

*Tradition
Reliability
Integrity*

1st Quarter
Financial Review
2004

TRICORP

FEDERAL CREDIT UNION

Quarterly Report
March 31, 2004
Management Commentary

“Making the decided difference in the success of credit unions.”

TRICORP FCU continues to maintain 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.

TRICORP FCU’s simple straightforward solutions continue to reflect its mission statement to “make a decided difference in the success of credit unions.” We are able to afford our membership the highest value relationship in the industry. Our 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 of these benefits, 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. By maintaining our direction of success for our members, TRICORP has literally returned hundreds of thousands of dollars back to its membership, contributing to their success. TRICORP FCU is very proud of its simple straightforward approach, protecting the value for which the Corporate network was originally created, and ultimately the relationship value that all members enjoy. We look forward to expanded offerings without compromising our mission or the value our member’s currently realize.

TRICORP FCU
Statement of Financial Position (Unaudited)
 March 31, 2004 and 2003

	03/31/04	03/31/03	Change
Assets			
Loans to Members	4,675,600	3,934,323	18.84%
Cash	1,061,200	1,412,942	-24.89%
CLF Deposit	16,219,911	13,583,334	19.41%
Investments	520,969,858	607,765,668	-14.28%
Accrued Interest	1,325,846	1,235,278	7.33%
Fixed Assets	893,287	950,719	-6.04%
NCUSIF Deposit	163,563	163,897	-0.20%
Other Assets	<u>1,376,252</u>	<u>1,377,908</u>	<u>-0.12%</u>
Total Assets	<u>546,685,517</u>	<u>630,424,069</u>	<u>-13.28%</u>
Liabilities			
Accounts Payable	492,533	1,436,428	-65.71%
CLF Notes Payable	16,219,911	13,583,334	19.41%
Dividends Payable	349,538	182,054	92.00%
Accrued Expenses	48,905	54,179	-9.73%
Other Liabilities	<u>572,924</u>	<u>929,481</u>	<u>-38.36%</u>
Total Liabilities	<u>17,683,811</u>	<u>16,185,476</u>	<u>9.26%</u>
Members' Shares and Deposits			
Overnight Deposits	353,198,236	466,370,892	-24.27%
MCS D	25,037,092	23,444,538	6.79%
Share Certificates	<u>135,263,090</u>	<u>109,826,089</u>	<u>23.16%</u>
Members' Shares & Deposits	513,498,418	599,641,519	-14.37%
Regular Reserves	6,059,927	6,059,927	0.00%
Undivided Earnings	9,463,187	8,601,591	10.02%
Unrealized Gain/Loss AFS Sec	<u>(19,826)</u>	<u>(64,444)</u>	<u>0.00%</u>
Total Liabilities & Members' Equity	<u>546,685,517</u>	<u>630,424,069</u>	<u>-13.28%</u>

Income Statement

Periods Ended March 31, 2004 and 2003

	03/31/2004	03/31/03	Change
Interest Income from Loans	45,971	45,664	0.67%
Interest and Dividend Income from Investments	<u>2,145,471</u>	<u>2,449,701</u>	-12.42%
Total Interest Income	2,191,442	2,495,365	-12.18%
Dividend Expense	1,560,222	1,885,876	-17.27%
Interest on Borrowed Money	<u>71,541</u>	<u>47,562</u>	50.42%
Total Interest Expense	1,631,763	1,933,438	-15.60%
Net Interest Income	559,679	561,927	-0.40%
Fees and Other Operating Income	<u>104,276</u>	<u>101,362</u>	2.87%
Gross Operating Margin before Operating Expenses	663,955	663,289	0.10%
Operating Expenses:			
Salaries and Benefits	224,236	202,744	10.60%
Office Occupancy	31,225	32,193	-3.01%
Office Operations	61,958	46,197	34.12%
Travel and Conference	13,410	17,390	-22.89%
Educational and Promotional	31,830	23,684	34.39%
Professional and Outside Services	92,927	81,738	13.69%
Others	15,853	13,591	16.64%
Total Operating Expenses	<u>471,439</u>	<u>417,537</u>	12.91%
Net Income Before Transfers	192,516	245,752	-21.66%
Required Transfer to Regular Reserves	<u>-</u>	<u>-</u>	0.00%
Net Change to Undivided Earnings	<u>192,516</u>	<u>245,752</u>	-21.66%

Statistical Changes in Financial Position

	As of 03/31/04	As of 03/31/03
* Operating Expense Ratio	0.36%	0.29%
* ROA	0.15%	0.17%
* Equity Ratio	2.73%	2.80%
Average Assets	524,337,044	574,910,182
Net Economic Value (NEV)	2/29/04	Reg 704 Requirements
+ 300 BP Shock		
Actual Dollar Change	40,788,100	Minimum = 35,828,908
% Change	-3.24%	***
NEV Ratio	6.19%	
Base Level Dollar Amount	42,151,657	N/A
Base Level NEV Ratio	6.34%	
- 100 BP Shock		
Actual Dollar Change	42,423,087	Maximum = 48,474,405
% Change	0.64%	***
NEV Ratio	6.36%	

* 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, 2004

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union	87.40%	455,311,607	456,764,871	1,453,264	*
SBA Pools	8.67%	45,169,390	45,169,390	-	AAA
FNMA	0.10%	500,000	502,813	2,813	AAA
Total U.S. Government Agency	8.77%	45,669,390	45,672,203	2,813	
CMO's Floating Rate	0.96%	5,005,012	19,812,109	-	AAA
CMO's Fixed Rate	2.25%	11,719,428	11,719,428	-	AAA
Total CMO's	3.21%	16,724,440	31,531,537	-	
CUSO and Other	0.09%	445,241	445,241	-	
Asset-Backed Securities:					
American Express Credit - Master Trust	0.19%	999,588	1,001,683	2,095	AAA
SPSAC 1998-2	0.16%	819,304	819,304	-	AAA
YMMT 1999 1-A	0.19%	1,000,288	1,000,288	-	AAA
Total Asset-Backed Securities	0.54%	2,819,180	2,821,275	2,095	
Total Investments	100%	520,969,858	537,235,126	1,458,172	

* 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 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
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