

Fourth Quarter 2004 Financial Review



TRICORP FEDERAL CREDIT UNION

2 Ledgeview Drive, Westbrook, Maine 04092

1-800-346-1936

www.tricorp.org

TRICORP
FEDERAL CREDIT UNION

Quarterly Report
December 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.

Trends in tighter liquidity continue and have 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. This product has proven to be a valuable program for many members.

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 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 its simple straightforward approach, protecting the value for which the Corporate network was originally created, and ultimately the relationship value that all members enjoy.

Tricorp continues to meet the needs of all members in all situations with quality products and services. From very attractive Lines of Credit, regular CD's to Brokered CD's to Member Business Loans, Tricorp has a solution for every member. We look forward to expanded offerings without compromising our mission or the value our members currently realize.

TRICORP Services

INVESTMENT

ALM Reporting Services - CNBS
Brokerage Services - CNBS
Certificates of Deposit
Member Capital Share Accounts
Overnight Accounts
Reverse Repurchase Transactions
SimpliCD
Securities Safekeeping
Structured Certificates
Amortizing Certificates - ACPs
Fixed Callable Certificates
Step-Up Certificates
Variable Rate Certificates - VRCs

FUNDS TRANSFER

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

CORRESPONDENT

ACH Receipt/Origination
ACH/NEACH Transactions
Automated Settlement
ATM/Debit Cards
Federal Reserve Reg. D
Food Stamp Redemption
MasterCard®/VISA®
Member Share Drafts
Money Orders

Student Loan Program
Traveler's Checks
Treasury Tax & Loan
U.S. Savings Bonds
Check Collection - U.S., Canadian and Foreign
Coin and Currency
Corporate Share Drafts
Electronic Bill Payment
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
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Portfolio Diversification by Investment Issuer
December 31, 2004

Issuer	Percent	Carrying Value	Market Value	Unrealized Gain (Loss)	Weighted Ratings *
U.S. Central Credit Union	84.59%	334,231,869	333,632,276	(599,593)	
SBA Pools	10.53%	41,603,023	41,603,023	0	AAA
Total U.S. Government Agency	10.53%	41,603,023	41,603,023	0	
CMO's Floating Rate	2.50%	9,866,871	9,866,871	-	AAA
MBS Fixed Rate	1.81%	7,170,280	7,170,280	-	AAA
Total MBS and CMOs	4.31%	17,037,151	17,037,151	-	
CUSO and Other	0.42%	1,645,241	445,241	0	
Asset-Backed Securities:					
SPSAC 1998-2 AI	.15%	586,311	586,311	-	AAA
Total Asset-Backed Securities	.15%	586,311	586,311	0	
Total Investments	100%	395,103,595	393,304,002	(599,593)	

* 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)
December 31, 2004 and 2003

	12/31/04	12/31/03	Change
Assets			
Loans to Members	25,261,085	13,016,401	94.07%
Cash	1,522,700	466,405	226.48%
CLF Deposit	-	16,219,911	-100.00%
Investments	395,103,595	497,953,064	-20.65%
Accrued Interest	1,594,047	1,493,860	6.71%
Fixed Assets	885,515	906,658	-2.33%
NCUSIF Deposit	173,665	179,454	-3.23%
Other Assets	1,485,091	1,388,173	6.98%
Total Assets	<u>426,025,698</u>	<u>531,623,926</u>	<u>-19.86%</u>
Liabilities			
Accounts Payable	17,932	45,586	-60.66%
CLF Notes Payable	-	16,219,911	-100.00%
Overnight Borrowings	-	91,370,562	N/A
Notes Payable - Term Borrowing	11,000,000	-	N/A
Dividends Payable	375,870	351,171	7.03%
Accrued Expenses	25,701	14,081	82.52%
Other Liabilities	729,986	711,434	2.61%
Total Liabilities	<u>12,149,489</u>	<u>108,712,745</u>	<u>-88.82%</u>
Members' Shares and Deposits			
Overnight Deposits	231,583,771	247,848,705	-6.56%
MCS D	27,377,150	25,037,092	9.35%
Share Certificates	139,001,147	134,749,094	3.16%
Members' Shares & Deposits	397,962,068	407,634,891	-2.37%
Regular Reserves	6,059,927	6,059,927	0.00%
Undivided Earnings	9,976,866	9,270,672	7.62%
Unrealized Gain/Loss AFS Sec	(122,652)	(54,309)	125.84%
Total Liabilities & Members' Equity	<u>426,025,698</u>	<u>531,623,926</u>	<u>-19.86%</u>

Income Statement
Periods Ended December 31, 2004 and 2003

	12/31/2004	12/31/03	Change
Interest Income from Loans	402,193	175,461	129.22%
Interest and Dividend Income from Investments	<u>9,148,684</u>	<u>9,624,913</u>	-4.95%
Total Interest Income	9,550,877	9,800,374	-2.55%
Dividend Expense	7,050,436	7,160,214	-1.53%
Interest on Borrowed Money	<u>401,966</u>	<u>321,276</u>	25.12%
Total Interest Expense	7,452,402	7,480,490	-0.39%
Net Interest Income	2,098,475	2,318,884	-9.50%
Fees and Other Operating Income	<u>433,716</u>	<u>422,588</u>	2.63%
Gross Operating Margin before Operating Expenses	2,532,191	2,741,472	-7.63%
Operating Expenses:			
Salaries and Benefits	902,174	881,840	2.31%
Office Occupancy	74,850	80,776	-7.34%
Office Operations	374,805	389,111	-3.68%
Travel and Conference	100,449	101,600	-1.13%
Educational and Promotional	120,486	105,321	14.40%
Professional and Outside Services	209,711	206,139	1.73%
Others	71,961	71,183	1.09%
Total Operating Expenses	1,854,436	1,835,970	1.01%
Gain/(Loss) Investment Sale	28,440	9,330	N/A
Net Income Before Transfers	<u>706,195</u>	<u>914,832</u>	-22.81
Required Transfer to Regular Reserves	-	-	0.00%
Net Change to Undivided Earnings	706,195	914,832	-22.81%

Statistical Changes in Financial Position

	As of 12/31/04	As of 12/31/03	
* Operating Expense Ratio	0.37%	0.32%	
* ROA	0.14%	0.16%	
* Equity Ratio	3.22%	2.63%	
Average Assets	497,723,333	581,922,880	
Net Economic Value (NEV)	11/30/04		Reg 704 Requirements
+ 300 BP Shock			
Actual Dollar Change	42,841,503		Minimum = 37,579,323
% Change	-3.10%		***
NEV Ratio	8.98%		
Base Level Dollar Amount	44,210,968		N/A
Base Level NEV Ratio	9.13%		
- 100 BP Shock			
Actual Dollar Change	44,700,390		Maximum = 50,842,613
% Change	1.11%		***
NEV Ratio	9.17%		
* Based on Average Assets			
*** NEV cannot fluctuate more than fifteen percent in either rate shock scenario. Minimum and maximum amounts are based on current year levels.			