2019 Annual Report

Tricorp Federal Credit Union

Table of Contents

We are very pleased to report that 2019 was another year of strong financial success for your corporate credit union. It was a year marked by a significant improvement in the aggregate liquidity position of Tricorp. While 2018 was one of the tightest liquidity years that we have experienced in many years, 2019 was the opposite and we experienced the highest level of liquidity in many years.

This was a very good demonstration of the role of Tricorp to help our members manage liquidity in various liquidity scenarios. In 2018, we assisted many members with their short-term funding needs with short-term borrowings to support settlement. Many members used the SimpliCD Issuance Program to obtain longer term funding at very reasonable rates. In 2019 as liquidity has been much stronger, many members have utilized the SimpliCD program to purchase term CDs and some have utilized our marketable securities program offered through our partnership with CU ISI to improve the earnings on their cash. These two programs provide for the opportunity to put cash to work while maintaining funds in an overnight account to fund settlement.

Tricorp had a very strong financial performance in 2019 continuing to strengthen our capital while maintaining a very strong, safe and sound balance sheet. A strong financial base is essential to meeting your needs and below are some key financial highlights that demonstrate the strength of your corporate credit union.

Key financial highlights:

- Net interest income for 2019 improved 28% or $1,689,010 from $6,115,148 to $7,804,558.
- Dividend expense increased by 48% or $1,546,029 from $3,223,184 to $4,769,213.
- Net income improved year over year by $459,633 or 37% from $1,235,681 to $1,695,314.

Consistent with our long-standing strategic management of the balance sheet, all qualitative measures of interest rate and credit risk along with NEV calculations and Capital ratios demonstrate that Tricorp maintains a very safe and sound balance sheet and continues to be well positioned in all interest rate cycles.

Partnerships continue to be a focus of ours and we know the importance of the trust that you place in us in utilizing partners to deliver products and services. We have several partnered products and services that have been very beneficial to many of our members. We did implement automated purchasing for SimpliCD in 2019 and will be introducing online purchasing of marketable securities through CU ISI. We will also be releasing a new updated version of Premier View in 2020 that will make it even more user friendly. There will be a new feature called “Fast Track” that will provide users with the ability to access the functions they use most frequently. It will be customizable so that each user can establish quick links to the functions they use the most. We will continue to explore ways to make the member experience more efficient and will continue to look for that in all our products and services.

As always, we want to recognize and thank our very dedicated team of Board and Committee members along with our hard-working dedicated team of employees. The entire team is dedicated to making sure that quality financial products and services along with strong member service is always the cornerstone of all that we do.

On behalf of all of us at Tricorp we want to extend a special thank you to all of you for your membership and your business. We fully appreciate that we need to work hard to maintain your trust and to demonstrate that our approach to service and financial integrity are the best they can be.

We are very proud of what we have accomplished together and look forward to continuing to serve you in the years to come.

Ryan G. Poulin
Chairman, Board of Directors

Stephen A. Roy
President/CEO

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 Wipfli, LLP 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 Wipfli'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.

The Committee would like to commend the Board of Directors, Management and Staff in their effort and level of commitment put forth in positioning Tricorp for the future, for success and for our members.

Brian Hughes, Chairman

Alaina Daisey

Jean Giard

In accordance with NCUA Regulation 704.19, it is a requirement to annually disclose in dollar terms the compensation for Tricorp's top three employees for 2019. Compensation is defined as all salaries, fees, wages, bonuses, severance payments, current year contributions to employee benefit plans (for example, medical, dental, life insurance, and disability), current year contributions to deferred compensation plans, and other allowances (for example the personal use of an automobile or other assets owned by Tricorp). The total 2019 compensation for the top three employees is as follows: President/CEO $294,851, the Chief Financial Officer $145,622 and the Director of Operations $144,446. Tricorp utilizes the Compease program from HRN Performance Solutions to determine its pay ranges and as the basis for periodic salary adjustments. Compease provides comparative information based on all corporate credit unions and the Northeast region.

Statement of Management's Responsibilities

The management of Tricorp Federal Credit Union (the "Credit Union") is responsible for preparing the Credit Union's annual financial statements in accordance with generally accepted accounting principles; for designing, implementing, and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, as of December 31, 2019.

Management's Assessment of Compliance with Designated Laws and Regulations

The management of the Credit Union has assessed the Credit Union's compliance with the Federal laws and regulations pertaining to NCUA Regulations during the year that ended on December 31, 2019. Based upon its assessment, management has concluded that the Credit Union complied with the NCUA Regulations during the year that ended on December 31, 2019.

Management's Assessment of Internal Control over Financial Reporting

The Credit Union's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, NCUA 5310 – Corporate Credit Union Call Report, as of December 31, 2019.

The Credit Union's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Credit Union; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Credit Union are being made only in accordance with authorizations of management and directors of the Credit Union; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Credit Union's assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*.

Based upon its assessment, management has concluded that, as of December 31, 2019, the Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report is effective, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*.

The Credit Union's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, as of December 31, 2019, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework* as of December 31, 2019, has been audited by Wipfli LLP, an independent public accounting firm, as stated in their report dated March 30, 2020.

Tricorp Federal Credit Union

Stephen A. Roy
CEO

Michael E. McLoud
CFO

Supervisory Committee and Board of Directors
Tricorp Federal Credit Union
Westbrook, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of Tricorp Federal Credit Union (the "Credit Union"), which comprise the statements of financial condition as of December 31, 2019 and 2018, and the related statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matter

We also have audited in accordance with auditing standards generally accepted in the United States, Tricorp Federal Credit Union's internal controls over financial reporting as required by the NCUA as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report, dated March 30, 2020, expressed an unmodified opinion.

Wipfli LLP

Wipfli LLP March 31, 2020
South Portland, Maine

Years Ended December 31,	**2019**	2018
ASSETS		
Assets		
Cash - Federal Reserve Bank	**$ 149,088,517**	$ 55,670,785
Cash - Money Market Accounts	**6,302,008**	3,591,407
Cash - Other Institutions	**3,613,636**	1,975,968
Certificates of Deposit	**248,000**	496,000
National Credit Union Share Insurance Fund Capitalization	**218,162**	211,434
Loans	**1,642,691**	10,964,098
Securities available for sale	**215,386,452**	194,928,791
Securities - Credit Union Service Organization	**1,840,161**	1,738,846
Accrued interest receivable	**450,031**	493,071
Deferred and prepaid expenses	**38,071**	52,672
Premises and equipment, net	**881,820**	709,137
Federal Home Loan Bank stock, at cost	**227,600**	1,481,600
Other assets	**5,624,006**	4,485,962
Total Assets	**$ 385,561,155**	$ 276,799,771

LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	**$ 1,345,310**	$ 597,321
FHLB advances	**–**	38,000,000
Deposits	**357,141,423**	213,201,894
Total Liabilities	**358,486,733**	251,799,215
Members' Equity		
Perpetual contributed capital	**16,861,345**	16,861,345
Undivided earnings	**10,601,115**	8,905,801
Unrealized losses on securities available-for-sale	**(388,038)**	(766,590)
Total Members' Equity	**27,074,422**	25,000,556
Total Liabilities and Members' Equity	**$ 385,561,155**	$ 276,799,771

The accompanying notes are an integral part of these financial statements.

Statements of Income

For the years ended December 31,	2019	2018
Interest Income		
Investment income	**$ 7,804,558**	$ 6,115,548
Interest on loans	**103,115**	246,549
Total Interest Income	**7,907,673**	6,362,097
Cost of Funds		
Dividends on members' share accounts	**4,769,213**	3,223,184
Interest on borrowed funds	**89,919**	491,262
Total Cost of Funds	**4,859,132**	3,714,446
Net Interest Income	**3,048,541**	2,647,651
Noninterest Income		
Fee income	**754,958**	713,089
Other income	**174,315**	212,127
Net gain (loss) on investment in CUSO	**101,315**	(11,062)
Net gain on sale of investment securities available-for-sale	**1,695**	-
Total Noninterest Income	**1,032,283**	914,154
Operating Expenses		
Salaries and wages	**887,458**	846,241
Payroll taxes	**69,959**	58,196
Data processing and audit services	**289,660**	313,206
Employee benefits	**279,262**	264,638
Education and promotional	**65,540**	68,226
Travel and conference	**73,430**	77,509
Depreciation	**109,886**	93,053
Bank charges and fees	**56,765**	60,019
Communications	**36,718**	42,778
Office operations	**31,990**	34,918
Insurance	**60,331**	76,384
Professional and outside services	**301,659**	260,584
Information systems	**12,751**	24,970
Operating and examination fees	**23,141**	23,168
Building maintenance	**34,600**	31,792
Miscellaneous	**27,534**	28,449
Annual meeting	**13,758**	11,467
Property taxes	**11,068**	10,526
Total Noninterest Expense	**2,385,510**	2,326,124
Net Income	**$ 1,695,314**	$ 1,235,681

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income

For the years ended December 31,	**2019**	2018
Net Income	**$ 1,695,314**	$ 1,235,681
Other Comprehensive Income (Loss)		
Changes in unrealized losses on securities AFS	**380,247**	(645,573)
Net unrealized gain on securities AFS	**(1,695)**	-
	378,552	(645,573)
Total Comprehensive Income (Loss)	**$ 2,073,866**	$ 590,108

Statements of Changes in Members' Equity

Years Ended December 31, 2019 and 2018	**Perpetual Contributed Capital**	**Undivided Earnings**	**Accumulated Other Comprehensive Income**	**Total**
Balances at January 1, 2018	$ 16,861,345	$ 7,670,120	$ (121,017)	$ 24,410,448
Comprehensive Income	-	1,235,681	(645,573)	590,108
Balances at December 31, 2018	16,861,345	8,905,801	(766,590)	25,000,556
Comprehensive Income	**-**	**1,695,314**	**378,552**	**2,073,866**
Balances at December 31, 2019	**$ 16,861,345**	**$ 10,601,115**	**$ (388,038)**	**$ 27,074,422**

The accompanying notes are an integral part of these financial statements.

For the years ended December 31,	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	$ **1,695,314**	$ 1,235,681
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	**109,886**	93,053
Amortization of investment premium (discount), net	**127,630**	231,002
Net loss (gain) on investments in Credit Union Service Organizations	**(101,315)**	11,062
Net gain investment securities available for sale	**(1,695)**	-
Accrued interest receivable	**43,040**	(162,968)
Deferred and prepaid expense	**14,601**	2,217
Other assets	**(1,138,044)**	(229,289)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**747,989**	(158,253)
Total adjustments	**(197,908)**	(213,176)
Net cash provided by operating activities	**1,497,406**	1,022,505
Cash flows from investing activities:		
Net increase in loans	**9,321,407**	(7,466,374)
Purchases of securities available for sale	**(72,119,397)**	(49,200,704)
Proceeds from sales, calls, and maturities of securities available for sale	**51,914,351**	46,475,390
Distributions from Credit Union Service Organizations	**-**	90,000
Net proceeds from redemption of FHLB stock	**1,254,000**	280,200
National Credit Union share insurance fund capitalization	**(6,728)**	19,279
Capital expenditures	**(282,567)**	(222,096)
Net cash used in investing activities	**(9,918,934)**	(10,024,305)
Cash flows from financing activities:		
FHLB short term advances	**1,278,168,000**	7,591,000,000
FHLB short term payments	**(1,316,168,000)**	(7,553,000,000)
Net change in members' share accounts	**143,939,529**	(42,772,386)
Net cash used in financing activities	**105,939,529**	(4,772,386)
Net increase (decrease) in cash and cash equivalents	**97,518,001**	(13,774,186)
Cash and cash equivalents at beginning of year	**61,734,160**	75,508,346
Cash and cash equivalents at end of year	**$ 159,252,161**	$ 61,734,160
Components of cash and cash equivalents at end of year:		
Cash paid during the year for:		
Cash - Federal Reserve Bank	**$ 149,088,517**	$ 55,670,785
Cash - money market accounts	**6,302,008**	3,591,407
Cash - other institutions	**3,613,636**	1,975,968
Certificates of deposits	**248,000**	496,000
Total Cash	**$ 159,252,161**	$ 61,734,160
Supplemental disclosures of cash flow information:		
Dividends on members' share accounts and interest on borrowed funds	**$ 4,859,132**	$ 3,714,446

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Tricorp Federal Credit Union is a corporate Credit Union that serves member credit unions throughout New England. Its purpose is to provide a broad range of financial services and products to its members consistent with the philosophy of the Credit Union movement.

The Credit Union is a federally chartered Credit Union subject to the laws and regulations of the United States of America and regulated by the National Credit Union Administration (NCUA), an independent agency within the executive branch of the federal government.

Basis of Accounting

The accounting and reporting policies of the Credit Union are in conformity with U.S. generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB).

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. Specifically, management has made estimates based on the assessment of other than temporarily impairment on investments. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Credit Union considers all highly liquid debt instruments with original maturities of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

Certificates of Deposit

Certificates of deposit are with insured financial institutions and are carried at cost.

Investment Securities

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

Available-for-Sale - U.S. Government agency bonds and asset-backed securities, which include debt securities collateralized by real estate, automobiles, credit card and student 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.

Credit Union Service Organizations - Shares in two credit union service organizations (CUSOs) are recorded at fair value with changes in value reported in net income. Income and losses are recognized based on the Credit Union's ownership applied to the earnings in the CUSO for the applicable period.

NOTE 1: NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Credit Union to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

The Credit Union does not maintain held-to-maturity and trading portfolios.

Loans

Loans are made to members primarily through unsecured revolving lines-of-credit agreements. Loans are reported at the amount of unpaid principal outstanding. Interest on loans is recognized using the simple interest method 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; however, management will continue to analyze the borrower's financial capacity to repay the debt.

As of December 31, 2019 and 2018, there were no outstanding loans past due or deemed impaired.

Property and Equipment

Property and equipment are recorded at cost. Expenditures 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 and improvements	10 - 31.5 years
Building expansion	39.5 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 management of the Credit Union, based on an evaluation of current and future market conditions.

Perpetual Contributed Capital

Members of the Credit Union are required to contribute perpetual contributed capital, which is carried as part of member's equity. Dividends on Perpetual Contributed Capital are based on available earnings at the end of each month and is not guaranteed by the Credit Union. Dividend rates on Perpetual Contributed Capital are set by the Board of Directors of the Credit Union, based on an evaluation of current and future market conditions. Perpetual contributed capital is not required to be paid back in the event that membership is terminated.

NOTE 1: NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

NCUSIF Deposit

The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured Credit Union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the NCUA Board.

Federal Home Loan Bank Stock

The Credit Union is a member of the Federal Home Loan Bank (FHLB) and, as required by their membership agreement and in order to obtain the necessary borrowing capacity, the Credit Union acquired shares of FHLB stock valued at $227,600 and $1,481,600 as of December 31, 2019 and 2018, respectively. The Credit Union has elected to carry FHLB stock at cost less impairment, if any. The Credit Union is required to hold FHLB stock as a member of the FHLB and transfer of the stock is substantially restricted. The FHLB stock is pledged as collateral for outstanding FHLB advances. FHLB stock is evaluated for impairment on an annual basis.

NCUSIF Insurance Premiums

A credit union is generally required to pay an annual insurance premium equal to a percent of its total insured shares, unless the payment is waived or reduced by the NCUA Board.

Effective October 1, 2017, the NCUA Board closed the Temporary Corporate Credit Union Stabilization Fund and transferred all of the assets and obligations to the NCUSIF. The NCUA Board approved a $736 million distribution from the NCUSIF to eligible, federally insured credit unions in the third quarter of 2018. The Credit Union received a pro rata distribution based on the Credit Union's average insured deposits reported in quarterly Call reports between January 1, 2009 and December 31, 2017.

Revenue from Contracts with Customers

The Credit Union records revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the Credit Union must identify the contract with a customer, identify the performance obligation(s) within the contract, determine the transaction price, allocate the transaction price to the performance obligation(s) within the contract, and recognize revenue when (or as) the performance obligation(s) are/is satisfied. The core principle under ASC 606 requires the Credit Union to recognize revenue to depict the transfer of services or products to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those services or products recognized as performance obligations are satisfied. The Credit Union generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Since performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved in applying ASC 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers. The recognition of revenue under ASC 606 did not materially change the timing or magnitude of revenue recognition.

The majority of the Credit Union's revenue is not subject to ASC 606, including investment income, loan interest income, and gain on sales of securities.

NOTE 1: NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the Statement of Income as a component of noninterest income:

Deposit Related Fees – The Credit Union earns fees from its deposit members for transaction-based activities, such as settlement, wires, currency orders, excess balance account fees and ACH fees. These fees are recognized at the time the transaction is executed as that is the point in time the Credit Union fulfills the request.

Maintenance Fees – The Credit Union earns fees from various maintenance activities, such as safekeeping and premier view user access. These fees are recognized within the month the service has been provided.

Commissions – The Credit Union receives commission income based on the activity of its members each month. The commissions are recognized within the month the transactions occurred.

Comprehensive Income

Comprehensive income or loss consists of net income or loss and other comprehensive income or loss that includes unrealized gains and losses on securities available-for-sale.

Off-Balance-Sheet Financial Instruments

In the ordinary course of business, the Credit Union has entered into off-balance-sheet financial instruments consisting of agreements to extend credit. Such financial instruments are recorded in the financial statements when they become payable. Tricorp reserves the right to refuse any requested advances without affecting the borrower's obligation to repay other advances previously made. In addition, the Credit Union may terminate any existing agreements to extend credit to members based on adverse re-evaluation of the borrower's creditworthiness, failure of the borrower to satisfy any of the terms of their note and credit line agreement, or at the sole discretion of the Credit Union.

Legal Contingencies

Various legal claims arise from time to time in the normal course of business. In the opinion of management, any liability resulting from such proceedings would not have a material impact on the financial statements of the Credit Union.

Recent Accounting Pronouncements

The Credit Union recently adopted the following Accounting Standards Updates (ASU) issued by the Financial Accounting Standards Board (FASB).

ASU No. 2014-09, Revenue from Contracts with Customers - This new standard creates a single framework for entities to use in accounting for revenue from contracts with customers and supercedes most prior revenue recognition guidance, including industry-specific guidance. In addition, the new standard revises the accounting guidance on when it is appropriate to recognize a gain or loss from the transfer of nonfinancial assets, such as real estate. The new guidance stipulates that an entity should recognize revenue based on the value of transferred goods, services, or nonfinancial assets as they occur in the contract and establishes additional disclosures. The majority of the Credit Union's revenues come from interest income and other sources, including loans, leases, securities, that are outside the scope of this standard. The Credit Union's services that fall within the scope of the standard are presented as components of noninterest income, which include service charges on deposits service fees, interchange fees and gain/loss on the sale of OREO. The Credit Union adopted ASU No. 2014-09 as of January 1, 2019, (date of adoption) using the modified retrospective approach. This standard did not significantly change the amount of timing of recognition of the Credit Union's noninterest income in the financial statements and, therefore, resulted in no cumulative effect adjustment to the opening balance of retained earnings as of the date of adoption.

NOTE 1: NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASU No. 2016-01, Revenue Recognition and Measurement of Financial Assets and Financial Liabilities - This standard makes a number of changes to the recognition and measurement standards of financial instruments. The Credit Union previously early adopted the portion of the standard eliminating the requirement for non-public business entities to disclose the fair value of financial instruments measured at amortized cost. On January 1, 2019, the Credit Union adopted the remaining portion of the standard which requires equity investments (except those of accounted for under equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. The Credit Union also elected to measure equity securities without readily determinable fair values at their cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of the same issuer. The adoption of the standard did not have a significant effect on the Credit Union's financial statements.

The following ASU's have been issued by FASB and may impact the Credit Union's financial statements in future reporting periods:

Leasing

In February 2016, FASB issued ASU 2016 – 2, Leases. The new standard provides users of the financial statements a more accurate representation of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the company. Lessors will also see some changes, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2020. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Current Expected Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses, which introduces new guidance for accounting for credit losses on financial instruments that are within its scope. The core principle of the guidance requires entities to record the full amount of credit losses that are expected in their loan portfolio. This standard also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2022. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2: CASH

The Credit Union maintains cash accounts with various financial institutions, credit unions, commercial banks, the Federal Home Loan Bank, and the Federal Reserve Bank. The accounts are guaranteed up to $250,000 by either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF). At various times throughout the year, the Credit Union had cash balances in excess of insurance. The Credit Union has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. The Credit Union's cash deposits at the Federal Reserve Bank and the Federal Home Loan Bank are guaranteed by the full faith and credit of the U.S. Government.

As a corporate credit union, Tricorp was allowed an exemption by the Federal Reserve Bank from carrying a reserve requirement. Tricorp elected to waive this exemption and, as of December 31, 2019 and 2018, the Credit Union had a reserve requirement of $26,164,000 and $9,868,000, respectively.

NOTE 3: SECURITIES

The amortized cost and estimated fair value of securities with gross unrealized gains and losses at December 31, 2019 and 2018 follows:

2019	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Securities available for sale:				
Floating rate CMOs	**$ 39,193,281**	**$ 9,571**	**$ (119,018)**	**$ 39,083,834**
Fixed rate CMOs	**5,012,732**	**14,904**	**(12,406)**	**5,015,230**
Floating rate CMBs	**26,783,437**	**58,703**	**(72,777)**	**26,769,364**
Floating rate U.S. Government Agencies	**27,500,000**	**19,600**	**(101,050)**	**27,418,550**
FFELP loan pools	**6,723,698**	**-**	**(150,028)**	**6,573,670**
Floating rate ABS credit card pools	**46,297,133**	**86,843**	**(36,194)**	**46,347,782**
Floating rate ABS auto pools	**20,959,502**	**6,740**	**-**	**20,966,242**
Fixed rate ABS auto pools	**3,213,235**	**6,883**	**-**	**3,220,118**
SBA pools	**40,091,471**	**24,586**	**(124,395)**	**39,991,662**
Total securities available for sale	**$ 215,774,490**	**$ 227,830**	**$ (615,868)**	**$ 215,386,452**

2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available for sale:				
SPSAC 1998-2 A1	$ -	$ 5,084	$ -	$ 5,084
Floating rate CMOs	27,404,116	20,353	(50,136)	27,374,333
Fixed rate CMOs	6,582,653	-	(144,468)	6,438,185
Floating rate CMBs	11,848,638	87	(36,116)	11,812,609
Floating rate U.S. Government Agencies	22,500,000	24,380	(100,715)	22,423,665
FFELP loan pools	9,805,646	-	(95,287)	9,710,359
Floating rate ABS credit card pools	48,439,523	15,146	(138,218)	48,316,451
Floating rate ABS auto pools	16,502,103	11,547	-	16,513,650
Fixed rate ABS auto pool	4,171,719	-	(2,328)	4,169,391
SBA pools	48,440,983	12,039	(287,958)	48,165,064
Total securities available for sale	$ 195,695,381	$ 88,636	$ (855,226)	$ 194,928,791

NOTE 3: SECURITIES (CONTINUED)

Management determined that there were no other-than-temporary impairments during 2019 and 2018.

The following table shows the gross unrealized losses and fair value of the Credit Union's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31:

	Less than 12 Months		12 Months or More		Total	
2019	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Floating rate CMOs	**$ 21,257,192**	**$ (67,886)**	**$ 11,531,816**	**$ (51,132)**	**$ 32,789,008**	**$ (119,018)**
Fixed rate CMOs	**-**	**-**	**2,014,983**	**(12,406)**	**2,014,983**	**(12,406)**
Floating rate CMBS	**12,988,525**	**(36,800)**	**10,228,318**	**(35,977)**	**23,216,843**	**(72,777)**
Floating rate U.S. Government Agencies	**6,984,270**	**(15,730)**	**15,414,680**	**(85,320)**	**22,398,950**	**(101,050)**
FFELP loan pools	**-**	**-**	**6,573,670**	**(150,028)**	**6,573,670**	**(150,028)**
Floating rate ABS - credit card pools	**3,007,716**	**(5,454)**	**7,395,971**	**(30,740)**	**10,403,687**	**(36,194)**
SBA	**4,829,669**	**(11,013)**	**25,473,184**	**(113,382)**	**30,302,853**	**(124,395)**
Total	**$ 49,067,372**	**$ (136,883)**	**$ 78,632,622**	**$ (478,985)**	**$ 127,699,994**	**$ (615,868)**

	Less than 12 Months		12 Months or More		Total	
2018	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Floating rate CMOs	$ 8,747,328	$ 7,183	$ 8,740,573	$ 42,953	$ 17,487,901	$ 50,136
Fixed rate CMO	-	-	6,438,185	144,468	6,438,185	144,468
Floating rate CMBS	4,832,571	20,852	4,081,705	15,264	8,914,276	36,116
Floating rate U.S. Government Agencies	14,410,955	89,045	2,988,330	11,670	17,399,285	100,715
FFELP loans	730,778	346	8,979,581	94,941	9,710,359	95,287
Floating rate ABS - credit card pools	32,773,422	138,218	-	-	32,773,422	138,218
Fixed rate ABS - auto pools	4,169,392	2,328	-	-	4,169,392	2,328
SBA	12,835,871	72,583	32,878,802	215,375	45,714,673	287,958
Total	$ 78,500,317	$ 330,555	$ 64,107,176	$ 524,671	$142,607,493	$ 855,226

NOTE 3: SECURITIES (CONTINUED)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Credit Union to retain its investment in the issuer for a period sufficient to allow for any anticipated recover in fair value.

The unrealized losses on the Credit Union's investments in asset-backed securities and agencies were caused by interest rates being higher than when the securities were originally purchased. The contractual cash flows of US Government Agencies and SBA pools investments are guaranteed by an agency of the U.S. Government. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Credit Union has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, the Credit Union does not consider these investments to be other-than-temporarily impaired at December 31, 2019.

Investment Maturities

The contractual maturities of asset-backed securities, including collateralized mortgage obligations and collateralized mortgage-backed securities, cannot be estimated due to the nature of these investments. The estimated fair values of the Credit Union's investments in U.S. Government Agencies as of December 31, 2019, by contractual maturity, are shown below.

Description of Securities	1 Year	1 - 5 Years	5 - 10 Years	More than 10 Years	Total
U.S. Government Agencies	$ 2,002,400	$ 13,472,740	$ 4,991,250	$ 6,952,160	$ 27,418,550
Total	$ 2,002,400	$ 13,472,740	$ 4,991,250	$ 6,952,160	$ 27,418,550

As of December 31, 2019 and 2018, gross proceeds on sale of investments were $6,503,110 and $0,
respectively, gross gains were $1,695 and $0, respectively, and there were no gross losses.

NOTE 4: INVESTMENT IN CREDIT UNION SERVICE ORGANIZATIONS (CUSO)

The following investments in CUSOs are recorded using the equity method of accounting based on the Credit Union's ownership percentages and overall influence. The following represent the carrying cost for each investment as of December 31, 2019

Years ended December 31,	**2019**	2018
Total	**$ 1,840,161**	$ 1,738,846

As of December 31, 2019 and 2018, Tricorp's ownership percentage in CU Investments Solutions, LLC was 8%

As of December 31, 2019 and 2018, Tricorp's ownership percentage in Primary Financial Company, LLC was 12.50%

NOTE 5: PREMISES AND EQUIPMENT

An analysis of premises and equipment at December 31, 2019 and 2018 is, as follows:

		2019		2018
Land	$	22,801	$	22,802
Buildings		980,572		930,947
Furniture and equipment		1,302,260		737,884
Construction in progress				159,066
Subtotal		2,305,633		1,850,699
Accumulated depreciation		1,423,813		1,141,562
Total	$	881,820	$	709,137

NOTE 6: BORROWED FUNDS

As of December 31, 2019 and 2018, securities with collateral value totaling approximately $21,586,000 and $21,636,000, respectively, were pledged as collateral to the Federal Reserve Bank. As of December 31, 2019 and 2018, the Credit Union's borrowing capacity with the FRB was approximately $20,000,000 and $20,000,000, respectively, for an emergency line of credit. As of December 31, 2019 and 2018, Tricorp had no advances on this line of credit.

Tricorp is a member of the Federal Home Loan Bank of Boston and, under their membership agreement, the Credit Union has an available short-term borrowing capacity. Additionally, the Credit Union was granted a new IDEAL Way revolving line of credit during 2019. Borrowings from the FHLB are required to be collateralized by securities held in safekeeping by the FHLB. As of December 31, 2019 and 2018, Tricorp had securities held in safekeeping at the FHLB with a fair value of approximately $94,220,000 and $86,455,000, respectively. As of December 31, 2019 and 2018, the Credit Union's available borrowing capacity, in addition to the new IDEAL Way line of credit, was approximately $88,507,000 and $44,459,000, respectively. Borrowing capacity is based on a formula published periodically by the FHLB. At December 31, 2019 and 2018, Tricorp had $0 and $38,000,000 outstanding short-term advances, respectively.

Tricorp is a member of Corporate One Credit Union, and under their membership agreement, the Credit Union has an available short-term borrowing capacity. Borrowings from Corporate One Credit Union are required to be collateralized by securities held in safekeeping at BNY Mellon as of December 31, 2019 and 2018. As of December 31, 2019 and 2018, Tricorp had securities held in safekeeping with a fair value of approximately $83,376,000 and $76,352,000, respectively. As of December 31, 2019 and 2018, the Credit Union's borrowing capacity was approximately $50,000,000, with an additional $20,000,000 in emergency borrowing. At December 31, 2019 and 2018, Tricorp had no short-term advances from Corporate One Credit Union.

NOTE 7: MEMBERS' SHARE ACCOUNTS

Members' share accounts at December 31, 2019 and 2018 totaled $357,141,423 and $213,201,894, respectively. The aggregate amount of deposit accounts with a balance in excess of $250,000 was $335,545,568 and $192,950,929 at December 31, 2019 and 2018, respectively. The rates on members' share accounts ranged from .00% to 2.69% and .00% to 1.71% during the years ended December 31, 2019 and 2018, respectively.

NOTE 8: REGULATORY CAPITAL

The Credit Union is subject to regulatory net worth ratio requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance sheet items as calculated under regulatory reporting requirements. The Credit Union's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain three ratios: A 4% leverage ratio, a 4% Tier 1 capital ratio, and an overall 8% total capital ratio with a risk-based element. Effective October 20, 2016, new regulations require augmenting of Perpetual Contributed Capital (PCC) when calculating the leverage ratio and Tier 1 capital ratio. This regulation applies to credit unions with retained earnings ratios below 2.5%. Per the regulation, the Credit Union must deduct any amount of PCC that causes PCC, minus retained earnings, all divided by moving daily net average assets, to exceed two percent. As of December 31, 2019 and 2018, the Credit Union's retained earnings ratio exceeded 2.5% so the adjustment to the leverage ratio and Tier 1 capital was not required.

The Credit Union's capital amounts and ratios as of December 31, 2019 and 2018 are presented in the tables.

December 31, 2019	**Actual**		**For Capital Adequacy Purposes**		**To Be Well Capitalized Under Prompt Corrective Action Provisions**	
(Dollars in Thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Credit Union						
Total Capital (to moving monthly average net risk-weighted assets	**$25,622,299**	**65.95%**	**≥ $ 3,127,226**	**≥ 8.00%**	**≥ $ 3,909,033**	**≥ 10.00%**
Tier 1 capital (to moving monthly average net risk-weighted assets)	**25,622,299**	**65.95%**	**≥ 1,563,613**	**≥ 4.00%**	**≥ 2,345,420**	**≥ 6.00%**
Leverage (to moving daily average net assets)	**25,622,299**	**7.78%**	**≥ 13,165,478**	**≥ 4.00%**	**≥ 16,456,848**	**≥ 5.00%**

December 31, 2018	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Credit Union						
Total Capital (to moving monthly average net risk-weighted assets	$24,028,300	52.64%	≥ $ 3,651,713	≥ 8.00%	≥ $4,564,642	≥ 10.00%
Tier 1 capital (to moving monthly average net risk-weighted assets)	24,028,300	52.64%	≥ 1,825,587	≥ 4.00%	≥ 2,738,785	≥ 6.00%
Leverage (to moving daily average net assets)	24,028,300	8.04%	≥ 11,947,207	≥ 4.00%	≥ 14,934,009	≥ 5.00%

NOTE 8: REGULATORY CAPITAL (CONTINUED)

As of December 31, 2019, the most recent call-reporting period, the NCUA categorized the Credit Union as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Credit Union must maintain a minimum total risk-based, Tier 1 risk-based, and leverage ratios as set forth in the tables. There are no conditions or events since that notification that management believes have changed the Credit Union's category.

NOTE 9: PENSIONS

The Credit Union maintains 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. The employer contribution is based on 8% of eligible salary. Each year, the Credit Union may elect to make a discretionary contribution to the Plan. During 2019 and 2018, the Credit Union made contributions to the 401(k) plan of $72,141 and $67,590, respectively.

During 2002, the Credit Union implemented a supplemental executive retirement plan (SERP) covering the chief executive officer. The plan was funded using split dollar life insurance arrangements that require the Credit Union to pay annual life insurance premiums of $63,000 for a ten-year period, effective as of 2002. No premiums were required to be paid in 2019 and 2018. The Credit Union received a collateral assignment of the cash surrender value from the insured. Under the collateral assignment arrangement, the Credit Union is entitled to receive the cash surrender value of the policy. The cash surrender value of the policy included in other assets was $991,900 and $953,021 at December 31, 2019 and 2018, respectively.

During 2014, the Credit Union implemented an additional supplemental executive retirement plan (SERP) covering the chief executive and chief financial officers. The plan is funded using split dollar life insurance arrangements that require the Credit Union to pay annual life insurance premiums of $255,000 for a ten-year period, if funded on an annual basis. The Credit Union received a collateral assignment of the life insurance policies from the chief executive and chief financial officers. Under the collateral assignment arrangements, premiums paid on behalf of the executives are considered a demand loan and the Credit Union is entitled to receive the aggregate premiums paid on behalf of the executives, plus accrued interest at 2% per annum through November 21, 2019. On November 22, 2019, the loans were amended for a new rate of 1.94%. Upon agreement termination, if the cash surrender value of the life insurance policies is less than the outstanding demand loans, plus accrued interest, the executive is obligated to repay the difference. Total premiums paid, plus accrued interest included in other assets, totaled $1,908,500 and $1,620,755 as of December 31, 2019 and 2018, respectively.

During 2014, the Credit Union also entered into an additional life insurance rider (ALIR) covering the chief executive officer. The Credit Union is the owner and beneficiary of the additional life insurance rider and, as such, is entitled to the cash surrender value of the policy. The cash surrender value of the ALIR included in other assets was $1,478,169 and $1,418,546 as of December 31, 2019 and 2018, respectively.

NOTE 10: 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 uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

The Credit Union had outstanding commitments for approved unused lines of credit approximating $295,338,000 and $273,554,000 at December 31, 2019 and 2018, respectively.

NOTE 11: CONCENTRATIONS OF CREDIT RISK

At December 31, 2019, five member credit unions' share accounts exceeded 5% of total deposits. The accounts comprised 39.35% of the Credit Union's total shares. At December 31, 2018, four member credit unions' share accounts exceeded 5% of total deposits. The accounts comprised 30.92% of the Credit Union's total shares.

NOTE 12: RISKS AND UNCERTAINTIES

The Credit Union invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near-term and that such changes could materially affect the amount reported in the statement of financial condition.

NOTE 13: FAIR VALUE MEASUREMENTS

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Credit Union uses various methods, including market, income and cost approaches. Based on these approaches, the Credit Union often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Credit Union utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Credit Union is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Credit Union performs a detailed analysis of the assets and liabilities. At each reporting period, if applicable, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investments, including government-backed fixed or floating rate collateralized mortgage obligations (CMO), U.S. Government agency bonds, Federal Home Loan Mortgage Corp. (FHLMC) mortgage pool, Federal Family Education Loan Program (FFELP) loan pool, asset-backed securities (ABS), which are backed by pools of credit cards and vehicle loans, and Small Business Administration (SBA) loan pools, are valued using inputs by the independent pricing service under Level 2, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications.

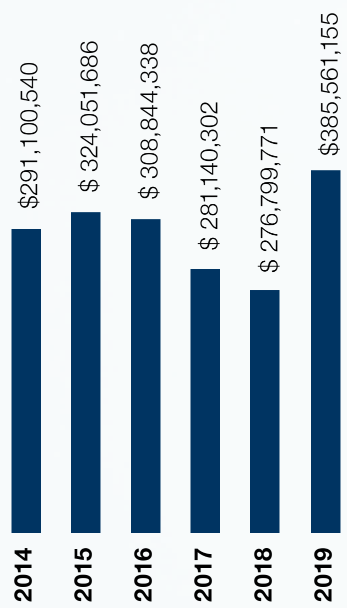
		Fair Value Measurements At Reporting Date Using		
December 31, 2019	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Securities available for sale:				
SPSAC 1998-2A1	**$ 39,083,834**	**$ -**	**$ 39,083,834**	**$ -**
Floating rate CMOs	**5,015,230**	**-**	**5,015,230**	**-**
Fixed rate CMOs	**26,769,363**	**-**	**26,769,363**	**-**
Floating rate CMBS	**27,418,550**	**-**	**27,418,550**	**-**
Floating rate U.S. Government Agencies	**6,573,670**	**-**	**6,573,670**	**-**
FFELP loan pools	**46,347,782**	**-**	**46,347,782**	**-**
ABS - Credit Card loan pools	**20,966,242**	**-**	**20,966,242**	**-**
Floating rate ABS - auto pool	**3,220,119**	**-**	**3,220,119**	**-**
Fixed rate ABS - auto pool	**39,991,662**	**-**	**39,991,662**	**-**
Total	**$ 215,386,452**	**$ -**	**$ 215,386,452**	**$ -**

December 31, 2018	Fair Value	Fair Value Measurements At Reporting Date Using Level 1	Level 2	Level 3
Assets:				
Securities available for sale:				
SPSAC 1998-2A1	$ 5,084	$ -	$ 5,084	$ -
Floating rate CMOs	27,374,333	-	27,374,333	-
Fixed rate CMOs	6,438,185	-	6,438,185	-
Floating rate CMBs	11,812,609	-	11,812,609	-
Floating rate U.S. Government Agencies	22,423,665	-	22,423,665	-
FFELP loan pools	9,710,359	-	9,710,359	-
ABS - Credit Card loan pools	48,316,451	-	48,316,451	-
Floating rate ABS - auto pool	16,513,650	-	16,513,650	-
Fixed rate ABS - auto pool	4,169,391	-	4,169,391	-
SBA Pools	48,165,064	-	48,165,064	-
Total	$ 194,928,791	$ -	$ 194,928,791	$ -

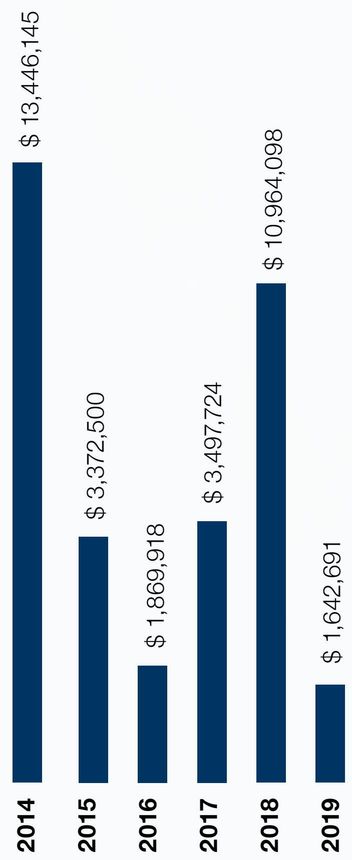
NOTE 14: SUBSEQUENT EVENT

Management has made an evaluation of subsequent events to and including March 31, 2020, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Total Assets



Loans to Members



Payment Services

ACH Receipt and Origination
Wire Transfer
International Services
Automated Settlement
Coin and Currency
Corporate Share Drafts
Regulation D Funding

Investment Solutions

SimpliCD
CU Investment Solutions, Inc. (CU-ISI)
Market Valuations
Securities Safekeeping
Overnight Account
Premium Overnight Account
Perpetual Capital Account

Liquidity Solutions

Line-of-Credit
SimpliCD Issuance
Secured Loan
Settlement Loan
Letters of Credit

Strategic Alliances

CU Business Group (Business Lending)
MY CU Services (Bill Payment)
Pay Lynxs, Inc. (SimpliRisk)
Primary Financial, LLC (SimpliCD)
LoanStreet, LLC
Sallie Mae Student Loans

Board of Directors

Ryan Poulin, New Dimensions FCU
Chairman

Matt Kaubris, Oxford FCU
Vice Chairman

Joseph Bergeron, AVCU
Secretary

Bob DesMeules, St. Mary's Bank CU
Principal Financial Officer

Brian Hughes, Holy Rosary CU

Bruce Leighton, Members First CU of NH

Katie O'Brien, Casco FCU

Supervisory Committee

Brian Hughes, Holy Rosary CU
Chairman

Alaina Daisey, Katahdin FCU

Jean Giard, Vermont FCU

ALM Committee

Bob DesMeules, St. Mary's Bank CU
Chairman

Katie O'Brien, Casco FCU

Ryan Poulin, New Dimensions FCU

Michael McLoud, Tricorp FCU

Stephen Roy, Tricorp FCU

ERM Committee

Matt Kaubris, Oxford FCU
Chairman

Bruce Leighton, Members First CU of NH

Stephen Roy, Tricorp FCU

Michael McLoud, Tricorp FCU

Tom Loring, Wipfli LLP

Our Corporate Team

Stacy Farwell
Member Service Representative

Charlene Grebin
Member Service Representative

Christina Johnson
Executive Assistant

Louise Lachance
Member Service Representative

Carol Anne Lamontagne
Director of Operations

Gwynne Martin
Wire Room Operator

Michael McLoud
Chief Financial Officer

Rose Murphy
Compliance Officer

Denise Nowinski
Director of Education and Member Relations

Stephen Roy
President/Chief Executive Officer

Tricorp Federal Credit Union

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