

Third Quarter 2004 Financial Review



TRICORP FEDERAL CREDIT UNION

2 Ledgerview Drive, Westbrook, Maine 04092

1-800-346-1936

www.tricorp.org

TRICORP
FEDERAL CREDIT UNION

Quarterly Report
September 30, 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.

Tighter liquidity in recent months has increased the need for member loan demand. Tricorp remains unique in the corporate world with our very popular loan buy down program. For rates as low as 20 BP over Fed Funds this product can satisfy any liquidity needs and is automatically maintained at the corporate level, thus avoiding valuable extra time and effort on our members' part to keep track of liquidity daily.

Members seeking the best vehicle to place funds in anticipation of liquidity needs or short term investing find TRICORP'S overnight account remains a strong viable option, paying an overall higher rate of return than any other corporate in the area. Our overnight has no limits on withdrawals and is managed for members at the corporate level.

Tricorp continues to meet the needs of all members in all situations with quality products and services. From very attractive Lines of Credit, to Brokered CD's to Member Business Loans, TRICORP has a solution for every member.

TRICORP FCU has always protected the value of member benefits, better than anyone else, by maintaining a one-rate overnight account structure, free automated settlement, investment offerings, and loan programs that accommodate a wide array of cash flow, return needs, and liquidity 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 it's 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 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
SimpliCD
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
Share to Share Transfer
Western Union Quick Start
Wire Transfer Service

CORRESPONDENT

Automated Settlement
ACH Receipt/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
Traveler's 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
Loan Buy Down
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
Weekly Statements
www.tricorp.org

**Portfolio Diversification by Investment Issuer
September 30, 2004**

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings *
U.S. Central Credit Union	84.50%	330,465,869	330,366,354	(99,515)	
SBA Pools	10.42%	40,760,545	40,760,545	-	AAA
Total U.S. Government Agency	10.42%	40,760,545	40,760,545	-	
CMO's Floating Rate	2.84%	11,096,370	11,096,370	-	AAA
MBS Fixed Rate	1.96%	7,679,978	7,679,978	-	AAA
Total MBS and CMOs	4.80%	18,776,348	18,776,348	-	
CUSO and Other	0.11%	445,241	445,241	-	
Asset-Backed Securities:	0.17%	652,258	652,258	-	AAA
Total Asset-Backed Securities	0.17%	652,258	652,258	-	
Total Investments	100%	391,100,261	391,000,746	(99,515)	

* 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)
September 30, 2004 and 2003**

	09/30/04	09/30/03	Change
Assets			
Loans to Members	26,926,895	7,138,964	277.18%
Cash	976,684	1,256,885	-22.29%
CLF Deposit	17,689,986	16,219,911	9.06%
Investments	391,100,261	509,415,883	-23.23%
Accrued Interest	1,619,661	1,367,408	18.45%
Fixed Assets	901,568	924,905	-2.52%
NCUSIF Deposit	163,563	179,454	-8.86%
Other Assets	1,535,663	969,042	58.47%
Total Assets	440,914,281	537,472,452	-17.97%
Liabilities			
Accounts Payable	635,987	507,451	25.33%
CLF Notes Payable	19,139,457	54,975,630	-65.19%
Dividends Payable	469,596	237,902	97.39%
Accrued Expenses	68,305	46,544	46.75%
Other Liabilities	436,480	569,363	-23.34%
Total Liabilities	20,749,825	56,336,890	-63.17%
Members' Shares and Deposits			
Overnight Deposits	230,149,387	309,401,595	-25.61%
MCS D	26,471,040	25,037,092	5.73%
Share Certificates	147,728,235	131,769,645	12.11%
Members' Shares & Deposits	404,348,662	466,208,332	-13.27%
Regular Reserves	6,059,927	6,059,927	0.00%
Undivided Earnings	9,834,562	9,061,374	8.53%
Unrealized Gain/Loss AFS Sec	(78,695)	(194,071)	
Total Liabilities & Members' Equity	440,914,281	537,472,452	-17.97%

Income Statement
Periods Ended September 30, 2004 and 2003

	09/30/2004	09/30/03	Change
Interest Income from Loans	211,887	130,708	62.11%
Interest and Dividend Income from Investments	<u>6,670,796</u>	<u>7,431,112</u>	-10.23%
Total Interest Income	6,882,683	7,561,820	-8.98%
Dividend Expense	4,981,548	5,625,794	-11.45%
Interest on Borrowed Money	<u>291,163</u>	<u>166,411</u>	74.97%
Total Interest Expense	5,272,711	5,792,205	-8.97%
Net Interest Income	1,609,972	1,769,615	-9.02%
Fees and Other Operating Income	<u>323,394</u>	<u>317,084</u>	1.99%
Gross Operating Margin before Operating Expenses	1,933,366	2,086,699	-7.35%
Operating Expenses:			
Salaries and Benefits	667,263	663,811	0.52%
Office Occupancy	54,981	62,795	-12.44%
Office Operations	177,403	191,018	-7.13%
Travel and Conference	79,192	78,436	0.96%
Educational and Promotional	105,709	79,257	33.37%
Professional and Outside Services	261,076	251,056	3.99%
Others	52,290	54,792	-4.57%
Total Operating Expenses	<u>1,397,914</u>	<u>1,381,165</u>	1.21%
Net Income Before Transfers	535,452	705,534	-24.11%
Gain/(Loss) Investment Sale	<u>28,440</u>	<u>-</u>	0.00%
Net Change to Undivided Earnings	<u>563,892</u>	<u>705,534</u>	-20.08%

Statistical Changes in Financial Position

	As of 09/30/04	As of 09/30/03	
* Operating Expense Ratio	0.36%	0.31%	
* ROA	0.14%	0.16%	
* Equity Ratio	3.07%	2.62%	
Average Assets	514,394,245	600,126,795	
Net Economic Value (NEV)	9/30/04		Reg 704 Requirements
+ 300 BP Shock			
Actual Dollar Change	41,684,283		Minimum = 37,072,932
% Change	-4.43%		***
NEV Ratio	7.33%		
Base Level Dollar Amount	43,615,214		N/A
Base Level NEV Ratio	7.56%		
- 100 BP Shock			
Actual Dollar Change	43,953,939		Maximum = 50,157,496
% Change	0.78%		***
NEV Ratio	7.60%		
* 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.			