

*Tradition
Reliability
Integrity*

2nd Quarter
Financial Review
2003



TRICORP
FEDERAL CREDIT UNION

TRICORP FEDERAL CREDIT UNION

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The second quarter financial results demonstrate TRICORP's strong and stable financial position. While significant deposit growth has caused a decline in the capital ratio in recent years, the risk profile remains low and capital ratios have stabilized. Asset quality, capital adequacy, interest rate risk, and liquidity risk are all well within regulatory restraints and internal policy parameters, providing financial safety to our membership. Investments are of high quality and continue to be centered in U.S. Central, with a modest volume in U.S. Government/Agency obligations, CMO's, and asset-backed securities rated AAA.

Traditional credit union values are firmly embedded in TRICORP's culture and we are proud of our financial performance and risk profile. While some peers in our region emphasize high capital and earnings ratios, TRICORP views high (or excessive) financial ratios as one symptom of the trend toward the banking industry values and away from historic credit union values.

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
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Income Statement
Periods Ended June 30, 2003 and 2002

	06/30/2003	06/30/02	Change
Interest Income from Loans	85,327	99,924	-14.61%
Interest and Dividend Income from Investments	<u>5,113,594</u>	<u>5,620,688</u>	-9.02%
Total Interest Income	5,198,921	5,720,612	-9.12%
Dividend Expense	3,941,376	4,473,045	-11.89%
Interest on Borrowed Money	<u>98,919</u>	<u>152,163</u>	-34.99%
Total Interest Expense	4,040,295	4,625,208	-12.65%
Net Interest Income	1,158,626	1,095,404	5.77%
Fees and Other Operating Income	<u>207,100</u>	<u>191,412</u>	8.20%
Gross Operating Margin before Operating Expenses	1,365,726	1,286,816	6.13%
Operating Expenses:			
Salaries and Benefits	426,109	365,084	16.72%
Office Occupancy	39,957	38,161	4.71%
Office Operations	120,477	123,824	-2.70%
Travel and Conference	45,925	47,650	-3.62%
Educational and Promotional	62,017	62,761	-1.19%
Professional and Outside Services	165,499	158,369	4.50%
Others	36,878	36,892	-0.04%
Total Operating Expenses	896,862	832,741	7.70%
Net Income Before Transfers	468,864	454,075	3.26%
Required Transfer to Regular Reserves	<u>-</u>	<u>360,969</u>	-100.00%
Net Change to Undivided Earnings	468,864	93,106	403.58%

Statistical Changes in Financial Position

	As of 06/30/03	As of 06/30/02	
* Operating Expense Ratio	0.30%	0.33%	
* ROA	0.16%	0.18%	
* Equity Ratio	2.70%	2.79%	
Average Assets	604,068,158	510,643,747	
Net Economic Value (NEV)	5/31/03		Reg 704 Requirements
+ 300 BP Shock			
Actual Dollar Change	40,314,104		Minimum = 35,200,287
% Change	-2.65%		***
NEV Ratio	6.22%		
Base Level Dollar Amount	41,412,103		N/A
Base Level NEV Ratio	6.34%		
- 100 BP Shock			
Actual Dollar Change	41,777,832		Maximum = 47,623,918
% Change	0.88%		***
NEV Ratio	6.38%		
* 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
June 30, 2003

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings
U.S. Central Credit Union	88.00%	512,377,372	514,705,602	2,328,230	*
SBA Pools	5.34%	31,068,291	31,068,291	-	AAA
FNMA	0.09%	500,000	519,531	19,531	AAA
Farm Credit Bank	0.09%	499,475	506,550	7,075	AAA
Total U.S. Government Agency	5.51%	32,067,766	32,094,372	26,606	
CMO's Floating Rate	3.37%	19,614,228	19,614,228	-	AAA
CMO's Fixed Rate	2.34%	13,607,834	13,607,834	-	AAA
Total CMO's	5.71%	33,222,062	33,222,062	-	
CUSO and Other	0.08%	445,241	445,241	-	
Asset-Backed Securities:					
American Express Credit - Master Trust	0.17%	994,036	1,034,750	40,714	AAA
SPSAC 1998-2	0.20%	1,143,357	1,143,357	-	AAA
YMMT 1999 1-A	0.17%	999,818	1,000,073	255	AAA
FUSAM 1997-1A	0.17%	1,000,941	1,000,941	-	AAA
Total Asset-Backed Securities	0.17%	4,138,152	4,179,121	40,969	
Total Investments	94%	582,250,593	584,646,398	2,395,805	

* 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)
 June 30, 2003 and 2002

	06/30/03	06/30/02	Change
Assets			
Loans to Members	7,200,175	8,640,495	-16.67%
Cash	1,725,427	1,494,722	15.43%
CLF Deposit	16,219,911	13,583,334	19.41%
Investments	582,250,593	465,251,923	25.15%
Accrued Interest	1,450,412	1,503,976	-3.56%
Fixed Assets	944,931	960,795	-1.65%
NCUSIF Deposit	163,897	169,162	-3.11%
Other Assets	1,698,251	1,274,534	33.24%
Total Assets	<u>611,653,597</u>	<u>492,878,941</u>	<u>24.10%</u>
Liabilities			
Accounts Payable	1,554,237	1,905,780	-18.45%
CLF Notes Payable	16,219,911	13,583,334	19.41%
Dividends Payable	195,719	213,341	-8.26%
Accrued Expenses	50,687	79,082	-35.91%
Other Liabilities	1,135,072	663,969	70.95%
Total Liabilities	<u>19,155,626</u>	<u>16,445,506</u>	<u>16.48%</u>
Members' Shares and Deposits			
Overnight Deposits	434,908,576	350,894,651	23.94%
MCS D	24,970,992	23,444,538	6.51%
Share Certificates	117,784,669	88,354,605	33.31%
Members' Shares & Deposits	577,664,237	462,693,794	24.85%
Regular Reserves	6,059,927	5,687,495	6.55%
Undivided Earnings	8,824,703	8,076,354	9.27%
Unrealized Gain/Loss AFS Sec	(50,896)	(24,208)	110.24%
Total Liabilities & Members' Equity	<u>611,653,597</u>	<u>492,878,941</u>	<u>24.10%</u>