



TRICORP FEDERAL CREDIT UNION

2001 ANNUAL REPORT

*Tradition  
Reliability  
Integrity*





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## CHAIRPERSON'S AND PRESIDENT'S MESSAGE

From unforeseen challenges to new opportunities, 2001 was a year that no one will soon forget. Despite the uncertainty and tragedy that we all faced last year, our ability as an organization to successfully meet those challenges enabled TRICORP to achieve many of our goals, experience growth, and most importantly, to continue providing our members with the highest quality of service.

One of the most rewarding accomplishments of 2001 was the completion of the TRICORP expansion project. In a joint effort with the Maine Credit Union League and its service corporation, Synergent, TRICORP added an additional 3800 square feet of office space. The additional space provides a much improved work atmosphere and dramatically enhances our opportunities for future growth. As a result of the expansion, TRICORP is well positioned to expand and grow staff and services.

Liquidity was perhaps the biggest challenge that TRICORP faced in 2001. Will there ever be a

“normal liquidity cycle” again? The past three years have produced some of the most dramatic liquidity swings that we have ever seen. The year 1999 was the year of the Y2K liquidity build-up. The year 2000 turned out to be one of the tightest liquidity cycles experienced. Conversely, in 2001, we experienced one of the largest deposit increases ever. TRICORP's assets increased 39% from December 31, 2000, while average assets for 2001 increased nearly 48%. Despite the volatility in liquidity or the interest rate cycle in 2001, TRICORP adhered to its Safety and Soundness principals. Asset quality, capital adequacy, interest rate risk and liquidity risk were managed within TRICORP's safety and soundness parameters.

As was the case for credit unions, technology continued to be a critical issue for TRICORP. We continued to convert credit unions to our web-based account access product called “Inroads”.



Steven A. Roy, *President/CEO*  
Beth Oliver, *Chairperson, Board of Directors*



Divided into three key products: Open Door, E-Forms, and REACH, Inroads affords your credit union the ability to send and receive information electronically utilizing the internet. In addition, the introduction of “E-Statements”, a product that allows credit unions to download their monthly statement immediately at month-end, was well received. Finally, we were able to offer an Electronic Bill Payment product at a price that is affordable for credit unions.

We were pleased to have been able to continue to offer timely educational sessions to our members in 2001. The Fall Forum, which has become a favorite and is held at the same time each year, focused on credit union liquidity and economic expectations for credit unions. Other educational sessions occurred as we identified specific needs facing and impacting our members.

We must extend a special “Thank You” to our hard working, dedicated and professional staff. Everyday, they put forth their best effort and they do it willingly and courteously. They are to be commended for keeping member service a priority in everything they do. Their efforts keep TRICORP focused on its core values of “Tradition, Reliability and Integrity”.

Above all, the Board and Staff would like to thank our membership for their continued strong support. We sincerely appreciate your business and will continue to work as hard as possible to meet your needs. Thank you for giving us the opportunity to serve you.

Steven A. Roy,  
*President/CEO*

Beth Oliver,  
*Chairperson, Board of Directors*



## BOARD OF DIRECTORS

### STANDING:

Maurice Simard Jr.  
Diane Alinovi  
Terence Field

### SEATED:

Roland Maheux CCUE, *Treasurer*  
Beth Oliver, *Chairperson*  
Don Casco, *Vice Chairman*  
Joe Finnigan, *Secretary*

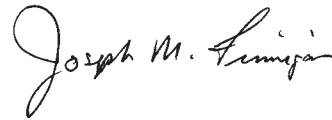
## REPORT OF THE SUPERVISORY COMMITTEE

In accordance with NCUA regulations, the annual audit of TRICORP Federal Credit Union was conducted by a Certified Public Accounting firm. The CPA firm of Macdonald, Page, Schatz, Fletcher & Co., LLC, performed the audit under the direction and control of the supervisory committee. The audited financial statements are included in this annual report.

On the basis of Macdonald, Page, Schatz, Fletcher & Co.'s audit, the National Credit Union Administration examination process, the internal auditor's findings, and the committee's own observations, we conclude that TRICORP Federal Credit Union is financially and operationally safe and sound.

In closing, the Committee would like to commend the Board of Directors, management and staff for their support and commitment, and for their outstanding service to member credit unions.

Respectfully submitted,



Joseph M. Finnigan, Chairman

Paul Roy

David Tozier

### SUPERVISORY COMMITTEE

FROM LEFT TO RIGHT

David Tozier

Paul Roy

Joseph Finnigan



## INDEPENDENT AUDITORS' REPORT



Board of Directors  
Tricorp Federal Credit Union  
Westbrook, Maine

We have audited the balance sheets of Tricorp Federal Credit Union as of December 31, 2001 and 2000, and the related statements of income, changes in regular reserves, undivided earnings, and comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our report dated January 19, 2001, we expressed an opinion that the 2000 financial statements did not fairly present financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in United States of America because the Credit Union reported members' shares as equity. As described in Note 1, the Credit Union has changed its method of accounting for that item and has restated its 2000 financial statements to conform with accounting principles generally accepted in United States of America. Accordingly, our present opinion on the 2001 financial statements, as presented herein, is different from that expressed in our previous report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tricorp Federal Credit Union as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in United States of America.

*MacDonald Page Skelton Flitner & Co., LLC*

South Portland, Maine  
January 18, 2002

## BALANCE SHEETS

FOR THE YEARS ENDING DECEMBER 31,	2001	2000
<b>ASSETS</b>		
Cash	\$ 756,787	\$ 475,746
Cash - Federal Reserve Bank	312,396	300,000
National Credit Union Share Insurance Fund Capitalization	173,362	162,441
Loans	6,427,814	9,264,634
Investment securities		
Securities available-for-sale	6,882,721	
Securities held-to-maturity	4,983,898	6,872,812
Securities carried at cost	145,216	145,216
Securities - U.S. Central	390,270,352	276,488,255
Accrued interest receivable	1,096,570	2,601,850
Deferred and prepaid expenses	35,662	26,527
Property and equipment - net	979,037	321,194
Other assets	899,784	448,053
<b>TOTAL ASSETS</b>	<b>\$ 412,963,599</b>	<b>\$ 297,106,728</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 93,073	\$ 611,498
Dividends and accrued interest payable	194,281	709,687
Note payable - U.S. Central	12,324,771	11,767,049
Members' share accounts	387,051,641	271,593,775
<b>TOTAL LIABILITIES</b>	<b>399,663,766</b>	<b>284,682,009</b>
<b>MEMBERS' EQUITY</b>		
Regular reserves	5,326,527	4,888,401
Undivided earnings	7,983,249	7,536,318
Accumulated other comprehensive income	(9,943)	
	13,299,833	12,424,719
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 412,963,599</b>	<b>\$ 297,106,728</b>

See accompanying independent auditors' report  
The accompanying notes are an integral part of these statements

## STATEMENTS OF INCOME



YEARS ENDED DECEMBER 31,	2001	2000
<b>INTEREST INCOME</b>		
Investment income	\$ 18,624,648	\$ 18,823,386
Interest on loans	172,669	892,748
Interest - CLF	443,758	704,186
	19,241,075	20,420,320
<b>COST OF FUNDS</b>		
Dividends on members' share accounts	16,701,444	17,919,727
Interest expense - CLF and Loans	437,840	785,389
	17,139,284	18,705,116
<b>NET INTEREST INCOME</b>	2,101,791	1,715,204
<b>OPERATING EXPENSES</b>		
Employee compensation	560,116	512,040
Data processing and accounting services	164,082	165,939
Employee benefits	111,231	95,747
Education and promotional expense	109,961	110,037
Travel and conference expense	86,192	86,082
Depreciation and amortization	81,720	62,547
Bank charges and fees	81,569	65,354
Communications	56,323	55,801
Office operations expense	45,735	61,463
Payroll taxes	44,331	41,584
Insurance	42,836	37,543
Professional and outside services	33,973	35,058
Information systems	24,538	
Operating and examination fees	21,599	28,321
Building maintenance	17,792	10,059
Backup site	16,378	14,054
Miscellaneous	14,660	11,521
Annual meeting	12,462	2,226
Building taxes	9,685	6,824
Association dues	8,638	5,711
Office occupancy	7,817	5,846
	1,551,638	1,413,757
<b>OPERATING INCOME</b>	550,153	301,447
<b>OTHER INCOME</b>	334,904	264,202
<b>NET INCOME</b>	\$ 885,057	\$ 565,649

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## STATEMENTS IN CHANGES IN REGULAR RESERVES, UNDIVIDED EARNINGS AND COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31,				
	REGULAR RESERVES	UNDIVIDED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
BALANCE AT JANUARY 1, 2000	\$ 4,550,017	\$ 7,309,053		\$ 11,859,070
Net income		565,649		565,649
Transfers, net	338,384	(338,384)		-
BALANCE AT DECEMBER 31, 2000	4,888,401	7,536,318	-	12,424,719
Comprehensive Income				
Net income		885,057		885,057
Other comprehensive income:				
Unrealized losses on securities available for sale			\$ (9,943)	(9,943)
Total Comprehensive Income				875,114
Transfers, net	438,126	(438,126)		-
BALANCE AT DECEMBER 31, 2001	\$ 5,326,527	\$ 7,983,249	\$ (9,943)	\$ 13,299,833

See accompanying independent auditors' report  
The accompanying notes are an integral part of these statements

## STATEMENTS OF CASH FLOW



YEARS ENDED DECEMBER 31,	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 885,057	\$ 565,649
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81,720	62,547
(Increase) decrease in operating assets:		
National Credit Union Share Insurance Fund Capitalization	(10,919)	1,218
Accrued interest receivable	1,505,280	(1,052,477)
Deferred and prepaid expenses	(9,135)	87
Other assets	(451,731)	204,031
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(518,425)	155,110
Dividends and accrued interest payable	(515,406)	188,812
Total adjustments	81,384	(440,672)
Net cash provided by operating activities	966,441	124,977
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net decrease in loans	2,836,820	4,595,611
Purchase of investment securities available for sale	(7,480,167)	
Maturities of investment securities available for sale	587,499	
Purchase of investment securities held to maturity	(15,312)	(19,127)
Maturities of investment securities held to maturity	1,904,202	20,751,859
Net increase in U.S. Central investments	(113,782,072)	(21,389,530)
Purchase of property and equipment	(739,562)	(59,822)
Net cash provided by (used in) investing activities	(116,688,592)	3,878,991
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in note payable - U.S. Central	557,722	1,919,766
Net increase (decrease) in members' share accounts	115,457,866	(5,640,394)
Net cash provided by (used in) financing activities	116,015,588	(3,720,628)
Increase in cash and cash equivalents	293,437	283,340
Cash and cash equivalents at beginning of year	775,746	492,406
Cash and cash equivalents at end of year	1,069,183	775,746
Components of cash and cash equivalents at end of year		
Cash	\$ 756,787	\$ 475,746
Cash - Federal Reserve Bank	\$ 312,396	\$ 300,000
	\$ 1,069,183	\$ 775,746
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest and dividends	\$ 17,654,690	\$ 18,516,304

See accompanying independent auditors' report  
The accompanying notes are an integral part of these statements

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Tricorp Federal Credit Union is a corporate Credit Union that serves member Credit Unions in the States of Maine, New Hampshire, Vermont, Connecticut, Rhode Island, New York and Massachusetts. Its purpose is to provide a broad range of financial services (lending, investment and correspondent) to its members consistent with the philosophy of the Credit Union movement.

The Credit Union is chartered and supervised by the National Credit Union Administration (NCUA), an independent agency within the executive branch of the federal government.

#### *Basis of Accounting*

The records are maintained in accordance with the rules and regulations of the NCUA as prescribed in the "Accounting Manual for Federal Credit Unions" and in accordance with accounting principles generally accepted in the United States of America.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash - Federal Reserve Bank*

An average required cash reserve balance of \$300,000 was maintained at the Federal Reserve Bank of Boston during 2001 and 2000.

#### *Loans*

Loans are made to members through line-of-credit agreements. Loans are reported at the amount of unpaid principal outstanding. Interest on loans is accrued based on the amount of principal outstanding. No provision for loan losses is provided on these loans as historically there have been no loan losses and none are anticipated.

#### *Investment Securities*

The Credit Union's investments in securities are classified and accounted for as follows:

**Held-to-Maturity.** U.S. Government and government guaranteed obligations which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the interest method over the period to maturity.

**Available-for-Sale.** Asset backed securities, which include debt securities collateralized by real estate loans, are classified available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, and availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value. Unrealized gains and losses on securities available-for-sale are recognized as direct increases or decreases in other comprehensive income. Cost of securities sold is recognized using the specific identification method.

**Carried at cost.** Shares in corporate credit union service organizations are carried at their original cost, unless they become permanently impaired. Income is generally recognized to the extent of dividends received.

**U.S. Central.** Investment in U.S. Central Credit Union, consisting of overnight investments, such as daily shares and overnight certificates, and term investments with maturities of two days to five years and longer, such as liquidity, high-yield and redeemable shares, and variable-rate shares and certificates.

The Credit Union does not maintain a trading portfolio.

#### *Property and Equipment*

Property and equipment are recorded at cost. Items, which do not extend the useful lives of these assets, are charged to an appropriate expense account in the year incurred.



Depreciation is computed under the straight-line method utilizing the following lives:

Building	31.5 years
Furniture, fixtures and equipment	3-7 years

*Members' Share and Savings Accounts*

Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' share and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

*Regular Reserves*

A statutory reserve is required by the Federal Credit Union Act. These reserves are appropriated from undivided earnings and are not available for the payment of dividends.

*Income Taxes*

The Credit Union is exempt from federal and state income taxes in accordance with the Federal Credit Union Act.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Credit Union considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

*Reclassifications*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Net income for the year ended December 31, 2000 was unchanged as a result of the reclassifications.

**NOTE 2 - CASH**

The Credit Union maintains its three cash accounts in a local Credit Union, a commercial bank and the Federal Reserve Bank. The accounts at the commercial bank and the Credit Union are guaranteed up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF), respectively. The account at the Federal Reserve Bank is uninsured. At various times throughout the year, the Credit Union had cash balances in excess of insurance.

**NOTE 3 - NATIONAL CREDIT UNION SHARE INSURANCE FUND CAPITALIZATION**

The Credit Union, through the National Credit Union Share Insurance Fund, insures the first \$100,000 of each member's account. The required capitalization is 1% of the total insured amount.

**NOTE 4 - FEDERAL RESERVE BANK COLLATERAL**

To cover potential overdrafts at the Federal Reserve Bank, the Credit Union is required to maintain a certain amount of collateral as determined by the Federal Reserve Bank of Boston. Prior to 2001, this collateral consisted of \$2,100,00 in custody certificate investments held at U.S. Central. Beginning in 2001, the Federal Reserve Bank requires the collateral to be held in marketable securities. Therefore, the Credit Union has pledged the following securities as collateral: American Express Credit Master Trust 1999-1A and Travelers Credit Card Master Trust I 98-1. These securities are included in the investment securities held-to-maturity.

**NOTE 5 - INVESTMENT SECURITIES – AVAILABLE-FOR-SALE**

The amortized cost and estimated fair value of investment securities available-for-sale as of December 31, 2001 are as follows:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Yamaha Motor Master Trust 1999 -1 A	\$ 1,002,097		\$ 157	\$ 1,001,940
Southern Pacific Secured Asset Corp. 1998-2 A1	1,871,142		139	1,871,003
SBA Pool 504169	906,966		2,933	904,033
SBA Pool 505365	1,138,662		3,596	1,135,066
SBA Pool 505485	985,341		2,039	983,302
SBA Pool 505492	988,456		1,079	987,377
	\$ 6,892,664		\$ 9,943	\$ 6,882,721

The Credit Union did not hold any investment securities available for sale as of December 31, 2000. The amortized cost and estimated fair value of investment securities available-for-sale by contractual maturity as of December 31, 2001 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AMORTIZED COST	ESTIMATED FAIR VALUE
Due in one year or less	\$ 0	\$ 0
Due after one year through five years	1,002,097	1,001,940
Due after five years through ten years	0	0
Due after ten years	5,890,567	5,880,781
	\$ 6,892,664	\$ 6,882,721

There were no realized gains or losses on sales of investment securities available-for-sale during 2001.

#### NOTE 6 - INVESTMENT SECURITIES – HELD-TO-MATURITY

The amortized cost and estimated fair value of investment securities held-to-maturity are as follows:

DECEMBER 31, 2001				
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Chase Manhattan Master Trust 1997-5 A	\$ 1,000,000	\$ 30,000		\$ 1,030,000
Federal Farm Credit Bank Note	497,111	14,999		512,110
Travelers Credit Card Master Trust I 98-1	1,004,507	24,863		1,029,370
First USA Credit Card Master Trust 1997-1 A	999,348	1,272		1,000,620
Federal National Mortgage Association Note (FNMA)	500,000	22,580		522,580
American Express Credit Master Trust 1999-1A	982,932	56,128		1,039,060
	\$ 4,983,898	\$ 149,842		\$ 5,133,740

DECEMBER 31, 2000				
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Ford Motor Credit Master Trust 1996-1	\$ 999,709		\$ 959	\$ 998,750
American Express Credit Master Trust 1999-1A	975,529	\$ 15,091		990,620
Chase Manhattan Master Trust 1997-5 A	994,271	11,039		1,005,310
Federal Farm Credit Bank Note	495,535		6,630	488,905
Travelers Credit Card Master Trust I 98-1A	1,008,667		3,767	1,004,900
Ford Motor Credit Master Trust 1996-2 A	900,042	237		900,279
First USA Credit Card Master Trust 1997-1 A	999,059	941		1,000,000
Federal National Mortgage Association Note (FNMA)	500,000	0	860	499,140
	\$ 6,872,812	\$ 27,308	\$ 12,216	\$ 6,887,904

The amortized cost and estimated fair value of investment securities held-to-maturity by contractual maturity as of December 31, 2001 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AMORTIZED COST	ESTIMATED FAIR VALUE
Due in one year or less	\$ 1,000,000	\$ 1,030,000
Due after one year through five years	3,983,898	4,103,740
	\$ 4,983,898	\$ 5,133,740

There were no realized gains or losses on sales of investment securities held-to-maturity during 2001 or 2000.



#### NOTE 7 - INVESTMENT SECURITIES - CARRIED AT COST

The amortized cost and estimated fair value of investment securities carried at cost as of December 31, 2001 and 2000 are as follows:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Corporate Network Brokerage Services, Inc.				
Class A	\$ 86,290			\$ 86,290
Class B	48,926			48,926
Synergent Corporation, Inc.	10,000			10,000
	<u>\$ 145,216</u>			<u>\$ 145,216</u>

There were no realized gains or losses on sales of investment securities carried at cost during 2001 or 2000.

#### NOTE 8 - INVESTMENT SECURITIES - U.S. CENTRAL

The amortized cost and estimated fair value of U.S. Central investment securities are as follows:

DECEMBER 31, 2001				
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
U.S. Central Share Certificates	\$ 87,917,010	\$ 461,874	\$ 8,627	\$ 88,370,257
U.S. Central Community Investment Fund	425,000	28		425,028
U.S. Central Daily Funding Account	17,500,000			17,500,000
U.S. Central Share Certificates - daily high -yield	18,675,622			18,675,622
U.S. Central Membership Capital Shares	14,544,388			14,544,388
U.S. Central Paid In Capital	2,300,000			2,300,000
U.S. Central Step Up Certificates	1,349,000	3,325	3,488	1,348,837
U.S. Central ACP - Amortizing Certificates	3,600,000	30,841	515	3,630,326
CNBS Compensating	1,484,559			1,484,559
Fixed Callable Certificates	19,150,000		15,599	19,134,401
USC Frap Certificates	211,000,000	292,285	12,729	211,279,556
Central Liquidity Facility	12,324,773			12,324,773
	<u>\$ 390,270,352</u>	<u>\$ 788,353</u>	<u>\$ 40,958</u>	<u>\$ 391,017,747</u>

DECEMBER 31, 2000				
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
U.S. Central Share Certificates	\$ 55,427,101	\$ 159,442		\$ 55,586,543
U.S. Central Custody Certificates	2,100,000			2,100,000
U.S. Central Community Investment Fund	425,000		\$ 473	424,527
U.S. Central Daily Funding Account	17,500,000			17,500,000
U.S. Central Share Certificates - daily high -yield	22,466,935			22,466,935
U.S. Central Membership Capital Shares	12,621,152			12,621,152
U.S. Central Paid In Capital	2,300,000			2,300,000
U.S. Central Step Up Certificates	1,600,000		1,237	1,598,763
U.S. Central ACP - Amortizing Certificates	1,000,000	16,602		1,016,602
CNBS Compensating	432,018			432,018
Fixed Callable Certificates	43,849,000	27,705	174,695	43,702,010
USC Frap Certificates	105,000,000	56,545		105,056,545
Central Liquidity Facility	11,767,049			11,767,049
	<u>\$ 276,488,255</u>	<u>\$ 260,294</u>	<u>\$ 176,405</u>	<u>\$ 276,572,144</u>

There were no realized gains or losses on sales of U.S. Central investment securities during 2001 or 2000.

**NOTE 9 - PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following at December 31:

	2001	2000
Land	\$ 22,802	\$ 22,802
Building (condominium unit in office complex)	276,714	276,714
Building expansion	610,516	
Furniture, fixtures and equipment	481,443	309,418
	1,391,475	608,934
Less: Accumulated depreciation	412,438	287,740
Property and equipment – net	\$ 979,037	\$ 321,194

**NOTE 10 - PROPERTY AND EQUIPMENT**

In 1989, the Credit Union entered into a building agreement with Synergent (formerly MECUL Services Corp.) in which the Credit Union agreed to acquire a condominium unit in an office condominium complex owned by Synergent, Tricorp Federal Credit Union, and the Maine Credit Union League Insurance Trust. Prior to 2001, the Credit Union's ownership interest amounted to 8.47% of the entire premises and costs totaling \$276,714 were capitalized on the condominium unit. During 2001, the Credit Union expanded its condominium unit and increased its ownership interest to 15% of the entire premises and capitalized an additional \$610,516. The amount of capitalized costs is included under property and equipment.

**NOTE 11 - INVESTMENT – CENTRAL LIQUIDITY FACILITY**

The Credit Union invested, through U.S. Central, in the Central Liquidity Facility (CLF). The investment was funded through a loan from U.S. Central. The investment and corresponding note payable were \$12,324,771 and \$11,767,049 for the years ended December 31, 2001 and 2000, respectively. Interest on the note payable is charged monthly at the equivalent rate of return on the investment.

The CLF is an agency of the federal government designed to be a liquidity resource for the Credit Union industry.

**NOTE 12 - LINE OF CREDIT**

The Credit Union has an approved line-of-credit with U.S. Central Credit Union totaling \$200,000,000 as of December 31, 2001 and \$140,000,000 as of December 31, 2000. No amounts were outstanding as of December 31, 2001 or 2000.

**NOTE 13 - MEMBERS' SHARE ACCOUNTS**

Members' share accounts at December 31 are as follows:

	WEIGHTED AVERAGE YIELD	2001	2000
Shares		\$ 291,571,891	\$ 184,051,775
Amortizing share certificates	↑	2,600,000	1,000,000
Share certificates	1.95%-5.59%	62,130,750	42,093,000
Step-up certificates	↓	1,349,000	1,600,000
FRAP certificates		10,250,000	1,500,000
Fixed callable certificates		19,150,000	41,349,000
		\$ 387,051,641	\$ 271,593,775

The aggregate amount of deposit accounts with balances over \$100,000 was approximately \$336,451,675 at December 31, 2001.

At December 31, 2001, the scheduled maturities of certificates of deposit are as follows:

2002	\$ 58,830,750
2003	10,100,000
2004	13,099,000
2005	7,150,000
Thereafter	6,300,000
	\$ 95,479,750



#### NOTE 14 - PENSIONS

The Credit Union participates in a money purchase defined contribution plan, which covers substantially all of its employees. The contribution is based on 8% of eligible salary. The total pension expense for 2001 and 2000 was \$41,984 and \$31,240, respectively.

On January 1, 2000, the Credit Union implemented a 401(k) plan, which covers substantially all of its employees. Employees may contribute a percentage of their annual wages up to the annual limit established by the Internal Revenue Service. Each year, the Credit Union may elect to make a discretionary contribution to the Plan. During 2001, the Credit Union did not make any contributions to the 401(k) plan.

Effective January 1, 2001, the money purchase plan merged into the 401(k) plan.

#### NOTE 15 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

##### *Fair Value of Financial Instruments*

The following methods and assumptions were used by the Credit Union in estimating its fair value disclosures for financial instruments in accordance with Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments":

##### *Cash and Cash Equivalents*

The carrying amounts reported in the balance sheets for cash and short-term instruments approximate those assets' fair values.

##### *Loans*

Loans to members generally reprice according to the prime rate of interest or reprice frequently. Accordingly, the fair values of loans are based on carrying values.

##### *Investment Securities – Available-for-Sale and Held-to-Maturity*

Fair values for investment securities available-for-sale and held-to-maturity are based on quoted market prices obtained from U.S. Central.

##### *Investment Securities - U.S. Central*

Fair values for amortizing certificates and other certificates are based on quoted market prices obtained from U.S. Central. Fair values for certificates with a maturity of greater than three months are based on discounted cash flows using interest rates currently being offered by U.S. Central for certificates with similar terms and similar credit quality. The estimated amount of accrued income on these certificates is backed out since this is disclosed separately. The carrying amounts reported in the balance sheets for certificates with a maturity of less than three months and investment securities with interest rates that reprice daily or monthly approximate those investments' fair values.

##### *Investment - Central Liquidity Facility*

This investment has an interest rate that reprices monthly. The carrying value approximates its fair value.

##### *Synergent Corporation Stock*

The carrying value of the Synergent Corporation stock is based on book value per share and approximate fair value.

##### *CNBS Stock*

The carrying values of the Corporate Network Brokerage Services, Inc. common stock Class A and Class B are based on book value per share and approximate fair value.

##### *Accrued Income Receivable*

Accrued income receivable results from a contractual agreement to receive interest. It is estimated that the fair value of interest receivable in the short term will approximate the carrying amount.

##### *Dividends and Accrued Interest Payable*

Dividends and accrued interest payable result from a contractual agreement to pay interest and dividends. It is estimated that the fair value of dividends and accrued interest payable in the short term will approximate the carrying amount.

##### *Note Payable - U.S. Central*

This note has an interest rate that reprices monthly. The carrying value approximates its fair value.

### *Members' Shares*

Members' share accounts generally have interest rates that reprice daily or monthly. The carrying amount approximates its fair value.

### *Members' Amortizing Share Certificates*

Fair values for members amortizing share certificates are based on estimated market prices obtained from U.S. Central.

### *Members' Share Certificates*

The fair value of variable rate certificates that reprice daily or monthly will be valued at cost. The fair value of fixed rate certificates due in less than three months will be valued at the carrying amount as of the report date. The fair values of fixed rate certificates with a maturity of greater than three months are estimated based on discounted cash flows using interest rates currently being offered by the Credit Union for certificates with similar terms and similar credit quality. The estimated amount of dividends and interest payable on these certificates is backed out since this is disclosed separately.

### *Standby Letters of Credit*

The fair value of the Credit Union's letter of credit agreements is considered to be immaterial.

### *Line-of-Credit Agreements*

The Credit Union has outstanding loan commitments under open lines of credit to members. However, the Credit Union in essence approves the continuation of the lines. Accordingly, the fair value of the outstanding loan commitments is based on carrying values.

The estimated fair values of the Credit Union's financial instruments are as follows at December 31, 2001:

	CARRYING AMOUNT	FAIR VALUE
<b>Financial assets</b>		
Cash	\$ 1,069,183	\$ 1,069,183
Loans	6,427,814	6,427,814
Investments – Available-for-Sale	6,882,721	6,882,721
Investments – Held-to-Maturity	4,983,898	5,133,740
Investments - U.S. Central	377,945,579	378,692,974
Investment - Central Liquidity Facility	12,324,771	12,324,773
Synergent Corporation Stock	10,000	10,000
CNBS Stock A	86,290	86,290
CNBS Stock B	48,926	48,926
Accrued interest receivable	1,096,570	1,096,570
<b>Financial liabilities and members' share accounts</b>		
Dividends and accrued interest payable	194,281	194,281
Note payable – U.S. Central	12,324,771	12,324,771
Members' shares	291,571,891	291,571,891
Members' amortizing share certificates	2,600,000	2,621,902
Members' share certificates	62,130,750	62,451,059
Members' step-up certificates	1,349,000	1,348,837
Members' FRAP certificates	10,250,000	10,263,580
Members' fixed callable certificates	19,150,000	19,134,401



The estimated fair values of the Credit Union's financial instruments are as follows at December 31, 2000:

	CARRYING AMOUNT	FAIR VALUE
<b>Financial assets</b>		
Cash	\$ 775,746	\$ 775,746
Federal Reserve Bank Collateral	2,100,000	2,100,000
Loans	9,264,634	9,264,634
Investments – Held-to-Maturity	6,872,812	6,887,904
Investments - U.S. Central	276,488,255	264,805,095
Investment - Central Liquidity Facility	11,767,049	11,767,049
Synergent Corporation Stock	10,000	10,000
CNBS Stock A	86,290	86,290
CNBS Stock B	48,926	48,926
Accrued interest receivable	2,601,850	2,601,850
<b>Financial liabilities and members' share accounts</b>		
Dividends and accrued interest payable	709,687	709,687
Note payable - U.S. Central	11,767,049	11,767,049
Members' shares	184,051,775	184,051,775
Members' amortizing share certificates	1,000,000	1,016,602
Members' share certificates	42,093,000	42,214,085
Members' step-up certificates	1,600,000	1,598,763
Members' FRAP certificates	1,500,000	1,500,808
Members' fixed callable certificates	41,349,000	41,210,390

#### NOTE 16 - COMMITMENTS

The Credit Union had outstanding commitments for approved lines of credit totaling \$294,946,583 and \$290,559,764 at December 31, 2001 and 2000, respectively.

#### NOTE 17 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Credit Union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These financial instruments are commitments to extend credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial condition. The contract amounts of those instruments reflect the extent of involvement the Credit Union has in particular classes of financial instruments.

The Credit Union's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Credit Union had no outstanding letters of credit at December 31, 2001.

# STATISTICS

## TOTAL ASSETS



## RETAINED EARNINGS



## MEMBERS SHARES



## LOANS TO MEMBERS



## DISTRIBUTION OF TRICORP'S INVESTMENTS



## DISTRIBUTION OF TRICORP'S INVESTMENT MATURITIES



## CORPORATE TEAM



### BOARD OF DIRECTORS



FROM TOP LEFT TO RIGHT:  
Beth Oliver, *Chairperson*  
Don Casko  
Maurice Simard, Jr.,  
Terence Field  
Joe Finnigan  
Roland Maheux, CCUE  
Diane Alinovi

### ALM COMMITTEE

STANDING FROM LEFT TO RIGHT:

Steve Roy  
Fred Johnson  
Terence Field

SEATED FROM LEFT TO RIGHT:

Roland Maheux, CCUE, *Chairman*  
Don Casko



### EARNINGS DISTRIBUTION FOR 2001

Interest and Dividends	\$ 16,701,444	89%
Operating Expenses	\$ 1,551,638	8%
Reserves and Undivided Earnings	\$ 885,057	3%

## SERVICES

### INVESTMENT

ALM & Brokerage Services - CNBS  
Certificates of Deposit  
Notice Accounts -  
    30 Day and 90 Day  
Overnight Account  
Regular Share Account  
Reverse Repurchase Transactions  
Securities Safekeeping  
Structured Certificates  
    Amortizing Certificates - ACPs  
    Fixed Callable Certificates  
    Floating Rate Asset Certificates - FRAPs  
    Multi Step-Up Certificates  
    Step-Up Certificates  
Variable Rate Certificates - VRCs

### FUNDS TRANSFER

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

### CORRESPONDENT

Automated Settlement:  
    ACH/NEACH transactions  
    ATM cards  
    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  
Bill Payment Product  
Check Collection -  
    U.S., Canadian and Foreign  
Coin & 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 Loans

### INFORMATION

Bank Statement Analysis  
Breakfast Meetings Presentations  
Chapter Meeting Presentations  
Inroads - E-Forms & Open Door  
Market Valuations for Securities  
Monthly Statements  
On-Site Visits  
Newsletter - TRICORP Times  
Quarterly Financial Review  
Seminars  
Toll Free Telephone Line  
Weekly Statements

### TRICORP STAFF



FRONT ROW FROM LEFT TO RIGHT:  
Diane Goff, Vassar Laughton, Deb Vogt, Pauline Ossander, Gwynne Barter  
BACK ROW FROM LEFT TO RIGHT:  
Christina Lessor, Stacy Roy, Steve Roy, Carol Anne Lamontagne,  
Denise Nowinski, Fred Johnson, Kevin Winfrey





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