

A Message from the Audit Committee

Respectfully submitted by Crenna Brumwell, Chair;
and Committee Members David Eggers, Scott Neyens, and Michael Ready

The engagement of an independent audit firm, the supervision of DuTrac Community Credit Union's internal audit function, and the review and supervision of the findings from the most recent regulatory examination are the responsibility of the Board-appointed Audit Committee, ensuring the overall safety and soundness of DuTrac. Audit Committee members serve a one-year term but are not limited to serving only one year.

The public accounting firm of Wipfli, LLP, was selected to perform an independent audit as of December 31, 2022. The audit report issued to the Credit Union's Board of Directors (Board) concludes the financial statements of the Credit Union accurately represent the financial position of DuTrac and the results of its operations and cash flows and thereby indicate the general ledger, financial statements and records reported comply with generally accepted accounting principles (GAAP).

Supporting management's commitment to strong internal controls and accurate financial reporting,

no regulatory compliance violations or materially significant deficiencies were found during a review of the internal controls of the Credit Union, nor were any such noted during the financial audit itself, as stated by Wipfli, LLP within their independent auditor's report of the Credit Union.

The last date regulatory staff were on-site conducting examinations of DuTrac was January 20, 2023. The Iowa Division of Credit Unions conducted the exam, finding DuTrac's policies, practices, and internal controls complied with applicable state regulations, and that DuTrac appears to be financially in good health in all of its operations and maintains a strong net worth position. The date of the next exam has not been communicated as of the writing of this report.

Audit Committee members are pleased with how DuTrac is managed and its continued strong financial performance.

Board of Directors



John Vail
Chairman



Nicholas Specht
Vice Chairman



Chad Kruse
CFO/Treasurer



Kevin Mueller
Secretary



Crenna Brumwell



Daniel Deutmeyer



David Eggers



Scott Neyens



Harlan Pedretti



Michael Ready

Financial Status

ASSETS:	2022	2021	% Change
Loans	\$791,504,489	\$679,880,996	16.42%
Allowance for Loan Loss	-\$3,192,814	-\$2,166,171	47.39%
Cash & Receivables	\$42,215,125	\$18,804,137	124.50%
Investments	\$173,527,875	\$249,448,970	-30.44%
Other Assets	\$39,520,542	\$34,555,818	14.37%
TOTAL ASSETS:	\$1,043,575,217	\$980,523,750	6.43%
LIABILITIES & EQUITY:	2022	2021	
Shares & Deposits	\$921,249,281	\$860,801,236	7.02%
Accounts Payable	\$14,267,702	\$2,053,122	594.93%
Accrued Expenses	\$3,108,596	\$2,592,267	19.92%
Reserves & Undivided Earnings (Equity)	\$104,949,638	\$115,077,125	-8.80%
TOTAL LIABILITIES & EQUITY:	\$1,043,575,217	\$980,523,750	6.43%
INCOME & EXPENSES:	2022	2021	% Change
Income from Loans	\$28,716,358	\$26,510,758	8.32%
Investment Income	\$3,813,229	\$1,608,788	137.02%
Total Interest Income	\$32,529,587	\$28,119,546	15.68%
Total Cost of Funds	-\$6,740,611	-\$4,714,442	42.98%
Net Interest Income	\$25,788,976	\$23,405,104	10.19%
Other Operating Income	\$7,714,104	\$7,504,256	2.80%
NET INCOME BEFORE OPERATING EXPENSES:	\$33,503,080	\$30,909,360	8.39%
OPERATING EXPENSES:	2022	2021	% Change
Compensation & Employee Benefits	\$12,081,187	\$11,088,879	8.95%
Association Dues	\$59,921	\$54,066	10.83%
Office Operations & Occupancy	\$6,025,362	\$5,939,841	1.44%
Advertising & Promotion	\$1,910,059	\$1,599,858	19.39%
Loan Servicing	\$2,929,676	\$2,888,901	1.41%
Professional & Outside Services	\$1,522,297	\$1,380,863	10.24%
Provision for Loan Losses	\$790,200	\$478,800	65.04%
Miscellaneous Expenses	\$1,071,205	-\$331,341	-423.29%
TOTAL OPERATING EXPENSES:	\$26,389,907	\$23,099,867	14.24%
NET INCOME FROM OPERATIONS:	\$7,113,173	\$7,809,493	-8.92%
Non-Operating Income & Expense	-\$286,381	\$612,177	-146.78%
NET INCOME:	\$6,826,792	\$8,421,670	-18.94%
ASSETS	Fair Market Value	Book Value	
Cash or Short Term Investments	\$42,215,125	\$42,215,125	
Investments, Securities & CDs	\$177,262,195	\$173,527,875	
Member Loans	\$736,431,607	\$791,504,489	
LIABILITIES	Fair Market Value	Book Value	
Total Shares & Deposits	\$821,497,329	\$921,249,280	

DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS - Statement of Financial Accounting Standards No. 107, "Disclosures About the Fair Value of Financial Instruments," requires disclosures for fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and in many cases, could not be realized in immediate settlement of the instrument. Statement No. 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Credit Union.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:
CASH AND SHORT-TERM INVESTMENTS - The carrying amount is a reasonable estimate of fair value.

CERTIFICATES OF DEPOSIT - The fair value of Certificates of Deposit (CDs) held for investment purposes is estimated by discounting the future cash flows using the rates currently offered for certificates with similar remaining maturities. Those with remaining maturities of less than one year are stated at carrying value, which approximates fair value.
INVESTMENT SECURITIES - The fair value of investment securities is based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.
MEMBERS' LOANS - The fair value of each homogeneous type of loan is estimated by discounting the estimated future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.
SAVINGS, CHECKING AND NON-CERTIFICATE OF DEPOSIT INDIVIDUAL RETIREMENT ACCOUNTS (Non-CD IRAs) - The fair value of savings accounts, share drafts and non-CD IRAs is the amount payable on demand at December 31, 2022.
MEMBERS' CERTIFICATES OF DEPOSIT AND FIXED MATURITY IRAs - The fair value of fixed maturity Certificates of Deposit and fixed maturity IRAs is estimated using the rate currently offered for deposits of similar remaining maturities.



2022 ANNUAL REPORT

A Combined Message from the Chairman and the President

The leadership of DuTrac Community Credit Union (DuTrac) understands it must deliver on three priorities to continue to serve members, earn your ongoing loyalty, and therefore recognize success:

1. Deliver an excellent, value-added member experience;
2. Maintain a strong financial position; and
3. Ensure operational safety and soundness.

By these measures, the Board, management and staff are proud to share 2022 was a success!

Member use of DuTrac's products and services across nearly every aspect maintained DuTrac's ongoing financial strength. Allowing more members to achieve their financial goals. From our youth savings programs, to ongoing financial literacy programs for any age, and to wealth management , trust, and retirement services, DuTrac helps members achieve their goals and stay on track not just for today, but also tomorrow... and for years to come, helping members live the lives they have envisioned.

Please read the Chief Financial Officer and Treasurer's report and related 2022 financial statements for details describing DuTrac's strong financial position. In brief, fiscal 2022 recognized an increase in gross loan volume of \$111.6 million or 16.4%, deposits grew by \$60.4 million or 7.0% and net income decreased slightly to \$6.8 million. This strong financial performance signaling to members DuTrac was adhering to its mission. Members may feel safe in knowing DuTrac remains one of the strongest financial institutions in the country... and, Andy and I have the pleasure to share DuTrac achieved a much-hoped-for financial goal... crossing the threshold and maintaining total assets in excess of \$1 billion! All of DuTrac's financial success resides with the good faith and loyalty of its members.

Dynamic times translate into new, modern systems to process the advanced product and service needs of the membership safely and soundly. After months

of research and testing, DuTrac began the final stages of implementing a new core processing system to be available beginning June 2023. The robust system will provide greater transactional capabilities and efficiencies ensuring processing and reporting of your transactions for years to come with an emphasis on ensuring the security of your personal data.

DuTrac continued its quest to improve the member experience. Therefore, along with our need to expand to serve our increasing number of area members and to grow alongside the growth and development in the Quad Cities, led to the grand opening in July of DuTrac's 14th branch office in Bettendorf.

DuTrac believes in investing in its members and the communities we serve. Reinforcing the promise is the use of "local" resources in each branch. DuTrac extends its gratitude to city officials and leaders, contractors and construction crews for a value-driven outcome. Each branch is a place where members may relax, while planning for their future with financial experts eager to listen and map out the pathway ahead... where they can daydream and sit back... enjoying and imagining all of their possibilities... with DuTrac.

The Board, management and staff joyfully share and say... thank you for your loyal support of DuTrac Community Credit Union.

It has been our privilege to serve you.



John Vail
Chairman



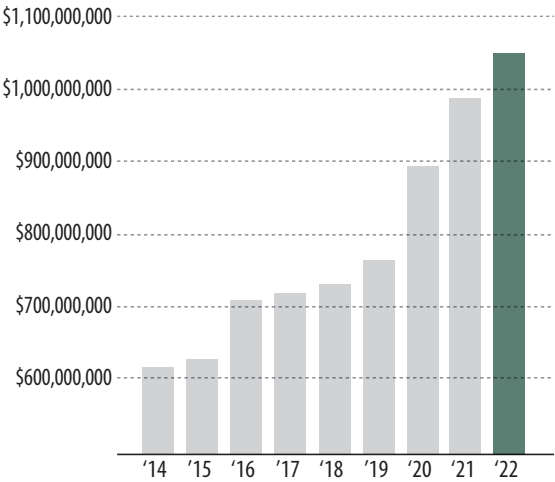
Andrew Hawkinson
President and CEO

A Message from the CFO/Treasurer

Respectfully submitted by Chad Kruse - Chief Financial Officer and Treasurer

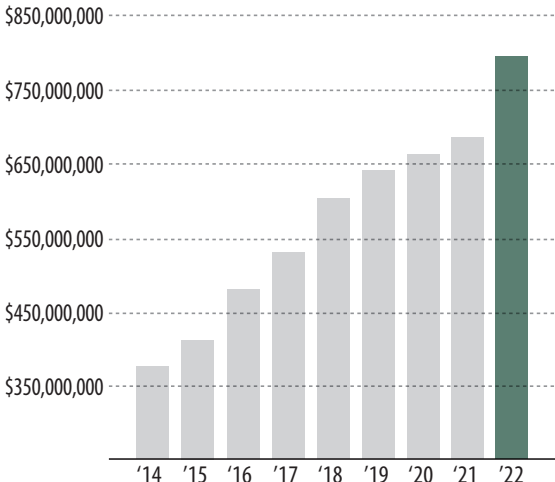
The graphics below speak volumes on DuTrac's success in 2022.

Total Assets



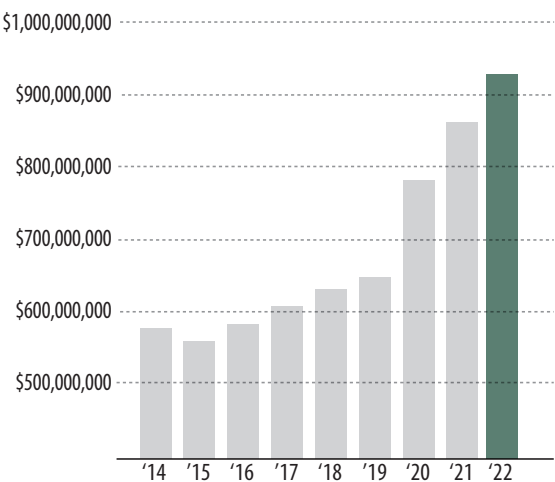
Total assets increased \$63.1 million or 6.4%.

Total Loans



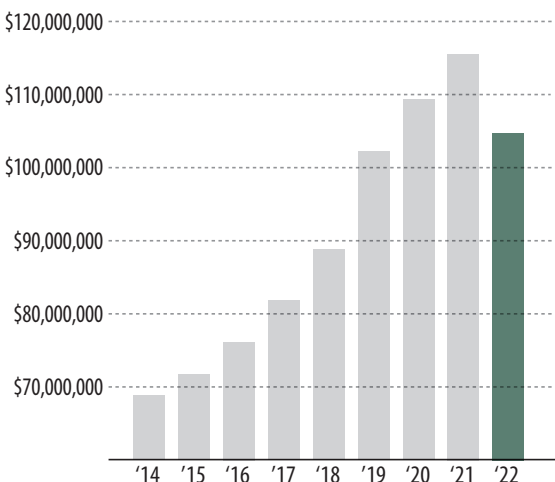
The increase in gross loan balances of \$111.6 million or 16.4%.

Total Deposits



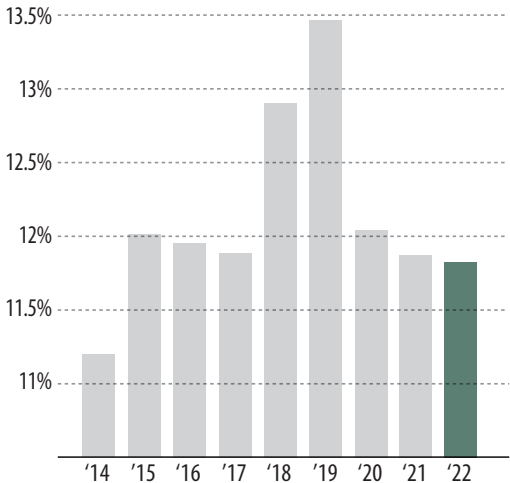
Total deposits increased \$60.4 million or 7% as member/savers took advantage of rising savings rates during 2022.

Total Equity



Total equity decreased \$10.1 million.

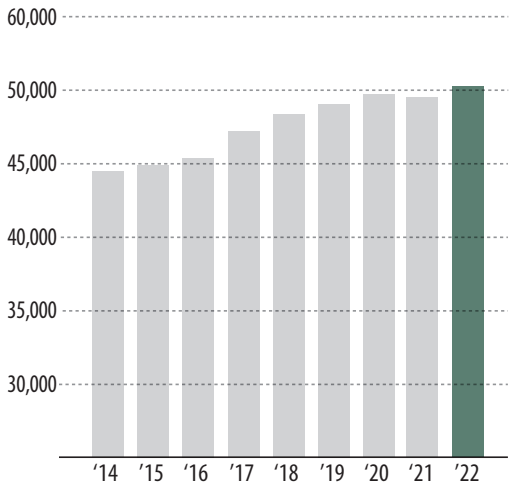
Net Worth Ratio



DuTrac's Net Worth Ratio is well above the required regulatory net worth level of 7%.

Graphs reflect years ending December 31
(Rounded to nearest thousand)

Total Members



Total members of DuTrac grew from 48,619 to 50,718.

A Message from the Nominating Committee

Respectfully submitted by Scott Neyens, Chair; John Vail and Chad Kruse

The results of the 2022 Annual Meeting election, held virtually due to the ongoing pandemic, are as follows: Board nominee Chad Kruse, Asbury, was elected and nominees David Eggers, Clinton and John Vail, Dubuque, were each re-elected to a seat on the DuTrac Board of Directors for a single term. A Board term consisting of a single period of three (3) consecutive years.

Following the 2022 Annual Meeting, the Board of Directors held their annual Board re-organizational meeting. Board members elected table officers are as follows: John Vail, chair; Nicholas Specht, vice chair; Chad Kruse, chief financial officer and treasurer; and Kevin Mueller, secretary. The names of Board members serving on the Nominating, Audit and Credit Committees are located within the headers of each committee's respective report within this 2022 Annual Report.

Directors with terms expiring during the 2023 Annual Meeting include Crenna Brumwell, Kevin Mueller, Harlan Pedretti, and Michael Ready. Requests for members to submit their applications and related information to the Nominating Committee appeared in the *Update* quarterly newsletter as well as in postings in branch offices. Submissions were due by March 18, 2023. As a result, nominations are no longer being accepted and the nominations to the DuTrac Board are closed.

The Nominating Committee received a Board nomination packet from the following members and vetted each member, approving their willingness and suitability to stand for election: Crenna Brumwell, Kevin Mueller, Harlan Pedretti, and Michael Ready. The Nominating Committee did not receive other applications. The bio of each Board nominee has been available to members for no less than 20 days and no more than 30 days before the 2023 Annual Meeting. Each nominee is running for one (1) of four (4) Board seats expiring during the 2023 Annual Meeting, each with a single term.

After the residing Board Secretary makes the determination of a quorum of members is present, election of Board nominees may take place during the 2023 Annual Meeting in accordance to DuTrac's bylaws. The bylaws state a voice vote of those members present during the annual meeting will govern the election of board members. For members participating virtually in the annual meeting, the raising of a "hand" will constitute a voice vote. Virtually counted votes will combine with voice votes of those members present to determine the election results. An announcement of those nominees newly elected to the Board takes place immediately following the collection and count of member votes.

A Message from the Credit Committee

Respectfully Submitted by Harlan Pedretti, Chair;
Kevin Mueller, John Vail, Nicholas Specht, Daniel Deutmeyer
and Ron Kinsella, Senior Vice President of Lending.

DuTrac disbursed 8,779 loans and \$318.4 million in loan volume during calendar year 2022 compared to 6,644 loans and \$272.3 million in loan volume disbursed during fiscal 2021. Gross loan balances ended December 31, 2022 and 2021 at \$791.5 million and \$679.9 million, respectively, an increase of \$111.6 million.

Three factors had a strong impact on consumer lending during the 2022 calendar year: 1) the lifting of the pandemic quarantines and consumers engaging in the more aggressive consumption of goods and services; 2) consumer demand rose while some supplies shrunk, causing prices to rise adding fuel to an inflationary environment. The Federal Reserve's response to inflation was to raise the targeted Federal Funds Rate (Fed Funds) by 450 basis points in an effort to slow demand, restore supplies and cause prices to fall; and 3) concern with the next (unknown) world crisis. As a result, many consumers funded purchases either with their savings, many still having unused federal pandemic assistance funds, or through accessing available lines of credit through credit cards or home equity lines of credit or new borrowings including personal loans.

For DuTrac, these factors improved consumer loan balances across all lending areas. Vehicle loans recognized the largest increase despite years of almost uninterrupted increases in vehicle purchasing. The below table highlights the variances in consumer and commercial lending comparing 2021 and 2022 balances and volumes.

Despite rising mortgage rates and a slowdown in home sales, DuTrac Mortgage continued to offer highly competitive mortgage rates, added an adjustable rate product to its offerings, and the team of mortgage experts implemented no-cost supplemental mortgage reviews to add value to the DuTrac Mortgage process. DuTrac had an additional 186 first mortgages recorded at year-end 2022 compared to year-end 2021 resulting in an \$4.1 million increase in first mortgages ending the year with a balance of \$260 million in first mortgages.

Alternatively, if the purchase of a new home was not an option for consumers, consumers turned to other

available credit resources including credit cards, home equity lines of credit, and personal loans to make home improvements to existing homes and landscapes. DuTrac's members recognized value in the low-rate offerings on HELOC and credit cards, each having the area's lowest rates. The table below reflects the increase in each product's balances.

As many members were still flush with savings and cash, members aggressively paid down debt or used their excess cash for direct payment of home improvements. The trends for 2023 look similar as we expect Fed Funds to continue its increase through at least fall of 2023, but any mediation in rate hikes will be dependent on the Federal Reserve rate policy reducing existing inflation levels to the targeted goal of 2%. Limited workers, and a growing number of limited resources as well as consumers' ongoing high demand for goods, may disprove the moderation of inflation in the months ahead.

With rising loan volumes there is always a risk for increased delinquencies and charge-offs regardless of credit underwriting efforts. It was therefore no surprise to see delinquencies and charge-offs edge upward. Charge-offs increasing from \$720.5 thousand during 2021 to \$915 thousand during 2022. For this reason, and in preparation for the anticipated Financial Accounting Standards Board (FASB) - promulgated use of the Current Expected Credit Loss (CECL) methodology for loan loss calculations, the Provision for Loan Losses increased from \$479 thousand during 2021 to \$790 thousand during fiscal 2022.

Regardless of the rate environment, DuTrac's lending team will continue to find and source the best and unique solution for member's individual situations. Continuing to provide guidance and options on how to lessen debt or make existing debt more manageable while stretching saving dollars farther. Members have a financial partner they may trust in DuTrac. We want to see you succeed.

We are grateful for your use of DuTrac's products and services this past year.

Fiscal year	Vehicle loans balance*	Number of vehicle loans*	First mortgage loans balance	Number of mortgage loans	Credit card balance*	Number of card loans*	HELOC balance	Number of HELOC loans	Commercial loans / LOC balance	Number of commercial loans / LOC
2021	\$242.9M	12,836	\$2.55.9M	2,485	\$12.3M	8,580	\$21.8M	880	\$114.8M	275
2022	\$329.9M	17,084	\$260.0M	2,671	\$12.5M	8,615	\$26.3M	976	\$114.2M	249
Variance	▲ \$87M or 35.8%	▲ 2,248 or 15.2%	▲ \$4.1M or 1.6%	▲ 186 or 7.5%	▲ \$.2M or 1.6%	▲ 35 or .4%	▲ \$4.5M or 20.6%	▲ 96 or 10.9%	▼ \$.6M or .5%	▼ 26 or 9.5%

*Excludes commercial vehicle loan volume and count.