Tricorp

QUARTERLY REPORT

Third Quarter 2026

Executive Summary

The US economy continues to paint a mixed picture. The optimists in the room can easily point to an economy that's expanding, a strong consumer, and a steady labor market. Third quarter GDP currently sits at 3.4%. Meanwhile, consumer spending data has jumped the past two months. Most recently, retail sales increased 0.8% from the previous month, showing the consumer can still shrug off this stubbornly high inflation. Finally, the job market is stable with the unemployment rate historically low at 4.2%.

But even the most optimistic will admit there are formidable, growing concerns. GDP has been partially fueled by an AI investment boom that easily surpasses any infrastructure spending in our nation's history. The amount of borrowing by AI and AI-related companies to fund data centers and their related infrastructure is concerning the markets. History tells us some of these companies will not survive.

The consumer may also not be as strong as advertised. The data reflects a K-shaped economy. You likely feel that when talking to your credit union members. Many individuals are struggling under the weight of rising prices. Those on the upper band of the "K" may still be able to drive the spending data. But the question is for how long?

The Federal Reserve acknowledged that inflation is not cooperating, and the FOMC raised rates by 25 bps at its September meeting. The Fed undoubtedly has little power to materially impact prices in this environment. The supply shocks from the war with Iran and the Ukraine-Russia war continue to impact prices, particularly oil prices, regardless of changes in the fed funds rate. That said, the Fed won't likely sit idle if conditions persist. The market is currently pricing in another 25 bps rate hike at its December meeting.

The good news is our balance sheet continues to be well positioned to thrive in any interest rate environment as we can adjust quickly to any changes in interest rates. We continue to focus on operating in a safe and sound manner while providing our members with solutions to meet their needs.

Balance Sheet Highlights

- Total Assets as of September 30, 2026, are $319.7 million which is -8.16% lower than in 2025. Due to the volatility in the size of our balance sheet, we rely on a 12-month Moving Daily Average Net Assets (MDANA) to reflect balance sheet trends more accurately. MDANA of $379.2 million on September 30 is 1.01% higher than the balance of $375.5 million at 09/30/2025.
- Net Fixed Assets on September 30 is -5.70% lower than it was one year ago. Currently all our office furniture and fixtures are fully depreciated while our technology assets' book value is at 60.74% of cost.
- Management borrowed $30 million overnight on September 30, 2025, for strategic liquidity purposes. There was no borrowing on September 30, 2026.
- Undivided Earnings are $3,947,171 or 8.42% higher at 09/30/2026 than the balance one year ago. This represents our unaudited net contribution to Undivided Earnings for 12 months ending September 30.
- The Unrealized Loss on our Available for Sale securities as of September 30, of ($2,027,746) has grown since September 2025 when it was ($1,122,845).

Income Statement Highlights

- Income from investments for the first nine month of 2026 was $11,383,460 which is down -9.11% compared to last year when it was $12,524,415. This change is due to declining interest rates since June 2025.
- Dividends paid to member credit unions of $6,684,247 were also down -15.76% compared to 2025's total of $7,934,821, again due to lower interest rates in 2026 compared to 2025.
- CUSO income so far this year is $85,690 which compares very favorably to last year's $38,134.
- The Fee Income we derive from managing off-balance sheet amounts has increased slightly. Year to date Fee Income shows a 0.73% increase compared to last year.
- Overall, Total Operating Expenses were 7.96% higher than at this time last year.

Capital and Other Ratios Highlights

- Our Retained Earnings ratio shows an increase in the past year from 12.48% in September of last year to 13.39% currently. The Capital Ratio is at 15.57% compared to 14.72% last year.

- Tricorp currently has Tier 1 and Total Risk Based Capital ratios of 125.03%. These ratios far exceed the regulatory minimum of 8%.
- Our ROAA as of September 30 of 2026 was 1.08%.

Conclusion

We sincerely appreciate your continued support and business. Tricorp's Board and Staff are committed to providing products, services and member service that enable you to serve your members well. We look forward to continuing to work with you, our members, in a trusted partnership.

Attached you will find condensed financial information as of and for the 9 months ended September 30, 2026 and 2025 to provide a more complete picture of our financial condition and the results of our operations. This internal data is unaudited.

TRICORP FCU
Statement of Financial Position (Unaudited)
September 30, 2026 and 2025

	09/30/26	09/30/25	Change
Assets			
Loans to Members	**$ 5,271,141**	$ 365,631	1341.66%
Cash	**85,535,845**	111,540,616	-23.31%
Investments	**216,294,954**	223,752,297	-3.33%
Accrued Interest	**1,360,744**	899,425	51.29%
Net Fixed Assets	**1,263,179**	1,339,581	-5.70%
NCUSIF Deposit	**185,887**	187,421	-0.82%
CUSO Investments	**1,877,135**	1,713,291	9.56%
Other Assets	**7,899,756**	8,283,111	-4.63%
Total Assets	**$ 319,688,640**	$ 348,081,371	-8.16%
Liabilities			
Members' Shares and Deposits			
Overnight Deposits	**$ 260,462,675**	$ 261,783,496	-0.50%
Borrowed Funds	**-**	30,000,000	∞
Interest Payable	**-**	3,642	∞
Accounts Payable	**129,444**	79,969	61.87%
Accrued Expenses	**128,507**	93,034	38.13%
Other Liabilities	**79,334**	274,819	-71.13%
Total Liabilities	**260,799,958**	292,234,959	-10.76%
Members' Equity			
PCC	**10,116,807**	10,116,807	0.00%
Undivided Earnings	**50,799,621**	46,852,450	8.42%
Unrealized Gain/(Loss) AFS	**(2,027,746)**	(1,122,845)	-80.59%
Total Members' Equity	**58,888,682**	55,846,412	5.45%
Total Liabilities & Members' Equity	**$ 319,688,640**	$ 348,081,371	-8.16%

TRICORP FCU
Income Statement (Unaudited)
For the Nine Months Ended September 30, 2026 and 2025

	09/30/26	09/30/25	Change
Interest Income from Loans	**$ 55,325**	$ 21,242	160.45%
Interest and Dividend Income from Investments	**11,383,460**	12,524,415	-9.11%
Total Interest Income	**11,438,784**	12,545,657	-8.82%
Dividend Expense	**6,684,247**	7,934,821	-15.76%
Interest on Borrowed Money	**0**	8,711	-99.99%
Total Interest Expense	**6,684,248**	7,943,532	-15.85%
Net Interest Income	**4,754,537**	4,602,125	3.31%
CUSO Equity Method Income	**85,690**	38,134	124.71%
Fee Income	**1,001,709**	994,403	0.73%
Education & Training Income	**-**	750	-100.00%
Other Operating Income (Expense)	**146,359**	179,181	-18.32%
Gross Operating Margin before Operating Expenses	**5,988,296**	5,814,593	2.99%
Operating Expenses:			
Salaries and Benefits	**1,499,520**	1,244,602	20.48%
Office Occupancy	**90,879**	75,342	20.62%
Office Operations	**188,016**	180,373	4.24%
Travel and Conference	**46,743**	62,990	-25.79%
Educational and Promotional	**110,740**	103,878	6.61%
Information Systems	**28,630**	300	9443.33%
Professional and Outside Services	**675,469**	740,054	-8.73%
Other	**157,355**	183,494	-14.24%
Total Operating Expenses	**2,797,352**	2,591,033	7.96%
Gain/(Loss) Investment Sales	**-**	-	-
Net Income	**3,190,943**	3,223,560	-1.01%
Equity Distribution - PCC Dividends	**308,535**	476,026	-35.19%
Net Change to Undivided Earnings	**$ 2,882,408**	**$ 2,747,534**	4.91%

TRICORP FCU
Investment Portfolio by Sector (Unaudited)
09/30/26

Issuer	Percent	Amortized Cost	Market Value	Unrealized Gain (Loss)
SBA Pools	8.40%	18,346,246	18,342,282	(3,964)
Agency Debentures - Floating rate	20.59%	44,948,821	45,223,580	274,759
Agency Debentures - Fixed rate	1.37%	3,000,000	2,992,260	(7,740)
Agency CMO/MBS - Floating Rate	18.66%	40,745,529	40,374,540	(370,989)
Agency CMO/MBS - Fixed Rate	11.90%	25,984,070	24,190,928	(1,793,142)
Agency CMBS - Floating Rate	22.06%	48,172,149	48,072,221	(99,929)
Agency CMBS - Fixed Rate	0.00%	-	-	-
Total U.S. Government Agency	82.99%	181,196,815	179,195,810	(2,001,005)
FFELP Student Loan ABS-Floating Rate	0.74%	1,611,091	1,582,672	(28,419)
Credit Card ABS - Floating Rate	5.31%	11,596,233	11,614,316	18,083
Credit Card ABS - Fixed Rate	2.24%	4,899,719	4,884,850	(14,869)
Auto ABS - Floating Rate	2.29%	5,000,286	5,009,650	9,364
Auto ABS - Fixed Rate	6.33%	13,820,056	13,809,157	(10,899)
Equipment ABS - Floating Rate	0.00%	-	-	-
Total Asset-Backed Securities	16.91%	36,927,385	36,900,644	(26,741)
FHLB Stock	0.09%	198,500	198,500	-
Brokered CDs	0.00%	-	-	-
Total Other Investments	0.09%	198,500	198,500	-
Total Investments	100.00%	$ 218,322,700	$ 216,294,954	$ (2,027,746)

TRICORP FCU
Key Ratios and Other Information (Unaudited)

	As of 09/30/26	As of 09/30/25
* Operating Expense Ratio	**0.95%**	0.93%
* ROA	**1.08%**	1.16%
*Retained Earnings ratio	**13.39%**	12.48%
* Capital ratio	**15.57%**	14.72%
YTD Average Assets	**$ 393,721,671**	$ 370,275,915