

*Tradition
Reliability
Integrity*

1st Quarter
Financial Review
2003



TRICORP
FEDERAL CREDIT UNION

TRICORP FEDERAL CREDIT UNION

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Quarterly Report
March 31, 2003
Management Commentary

Tricorp FCU maintains a low financial risk profile with asset quality, capital adequacy, interest rate risk, and liquidity risk all well within a safe and sound operating range. Investments are of high quality and continue to be centered in U.S. Central, with a moderate volume in asset-backed securities, U.S. Government and Agencies, and CMO's all rated AAA. Assets have continued the aggressive growth trend into 2003. Average assets increased 9.73%, or \$44.8 Million from year-end 2001 to 2002 and another 3.60% or \$18.2 Million in the first quarter of 2003. While increased liquidity in the system has caused the core capital ratio to decline in recent periods it has stabilized and ended 2002 at 2.85% and the first quarter 2003 at 2.80%.

While financial performance has demonstrated stability in these uncertain times, Tricorp FCU's simple straightforward solutions continue to afford our membership the highest value relationship in the industry. The overnight account, automated settlement, and competitive investment alternatives are the main benefits of membership in any Corporate Credit Union. Tricorp FCU has protected the value, perhaps better than anyone else, by maintaining a one-rate overnight account structure, free automated settlement, and investment offerings that accommodate a wide array of cash flow and return needs for our membership. On a relative asset size basis, protection of these core values for which the Corporate network was originally established has literally returned hundreds of thousands of dollars back to our membership that some of our peers utilize to support their overhead structures and expensive "initiatives". Tricorp FCU is very proud of our simple straightforward approach, protection of the value that the Corporate network was originally created for, and ultimately the relationship value that our members enjoy. We look forward to expanded offerings without compromising the value our member's currently realize.

TRICORP Services

INVESTMENT

ALM Reporting Services
Certificates of Deposit
Corporate Network
Brokerage Services - CNBS
Notice Accounts - 30 Day and 90 Day
Overnight Accounts
Regular Share Accounts
Reverse Repurchase Transactions
Securities Safekeeping
Structured Certificates
Amortizing Certificates - ACPS
Fixed Callable Certificates
Multi Step-Up Certificates
Step-Up Certificates
Variable Rate Certificates - VRCs

FUNDS TRANSFER

Automatic Debit Transfer - ADT
Cash Concentration - CNCC
Foreign Wire Transfer
REACH®
Share to Share Transfer
Western Union Quick Start
Wire Transfer Service

CORRESPONDENT

Automated Settlement
ACH Origination
ACH/NEACH Transactions
ATM Cards
Electronic Bill Payment
Federal Reserve Reg. D
Food Stamp Redemption
MasterCard®

Member Share Drafts
Money Orders
Student Loan Program
Travelers Checks
Treasury Tax & Loan TT&L
U.S. Savings Bonds
VISA®
Check Collection - U.S., Canadian and Foreign
Coin and Currency
Corporate Share Drafts
Express Currency

LIQUIDITY

CLF Loans Demand Loans
Irrevocable Letter of Credit
Reverse Repurchase Loans
Secured Loans - Certificate and Security Collateralized
Settlement Loans
Term Loan

INFORMATION

Bank Statement Analysis
Breakfast Meeting Presentations
Chapter Meeting Presentations
CUFS-Credit Union Financial System
Market Valuations Securities
Monthly Statements
On-Site Visits
Newsletter - TRICORP Times
Seminars
Quarterly Financial Review
Toll Free Telephone Lines
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Income Statement
Periods Ended March 31, 2003 and 2002

	03/31/2003	03/31/02	Change
Interest Income from Loans	45,664	43,913	3.99%
Interest and Dividend Income from Investments	<u>2,449,701</u>	<u>2,734,984</u>	-10.43%
Total Interest Income	2,495,365	2,778,897	-10.20%
Dividend Expense	1,885,876	2,176,739	-13.36%
Interest on Borrowed Money	<u>47,562</u>	<u>67,918</u>	-29.97%
Total Interest Expense	1,933,438	2,244,657	-13.86%
Net Interest Income	561,927	534,240	5.18%
Fees and Other Operating Income	<u>101,362</u>	<u>97,182</u>	4.30%
Gross Operating Margin before Operating Expenses	663,289	631,422	5.05%
Operating Expenses:			
Salaries and Benefits	202,744	181,489	11.71%
Office Occupancy	32,193	9,423	241.64%
Office Operations	46,197	82,782	-44.19%
Travel and Conference	17,390	19,885	-12.55%
Educational and Promotional	23,684	28,848	-17.90%
Professional and Outside Services	81,738	69,312	17.93%
Others	13,591	12,188	11.51%
Total Operating Expenses	<u>417,537</u>	<u>403,927</u>	3.37%
Net Income Before Transfers	245,752	227,495	8.03%
Required Transfer to Regular Reserves	<u>-</u>	<u>177,543</u>	-100.00%
Net Change to Undivided Earnings	<u>245,752</u>	<u>49,952</u>	391.98%

Statistical Changes in Financial Position

	As of 03/31/03	As of 03/31/02	
* Operating Expense Ratio	0.29%	0.32%	
* ROA	0.17%	0.18%	
* Equity Ratio	2.80%	2.77%	
Average Assets	574,910,182	501,942,755	
Net Economic Value (NEV)	2/28/03		Reg 704 Requirements
+ 300 BP Shock			
Actual Dollar Change	38,156,955		Minimum = 33,558,973
% Change	-3.35%		***
NEV Ratio	5.99%		
Base Level Dollar Amount	39,481,145		N/A
Base Level NEV Ratio	6.14%		
- 100 BP Shock			
Actual Dollar Change	39,812,198		Maximum = 45,403,317
% Change	0.84%		***
NEV Ratio	6.18%		
* Based on Average Assets			
*** NEV cannot fluctuate more than eighteen percent in either rate shock scenario. Minimum and maximum amounts are based on current year levels.			

Portfolio Diversification by Investment Issuer
March 31, 2003

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union	89.16%	541,913,226	544,163,817	2,250,591	*
SBA Pools	3.34%	20,272,165	20,272,165	-	AAA
FNMA	0.08%	500,000	524,219	24,219	AAA
Farm Credit Bank	0.08%	499,080	510,625	11,545	AAA
Total U.S. Government Agency	3.50%	21,271,245	21,307,009	35,764	
CMO's Floating Rate	3.26%	19,812,109	19,812,109	-	AAA
CMO's Fixed Rate	3.30%	20,047,620	20,047,620	-	AAA
Total CMO's	6.56%	39,859,729	39,859,729	-	
CUSO and Other	0.07%	445,241	445,241	-	
Asset-Backed Securities:					
American Express Credit - Master Trust	0.16%	992,740	1,043,563	50,823	AAA
SPSAC 1998-2	0.21%	1,282,796	1,282,796	-	AAA
YMMT 1999 1-A	0.16%	1,000,951	1,000,951	-	AAA
FUSAM 1997-1A	0.16%	999,740	1,000,231	491	AAA
Total Asset-Backed Securities	0.70%	4,276,227	4,327,541	51,314	
Total Investments	100%	607,765,668	610,103,337	2,337,669	

* U.S. Central CU carries a Medium Term Note Program rating of "AAA", the Commercial Paper Program carries a rating of "A-1+/P-1". These ratings do not apply to member shares and share certificates. U.S. Central CU does maintain an issuer rating of "A" from Bankwatch.

TRICORP FCU
Statement of Financial Position (Unaudited)
 March 31, 2003 and 2002

	03/31/03	03/31/02	Change
Assets			
Loans to Members	3,934,323	5,143,354	-23.51%
Cash	1,412,942	981,209	44.00%
CLF Deposit	13,583,334	12,324,771	10.21%
Investments	607,765,668	564,180,112	7.73%
Accrued Interest	1,235,278	1,165,235	6.01%
Fixed Assets	950,719	971,795	-2.17%
NCUSIF Deposit	163,897	169,162	-3.11%
Other Assets	1,377,908	874,983	57.48%
Total Assets	<u>630,424,069</u>	<u>585,810,621</u>	<u>7.62%</u>
Liabilities			
Accounts Payable	1,436,428	1,865,637	-23.01
CLF Notes Payable	13,583,334	12,324,771	10.21%
Dividends Payable	182,054	273,704	-33.49%
Accrued Expenses	54,179	16,233	233.76%
Other Liabilities	929,481	869,333	6.92%
Total Liabilities	<u>16,185,476</u>	<u>15,349,678</u>	<u>5.45%</u>
Members' Shares and Deposits			
Overnight Deposits	466,370,892	452,450,679	3.08%
MCS D	23,444,538	21,481,051	9.14%
Share Certificates	109,826,089	82,989,083	32.34%
Members' Shares & Deposits	599,641,519	556,920,813	7.67%
Regular Reserves	6,059,927	5,504,070	10.10%
Undivided Earnings	8,601,591	8,033,201	7.08%
Unrealized Gain/Loss AFS Sec	(64,444)	2,859	-
Total Liabilities & Members' Equity	<u>630,424,069</u>	<u>585,810,621</u>	<u>7.62%</u>