

First Quarter 2010 Financial Review



Tricorp took the total impairment to capital from the losses at USC as of December 31, 2008. As a result of the NCUA's actions regarding the mortgage backed portfolio of US Central, Tricorp had a total of \$38 Million in losses strictly due to the impairment of its capital with U.S. Central. After 33 years of building capital Tricorp had to start the process of rebuilding retained earnings from zero. We were able to do this because we had no more risk assets and no further losses. We began the process of rebuilding retained earnings all through 2009. As a result we are happy to report that we ended our first quarter in 2010 with retained earnings in excess of \$1.5M.

Liquidity has been at an all time high as is shown from our total assets increasing this quarter over March of 2009 by 32.76% for a total of \$1,081,590,383. Credit unions continue to maintain adequate levels of liquidity in the corporate system as is shown with an increase of overnight funds this quarter of 61.62% over last year's first quarter.

The challenge of course is to build capital. We have made good strides towards the future and we will continue to rebuild our capital and protect liquidity for our members. We believe that we provide valuable services for our members and we are making plans to remain a safe and sound independent corporate credit union. Much of course depends on the outcome of the NCUA final regulation and what that may mean for Tricorp members. Based on what is known today, it appears that the corporate system will have to shrink its balance sheets to meet the new capital standards. The concern for you is what will be the level of contributed capital that Tricorp will require to meet the new capital standards. The level of contributed capital that will be required will depend on a number of factors including the amount of time that NCUA will give corporates to meet the new capital standard, the level of liquidity in the credit union system, and the outcome of NCUA's legacy asset plan expected to be announced by the end of June 2010.

However, until the final NCUA rule is constructed, The Board, Management and Staff are working diligently to continue to conduct the affairs of Tricorp in the best manner possible for you, our members. We are very appreciative of your continued support of Tricorp and will continue to work in your best interest as we move forward.

Statement of Financial Position (Unaudited)
 March, 2010 and 2009

	03/31/10	03/31/09	Change
Assets			
Loans to Members	3,313,046	3,553,962	-6.78%
Cash	110,236,806	1,167,634	9,341.04%
Investments	963,471,648	804,819,508	19.71%
Accrued Interest	1,455,900	2,172,789	-32.99%
Fixed Assets	643,313	657,299	-2.13%
NCUSIF Deposit	357,676	155,616	129.85%
Other Assets	<u>2,111,994</u>	<u>2,199,348</u>	<u>-3.97%</u>
Total Assets	<u>1,081,590,383</u>	<u>814,726,156</u>	<u>32.76%</u>
Liabilities			
Accounts Payable	258,884	213,333	21.35%
Line of Credit Loan (US Central)	0	1,000,000	-100.00%
Dividends Payable	949,423	1,504,784	-36.91%
Accrued Expenses	77,232	66,438	16.25%
Other Liabilities	<u>152,331</u>	<u>123,411</u>	<u>23.43%</u>
Total Liabilities	<u>1,437,870</u>	<u>2,907,966</u>	<u>-50.55%</u>
Members' Shares and Deposits			
Overnight Deposits	795,900,817	492,463,376	61.62%
MCS D	12,090,219	11,664,542	3.65%
Share Certificates	<u>270,871,000</u>	<u>307,704,000</u>	<u>-11.97%</u>
Members' Shares & Deposits	1,078,862,036	811,831,918	32.89%
Regular Reserves	0	0	-
Undivided Earnings	1,564,126	848,606	84.32%
Unrealized Gain/Loss AFS	<u>(273,650)</u>	<u>(862,334)</u>	<u>-68.27%</u>
Total Liabilities & Members' Equity	<u>1,081,590,382</u>	<u>814,726,156</u>	<u>32.76%</u>

Income Statement

Periods ended March 31, 2010 and 2009

	03/31/10	03/31/09	Change
Interest Income from Loans	29,514	57,295	-48.49%
Interest and Dividend Income from Investments	2,275,917	3,036,907	-25.06%
Total Interest Income	2,305,431	3,094,202	-25.49%
Dividend Expense	1,619,273	2,364,886	-31.53%
Interest on Borrowed Money	0	12,165	-100.00%
Total Interest Expense	1,619,273	2,377,051	-31.88%
Net Interest Income	686,158	717,151	-4.32%
Fees and Other Operating Income	158,847	150,982	5.21%
Gross Operating Margin before Operating Expenses	845,005	868,133	-2.66%
Operating Expenses			
Salaries and Benefits	302,691	309,426	-2.18%
Office Occupancy	19,214	14,560	31.96%
Office Operations	51,761	43,112	20.06%
Travel and Conference	22,551	24,485	-7.90%
Educational and Promotional	22,728	30,260	-24.89%
Professional and Outside Services	125,627	131,367	-4.37%
Others	13,186	28,767	-54.16%
Total Operating Expenses	557,758	581,977	-4.16%
Gain/(Loss) Investment Sales	0	(163,587)	
Net Income Before Extraordinary Expenses	287,247	122,569	134.36%
Extraordinary Expenses	0	-	
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	287,247	122,569	134.36%

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Portfolio Diversification by Investment Issuer · March 31, 2010

Issuer	Percent	Par Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union**	91.16%	878,558,936	878,558,936	0	*
SBA Pools	6.76%	65,123,823	64,706,508	(417,314)	AAA
FFCB	0.93%	8,994,656	9,011,140	16,484	AAA
Total U.S. Government Agency	7.69%	74,118,478	73,717,648	(400,830)	
CMO's - Floating Rate	0.94%	9,104,201	9,133,699	29,498	AAA
MBS's - Fixed Rate	0.15%	1,452,650	1,479,967	27,317	AAA
Total CMO's & MBS's	1.10%	10,556,851	10,613,665	56,815	
CUSO and Other	0.05%	511,033	511,033	0	
Asset-Backed Securities:					
SPSAC 1998-2 A1	0.00%	0	70,365	70,365	
Total Asset-Backed Securities	0.00%	0	70,365	70,365	
Total Investments	100.00%	963,745,298	963,471,648	(273,650)	

* U.S. Central CU was placed into conservatorship by NCUA effective 3/20/09. NCUA maintains a business as usual operating policy and apparently intends to "bridge" the organization into a viable corporate.

* Estimated Value of U.S. Central Holdings – \$881,291,033

Statistical Changes in Financial Position

	As Of 03/31/10	As of 03/31/09
* Operating Expense Ratio	0.22%	0.30%
* ROA	0.11%	0.06%
* Equity Ratio	0.17%	0.11%
Average Assets	1,019,449,156	778,086,401
Net Economic Value (NEV)	02/28/10	Reg 704 Min/Max Requirements
+ 300 BP Shock		
Actual Dollar Change	12,390,766	11,752,251
% Change	-10.38%	***
NEV Ratio	1.08%	
Base Level Dollar Amount	13,826,178	N/A
Base Level NEV Ratio	1.19%	
- 100 BP Shock		
Actual Dollar Change	13,826,178	15,900,105
% Change	0.00%	***
NEV Ratio	1.19%	

* Based on Average Assets

*** NEV cannot fluctuate more than eighteen percent in either rate shock scenerio.
Minimum and maximum amounts are based on current year levels.