT UNION



Community Impact

The Credit Union enhanced its commitment to positively impacting the communities we served in 2022. We conducted eight financial literacy events and volunteered over **1,000 hours** to support local non-profits in our local communities. We are tremendously proud of helping others and positively impacting over **8,000 individuals**.

If you are on LinkedIn, Facebook, and Instagram, follow Spectra Credit Union, and you will see pictures of the many great volunteer activities our employees participated in throughout 2022. Being visible within our community will help us grow, become more financially stable, and, more importantly, help us fulfill our vision of having a community where everyone reaches their full potential.






SPECTRA
CREDIT UNION

YOU ARE
WELCOME

AN *Award-Winning* MOMENT

CUNA Marketing &
Business Development
Council Diamond Awards

BRAND AWARENESS- "YOU ARE
WELCOME" CAMPAIGN -
DIAMOND

Strength & Security

The Board of Directors is pleased to report that the Credit Union remains a financially strong, secure financial institution in this uncertain economic and geopolitical environment. Our auditors and regulators once again recognized us as a safe, sound, well-run credit union.

Data security and the safety of your hard-earned money continue to be of focus for the Board of Directors. In 2022, the Credit Union remained committed to maintaining a robust cyber security prevention posture, building upon the technology infrastructure migration in late 2021. We understand the importance of protecting your data and money and continually strengthen our systems and processes to increase levels of protection.

In 2022, we received **38,755 calls** in our Call Center with an average wait time of **one minute and 19 seconds**. Volume within our Call Center continues to decline, over **20%** compared to 2021, as we improve our website and online banking solutions.



38,755

ANSWERED CALLS

3,230 PER MONTH

1 MIN 19 SEC

AVERAGE WAIT TIME

We got down to **49 seconds** in August!



A photograph of a group of people at an awards ceremony. In the foreground, a woman with long, wavy brown hair, wearing a mustard yellow cable-knit sweater over a blue shirt, is smiling and clapping. To her right, another woman with dark hair and glasses, wearing a light blue striped shirt, is also smiling and clapping. In the background, other people are visible, some also clapping. The scene is dimly lit, with a warm, golden light source creating a soft glow on the subjects. The overall mood is celebratory and joyful.

Awards

Spectra was recognized nationally and locally for outstanding efforts in marketing, DEI, leadership, emerging leadership, community support, and credit union spirit. We are proud of the recognition for the daily hard work the staff gives to support the Credit Union members, communities, and each other.



A group of people in an office setting. In the foreground, a woman with curly hair is clapping and smiling. Behind her, other people are visible, some also smiling. The image has a teal and orange color overlay.

In summary...

2022 was a pivotal year. We battled challenges, and worked hard to remain competitive and safe. As we embark on 2023, we will continue to focus on delivering exceptional member experiences by offering the right products for our members and ensuring our services are convenient and accessible. Spectra is actively taking a comprehensive approach to review and optimize its processes and systems as we prepare to expand our digital capabilities. We look forward to a prosperous 2023 and a future where our members, communities, and employees reach their full potential.



NOTABLE NUMBERS

SPECTRA ENDING ASSETS

\$597.45 M

LOAN GROWTH

25%

CAPITAL (NET WORTH)

9.61%

12.47 NCUA RISK-BASED

ASSET GROWTH

7.59%

MEMBERSHIP GROWTH

5.52%

26,900 MEMBERS TOTAL

LOAN TO SHARE RATIO

80.56

DELINQUENCY

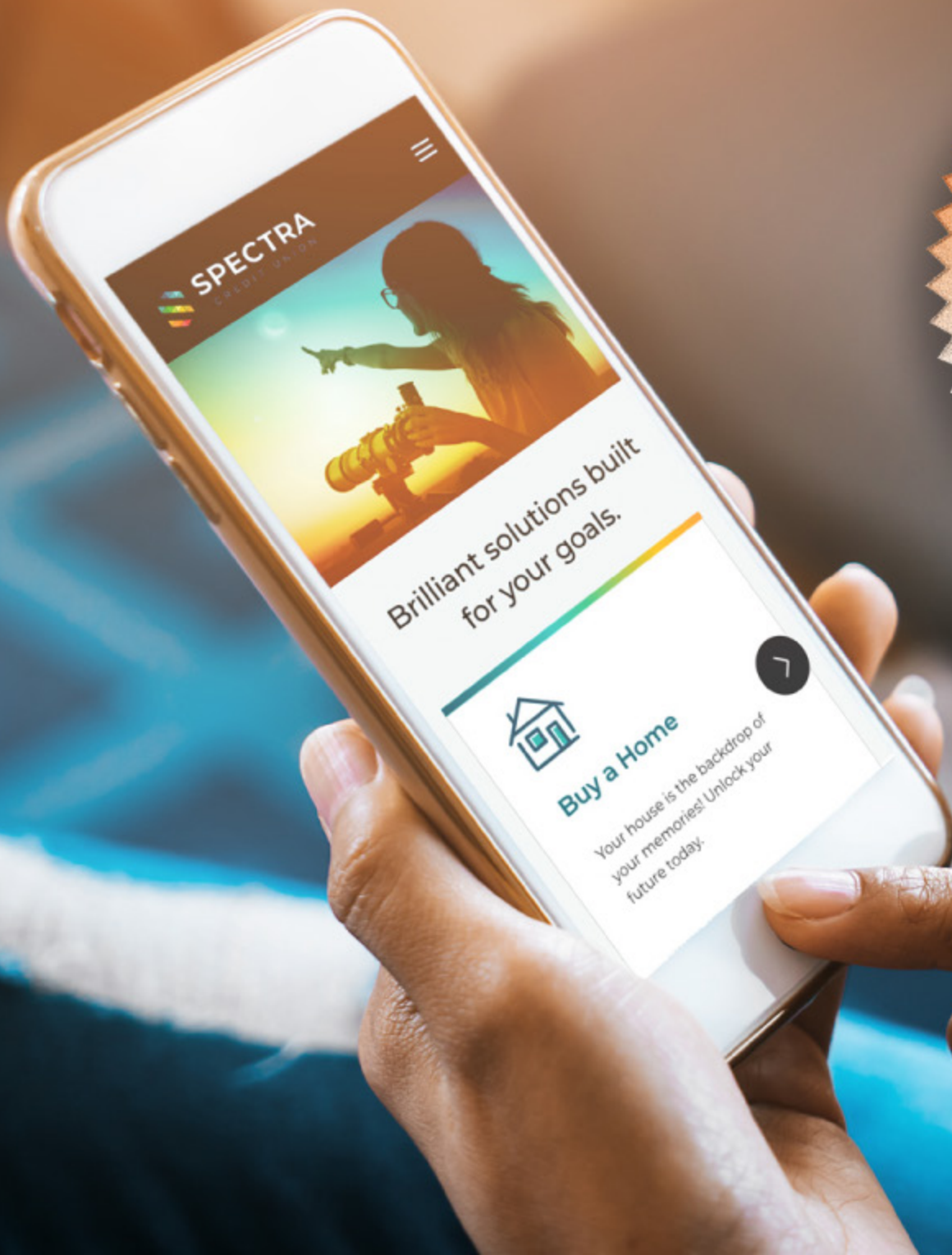
0.49%

CHARGE-OFFS

0.42%

ROA

0.28%



2022 Financial Statements

Balance Sheet

ASSETS	2022	2021
Cash	\$15,748,937	\$40,094,075
Investments	\$110,785,290	\$131,667,086
Consumer Loans	\$211,591,038	\$180,430,244
Real Estate Loans	\$202,674,506	\$144,847,315
Commercial Loans	\$25,886,474	\$27,728,314
Allowance for Loan Losses	\$(1,744,506)	\$(1,462,678)
Total Net Loans	\$438,407,512	\$351,543,195
Loans Held for Sale	\$50,096	\$6,835,070
Other Assets	\$32,458,097	\$32,167,435
Total Assets	\$597,449,933	\$562,306,861
LIABILITIES		
Checking	\$112,018,946	\$116,898,770.00
Share Savings	\$136,922,805	\$137,858,844.00
Money Market	\$170,354,814	\$179,151,843 .00
Share Certificates	\$72,953,518	\$56,073,781.00
IRA Shares	\$17,244,352	\$7,939,785.00
Total Member Deposits	\$509,494,435	\$497,923,023.00
Borrowings	\$41,000,000	-
Other Liabilities	\$8,102,408	\$7,457,124.00
Total Liabilities	\$558,606,843	\$505,380,147.00
MEMBER EQUITY		
Regular Reserve	\$9,356,171	\$9,356,171.00
Undivided Earnings	\$48,082,401	\$49,690,235.00
Unrealized Gains (Losses)	\$(18,595,482)	\$(2,119,692.00)
Total Equity	\$38,843,090	\$56,926,714.00
Total Liabilities & Equity	\$597,449,933	\$562,306,861.00



PSCU



Credit Union Times
LUMINARIES 2022

SPIRE
CREDIT UNION

PSCU



Credit Union Times
LUMINARIES 2022

Credit Union Times
LUMINARIES 2022

SPIRE
CREDIT UNION

PSCU

Credit Union Times
LUMINARIES 2022

SPIRE
CREDIT UNION

PSCU



SPIRE
CREDIT UNION

Credit Union Times
LUMINARIES 2022

SPIRE
CREDIT UNION

Credit Union Times
LUMINARIES 2022

AN Award-Winning MOMENT

CU Times

LUMINARIES AWARD FOR
DIVERSITY, EQUITY &
INCLUSION (INSTITUTION)

PSCU

SPIRE
CREDIT UNION

2022 Financial Statements

Income Statement

NET INTEREST MARGIN	2022	2021
Loan Interest Income	\$16,919,858	\$13,538,239
Investment Interest Income	\$2,190,264	\$1,788,653
Dividend Expense	\$(1,629,942)	\$(1,403,363)
Interest Paid on Borrowed Money	\$(790,788)	-
Net Interest Margin	\$16,689,391	\$13,923,529
Provision for Loan Losses (PLL)	\$(1,481,784)	\$(946,869)
Net Interest Margin after PLL	\$15,207,607	\$12,976,660
OPERATING EXPENSES		
Salaries & Benefits	\$9,843,470	\$9,420,365
Office Occupancy	\$763,917	\$1,091,514
Other Operating Expenses	\$9,039,613	\$7,461,397
Total Operating Expenses	\$19,647,000	\$17,973,276
NON-INTEREST INCOME		
Fees	\$602,845	\$723,157
Other Operating Income	\$2,112,678	\$2,848,549
Non-Operating Income	\$116,737	\$2,142,820
Total Non-Interest Income	\$2,832,260	\$5,714,526
Net Income	\$(1,607,133)	\$717,910

Credit Union Magazine's 2022 Rock Stars



"We must keep learning, evaluating, and adjusting to ensure we continue to be diverse, equitable, and inclusive."

**KRISTIN
SHULTZ**

SPECTRA
CREDIT UNION,
ALEXANDRIA, VA



Meet the Executive Team & Board of Directors

EXECUTIVE TEAM

KRISTIN SHULTZ	Chief Executive Officer
KATE BRENNAN	Chief Operating Officer
JAMES SPEDDEN	Chief Lending Officer
BEVERLEY BATES	VP of Retail & Marketing
JOHN LAGASSE	VP of Technology
DENINE MESSERSMITH	VP of Lending

BOARD OF DIRECTORS

MARY KAPPUS, PHD	Chairperson
CHRISTOPH ENGLERT, PHD	Vice Chair
SULEYMAN GULEYUPOGLU, PHD	Secretary
JEFF BOWLES, PHD	Treasurer
RICHARD BEVILACQUA, PHD	Director
ANGELINA CALLAHAN, PHD	Director
SCOTT MORAN	Director
TRINA F. PETTY	Director
TERRANCE “TEE” CARTY	Associate Director

Supervisory Committee Report

The Supervisory Committee consists of three to five volunteers appointed by the Board of Directors. The committee is responsible for the safety and soundness of the Credit Union by ensuring compliance with the Federal Credit Union Act, the Credit Union bylaws and policies, and the regulations of the National Credit Union Administration (NCUA).

Our independent audit firm, Doeren Mayhew CPAs and Advisors, has examined the financial condition of Spectra as of December 31, 2021, in accordance with generally accepted auditing standards. Results of their findings have been presented to the Supervisory Committee and the Board of Directors. Their report, dated April 20, 2022, indicates that the Credit Union is operating within the bounds of sound financial practices.

Additionally, the Supervisory Committee hired Clifton Larson Allen, LLC to perform internal audits for the Credit Union to ensure compliance with NCUA and Spectra Credit Union policies and procedures. We meet with the internal auditors regularly to review audit reports and institute recommendations that will strengthen internal controls.

To effectively serve as your representatives, we must be kept aware of your concerns. You can do this formally by writing the Supervisory Committee, 5440 Cherokee Avenue, Suite 201, Alexandria, VA 22312, or informally by contacting any member of the committee at SupervisoryCommittee@spectracu.com. The Supervisory Committee maintains a confidential relationship with all concerned members.

SUPERVISORY COMMITTEE

CAROL SULLIVAN Chairperson

JANE SCHAUB Secretary

RICH BARB Member

BEVERLY (SUSIE) SAUL Associate Member

Suggestions

AS A MEMBER-OWNED COOPERATIVE, EVERY MEMBER IS IMPORTANT TO US, AND WE WANT TO KNOW HOW YOU THINK WE ARE DOING.

To accomplish this, we regularly conduct surveys to measure your satisfaction with the services provided and products offered. If you would prefer not to wait for a survey, you can always submit comments and suggestions at one of our branch locations or online through the Suggestion Box on our website.



*Thank
You*

