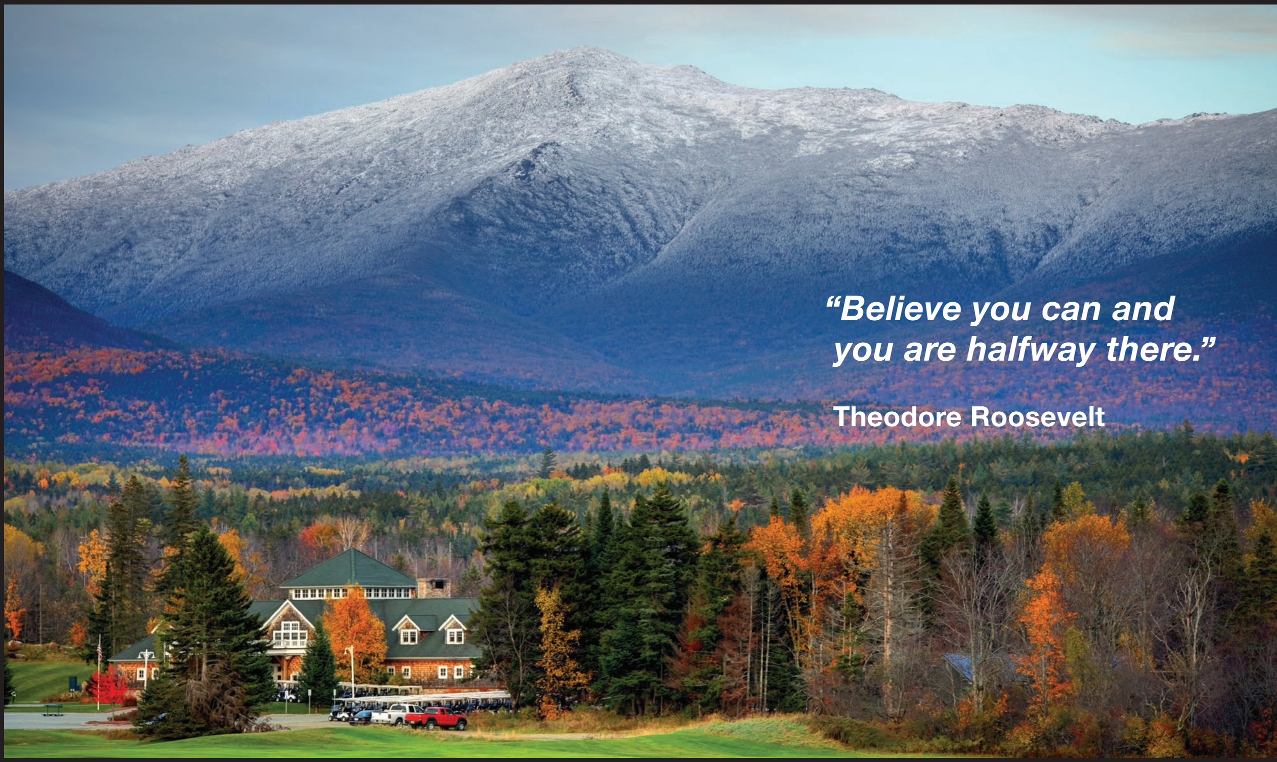
2022 Annual Report

Tricorp Federal Credit Union



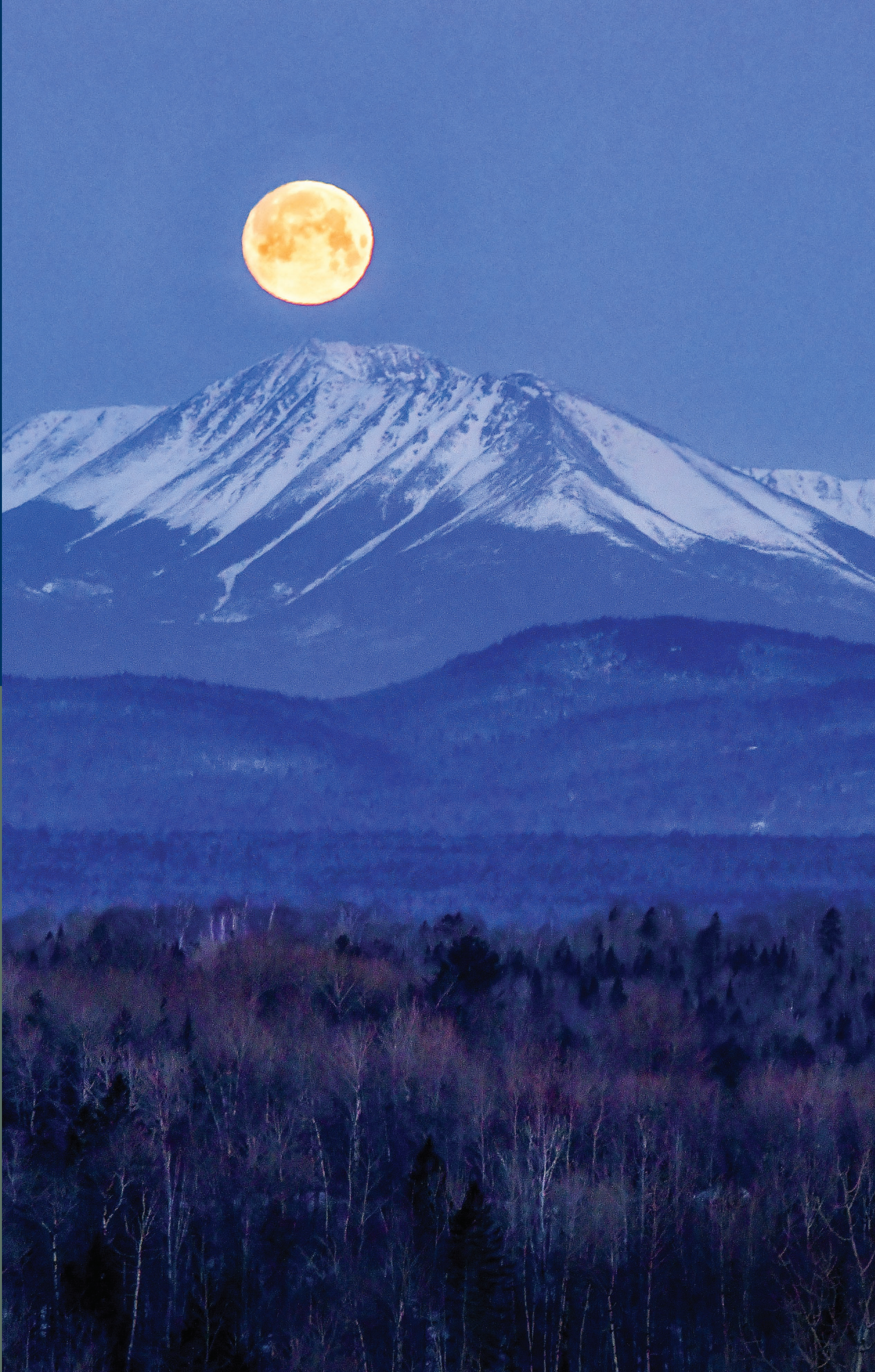


Table of Contents

Your corporate credit union had a very good year in 2022 and further improved its already very good financial position. Interest rate increases can be good and bad depending on how a credit union balance sheet is positioned, but for Tricorp the rate increases have been very helpful and allowed us to substantially increase the dividends paid to our loyal members. Our balance sheet has always been positioned to be immune to interest rate changes with nearly 90% of it in floating rate instruments. And so, when the Fed started raising interest rates of March 17, 2022, it gave us the ability to substantially increase our dividends paid to our members. Income and our capital ratios continued to be helped greatly by US Central Estate distributions, but we also had a solid year of operating income as well. 2022 was not just about interest rates though. We had several important initiatives that we worked on in 2022 that are continuing in 2023 that will have a positive impact on Tricorp's operational capabilities as we move forward.

Net operating income for 2022 was $1,750,197 versus $846,213 for 2021. Total interest income improved by 218.23% due to the rising interest rates but at the same time we did increase our dividend expense. It went from $204,860 in 2021 to $2,426,776 in 2022 for an increase of 1,084.6%. Our capital ratios improved significantly as well. The retained earnings ratio which is the true measure of our capital strength improved from 5.69% at the end of 2021 to 10.36% at the end of 2022. The minimum regulatory capital ratio requirement including contributed capital is 4% so we are very well positioned just by our retained earnings alone.

As we look ahead to 2023, we will continue to prepare for the ever-changing world of payments. Tricorp has engaged a firm named Aptys to connect us to both the FedNow and The Clearing House networks. Aptys has been officially certified by the Federal Reserve for the FedNow Service. This means that Tricorp will be able to capture and post real-time payments with the automated Aptys platform. They are also focusing on providing us the same capability for the Clearing House's RTP product. Tricorp is currently a Funding Agent but there have not been any transactions yet. Along with the changing

world of payments, Tricorp has a few other initiatives that are being worked on. One of them is a core conversion to upgrade our core from the platform it has been on for nearly 40 years. We are working with two other corporates to share this core and it will be a significant improvement from a user experience. We are also upgrading our billing system to make sure that is one that is user-friendly and is easy to cross-train. We are also in the process of upgrading our network by increasing even more the monitoring of the network. Additionally, we are upgrading all of our workstations to support the security and processing needs of today's ever-changing technology. These are operational projects, but they are very strategic in making sure that Tricorp has the right operational foundation for today and for many years to come.

As always, we want to extend a very special thank you to the incredible team at Tricorp as they always maintain their focus and commitment to exceptional member service. Along with the in-office team is a very hard working and dedicated Board of Directors that in combination with the office Team are the very best example of "people helping people". They do it all with a friendly voice and big smile. We are grateful of all the great work that is done by the in-office team and the directors. They are a great combination for our members.

On behalf of all of us at Tricorp we want to extend a very 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.

Respectfully submitted,

Brian Hughes, Chairman

Cathy Bond

Jonathan Oglebay

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 2022. 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 2022 compensation for the top three employees is as follows: President/CEO $342,294.62, the Chief Financial Officer $159,664 and the Director of Operations $152,793. 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.

To the Board of Directors and Supervisory Committee of
Tricorp Federal Credit Union

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, 2022.

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, 2022 Based upon its assessment, management has concluded that the Credit Union complied with the NCUA Regulations during the year that ended on December 31, 2022.

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, 2022.

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, 2022, 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, 2022, 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, 2022, 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, 2022, has been audited by Wipfli LLP, an independent public accounting firm, as stated in their report dated March 27, 2023.

Stephen A. Roy
CEO
March 27, 2023
Date

Michael E. McLoud
CFO
March 27, 2023
Date

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

Opinion on Internal Control Over Financial Reporting

We have audited Tricorp Federal Credit Union's (the "Credit Union") internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with instructions to the National Credit Union Administration (NCUA) 5310 – Corporate Credit Union Call Report ("Call Report"), as of December 31, 2022, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. In our opinion, the Credit Union maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control—Integrated Framework* issued by COSO in 2013.

We also have audited, in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the financial statements of the Credit Union, and our report dated March 27, 2023, expressed an unmodified opinion.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report.

Auditor's Responsibilities for the Audit of Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An institution'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 preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Because management's assessment and our audit were conducted to meet the reporting requirements of Section 704.15 of the NCUA regulations, our audit of the Credit Union's internal control over financial reporting included controls over the preparation of financial statements in accordance with GAAP and with the Call Report instructions.

An institution'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 institution; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the institution are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention or timely detection and correction of unauthorized acquisition, use, or disposition of the institution's assets that could have a material effect on the financial statements.

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 or procedures may deteriorate.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 27, 2023

Supervisory Committee and Board of Directors
Tricorp Federal Credit Union

Opinion

We have audited the financial statements of Tricorp Federal Credit Union (the "Credit Union"), which comprise the statements of financial condition as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Tricorp Federal Credit Union as of December 31, 2022 and 2021, 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 of America (''GAAP").

We also have audited, in accordance with auditing standards generally accepted in the United States of America ("GAAS"), Tricorp Federal Credit Union's internal controls over financial reporting, including controls over the preparation of regulatory financial statements in accordance with instructions to the National Credit Union Administration (NCUA) 5310 – Corporate Credit Union Call Report ("Call Report"), as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and our report dated March 27, 2023, expressed an unmodified opinion.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tricorp Federal Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tricorp Federal Credit Union's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tricorp Federal Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 27, 2023

Years Ended December 31,	2022	2021
ASSETS		
Assets		
Cash - Federal Reserve Bank	**$ 68,470,814**	$ 143,743,031
Cash - money market accounts	**5,212,138**	5,116,821
Cash - other institutions	**1,446,120**	695,743
National Credit Union Share Insurance Fund capitalization	**205,624**	208,282
Loans	**3,940,121**	–
Investments		
Debt securities available for sale	**229,309,222**	271,583,583
Other investments Credit Union Service Organization	**1,698,726**	2,196,668
Accrued interest receivable	**779,839**	155,734
Deferred and prepaid expenses	**256,430**	282,568
Premises and equipment, net	**620,911**	663,400
Federal Home Loan Bank stock, at cost	**1,063,500**	281,600
Central Liquidity Facility stock, at cost	–	10,416,189
Other assets	**23,280,735**	9,644,825
Total Assets	**$ 336,284,180**	$ 444,988,444

LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	**$ 16,915,133**	$ 4,213,923
Deposits	**272,081,450**	397,773,672
Total Liabilities	**288,996,583**	401,987,595
Members' Equity		
Perpetual Contributed Capital	**16,861,345**	16,861,345
Undivided earnings	**34,659,751**	24,759,319
Unrealized gain (loss) on securities available for sale, net	**(4,233,499)**	1,380,185
Total Members' Equity	**47,287,597**	43,000,849
Total Liabilities and Members' Equity	**$ 336,284,180**	$ 444,988,444

See accompanying notes to financial statements.

For the years ended December 31,		**2022**		2021
Interest Income				
Investment income	**$**	**5,362,548**	$	1,724,064
Interest on loans		**133,066**		2,886
Total Interest Income		**5,495,614**		1,726,950
Cost of Funds				
Dividends on members' share accounts		**2,426,776**		204,860
Interest on borrowed funds		**79,226**		–
Total Cost of Funds		**2,506,002**		204,860
Net Interest Income		**2,989,612**		1,522,090
Noninterest Income				
Fee income		**1,319,288**		1,336,472
Other income (loss)		**196,274**		183,946
Net gain (loss) on investment in CUSO		**(77,942)**		149,723
U.S. Central distribution		**8,150,235**		11,969,731
Total Noninterest Income		**9,587,855**		13,639,872
Operating Expenses				
Salaries and wages		**986,162**		829,629
Payroll taxes		**70,952**		74,730
Data processing and audit services		**331,770**		314,541
Employee benefits		**402,436**		286,680
Education and promotional		**62,302**		59,823
Travel and conference		**44,355**		31,306
Depreciation		**116,969**		125,829
Bank charges and fees		**64,499**		75,095
Communications		**26,045**		25,353
Office operations		**25,494**		24,693
Insurance		**83,573**		77,028
Professional and outside services		**319,827**		285,555
Information systems		**14,452**		21,714
Operating and examination fees		**24,839**		26,183
Building maintenance		**53,268**		39,211
Miscellaneous		**25,609**		24,596
Annual meeting		**12,241**		11,767
Property taxes		**12,242**		12,285
Total Noninterest Expense		**2,677,035**		2,346,018
Net income	**$**	**9,900,432**	$	12,815,944

See accompanying notes to financial statements.

Statements of Comprehensive Income

For the years ended December 31,	2022	2021
Net Income	**$ 9,900,432**	$ 12,815,944
Other Comprehensive Income (Losses):		
Changes in unrealized gains (losses) on debt securities available for sale (AFS)	**(5,613,684)**	830,495
Total Comprehensive Income	**$ 4,286,748**	$ 13,646,439

Statements of Changes in Members' Equity

Years Ended December 31, 2022 and 2021	Perpetual Contributed Capital	Undivided Earnings	Accumulated Other Comprehensive Income	Total
Balances at January 1, 2021	$ 16,861,345	$ 11,943,375	$ 549,690	$ 29,354,410
Comprehensive Income	–	12,815,944	830,495	13,646,439
Balances at December 31, 2021	16,861,345	24,759,319	1,380,185	43,000,849
Comprehensive Income	**–**	**9,900,432**	**(5,613,684)**	**4,286,748**
Balances at December 31, 2022	**$ 16,861,345**	**$ 34,659,751**	**$ (4,233,499)**	**$ 47,287,597**

See accompanying notes to financial statements.

For the years ended December 31,	2022	2021
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	**$ 9,900,432**	$ 12,815,944
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	**116,969**	125,829
Amortization of investment premium (discount), net	**250,820**	169,371
Net (gain) loss on investments in Credit Union Service Organizations	**77,942**	(149,723)
Accrued interest receivable	**(624,104)**	27,318
Deferred and prepaid expense	**26,138**	(211,218)
Other assets	**(13,635,910)**	(1,312,443)
Accounts payable and accrued expenses	**12,701,210**	1,024,562
Total adjustments	**(1,086,935)**	(326,304)
Net cash provided by operating activities	**8,813,497**	12,489,640
Cash flows from investing activities:		
Net (increase) decrease in loans	**(3,940,121)**	35,919
Purchases of securities available for sale	**(43,156,911)**	(52,866,768)
Proceeds from sales, calls, and maturities of securities available for sale	**79,566,768**	54,502,970
Distributions from Credit Union Service Organizations	**420,000**	–
Purchase of FHLB stock	**(781,900)**	(54,000)
Net proceeds from redemption of Central Liquidity Facility stock	**10,416,189**	493,507
National Credit Union Share Insurance Fund capitalization	**2,658**	2,068
Capital expenditures	**(74,481)**	(18,379)
Net cash used in investing activities	**42,452,202**	2,095,317
Cash flows from financing activities:		
Net change in members' share accounts	**(125,692,222)**	(87,599,128)
Net cash provided by financing activities	**(125,692,222)**	(87,599,128)
Net increase in cash and cash equivalents	**(74,426,523)**	(73,014,171)
Cash and cash equivalents at beginning of year	**149,555,595**	222,569,76
Cash and cash equivalents at end of year	**$ 75,129,072**	$ 149,555,595

Components of cash and cash equivalents at end of year:		
Cash - Federal Reserve Bank	**$ 68,470,814**	$ 143,743,031
Cash - money market accounts	**5,212,138**	5,116,821
Cash - other institutions	**1,446,120**	695,743
Total Cash	**$ 75,129,072**	$ 149,555,595

Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Dividends on members' share accounts and interest on borrowed funds	**$ 2,506,002**	204,860

See accompanying notes to 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, either internally or through strategic partnerships 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

Federal Reserve Bank (FRB) – Excess Balance Account (EBA) Program

The Credit Union, as agent, entered into an EBA agreement with participating member credit unions and the FRB, whereby the FRB opened EBA accounts for the benefit of the participants at the request of the agent. As such, the balances in the EBA accounts are not reflected in the Credit Union's financial statements. These balances totaled approximately $293,200,000 and $1,001,900,000 as of December 31, 2022 and 2021, respectively. Neither the participating member credit unions nor the agent may use the EBA for general payments or other activities. The aggregate balance in the EBA represents a deposit liability of the FRB solely to the participants. The agent is solely responsible for calculating and distributing the interest payable to each participant on the participant's excess balance and for damages owed to participants for any inaccuracy in calculating the participant's excess balance and interest.

Risks and Uncertainties

The Credit Union is subject to certain risks and uncertainties including, but not limited to, interest rate, prepayment, market, geographic concentration, regulatory and credit risk. Net interest income and dividends result from the difference between interest income and dividends earned on interest earning assets and the interest and dividend expense incurred on interest bearing liabilities and shares. Net interest income and dividends can be significantly affected by changes in the relative amounts of, and the interest and dividend rates associated with these assets and liabilities. In addition, during periods of falling interest rates, the loans underlying the Credit Union's security portfolio are more likely to prepay, and the Credit Union may not be able to reinvest the proceeds from prepayments in securities and other financial assets with comparable yields to those of the prepaying securities.

Moreover, the Credit Union's assets and liabilities are primarily interest and credit sensitive financial instruments and, as such, are subject to a degree of market risk, which may affect their fair value.

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 Organization (CUSO) are recorded using the equity method of accounting 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.

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, 2022 and 2021, 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.

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

Credit Union deposits up to $250,000, other than PCC accounts, were guaranteed by NCUSIF through December 31, 2022.

Perpetual Contributed Capital (PCC)

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 are 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.

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 $1,063,500 and $281,600 as of December 31, 2022 and 2021. The Credit Union carries 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.

The FHLB stock has both a membership component and a borrowing component. As of December 31, 2022, $229,200 was for the membership component and $834,300 was for the borrowing component. FHLB repurchases the stock the business day following the repayment of the borrowings.

Central Liquidity Facility Stock (CLF)

The Credit Union invested in the CLF in May 2020 to serve as an agent on behalf of member credit unions. The Credit Union sold the CLF stock during the year ended December 31, 2022. For the year ended December 31, 2021, the Credit Union carried the stock at cost.

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.

U.S. Central Distribution

On October 1, 2010, U.S. Central Federal Credit Union was placed into liquidation, and on October 5, 2010, NCUA issued a claim certificate to the Credit Union for the Membership Capital Account (MCA) balance previously depleted through the recognition of losses. This claim certificate enables the Credit Union to share in any proceeds that correspond to the payout priority of the claim recovered during the liquidation of U.S. Central Federal Credit Union.

During the years ended December 31, 2022 and 2021, the Credit Union received distributions in the amount of $14,000,284 and $19,119,790, respectively, gross income. The Credit Union distributed $5,850,048 and $7,150,059 to members and recorded a gain in the amount of $8,150,235 and $11,969,731 as of December 31, 2022 and 2021, respectively. In addition to the MCA claim, there is Paid in Capital of approximately $3,300,000, that has the potential of future distribution by the NCUA.

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.

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.

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

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

ASU No. 2016 13, *Measurement of Credit Losses on Financial Institutions* This standard will significantly change how financial assets measured at amortized cost are presented. Such assets, which include most loans, will be presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses will be based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The standard will also change the accounting for credit losses related to securities available for sale and purchased financial assets with a more than significant amount of credit deterioration since organization. This new accounting standard is effective for financial statements issued for interim and annual periods beginning after December 15, 2022. The Credit Union has been evaluating the impacts this new standard will have on its financial statements, and based on methodologies that are anticipated to be implemented at adoption, the Credit Union is estimating that its allowance for credit loss will continue to be recorded at $0 upon adoption. The actual amount determined from the adoption of this accounting standard will be recognized as a cumulative effect adjustment to the January 1, 2023 retained earnings balance.

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. Uninsured cash amounts totaled approximately $5,830,000 and $5,294,000 for the years ended December 31, 2022 and 2021, respectively. 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.

NOTE 3: SECURITIES

The amortized cost and estimated fair value of securities with gross unrealized gains and losses at December 31, 2022 and 2021 follows:

2022	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Securities available for sale:				
Floating rate CMOs	**$ 22,856,011**	**$ -**	**$ (358,088)**	**$ 22,497,923**
Fixed rate CMOs	**10,876,727**	**-**	**(1,743,744)**	**9,132,983**
Floating rate CMBs	**60,562,353**	**-**	**(1,353,543)**	**59,208,810**
Fixed rate CMBs	**4,970,717**	**-**	**(46,067)**	**4,924,650**
Floating rate U.S. Government Agencies	**58,405,933**	**317,025**	**(239,215)**	**58,483,743**
Fixed rate U.S. Government Agencies	**3,000,000**	**-**	**(382,860)**	**2,617,140**
FFELP loan pools	**3,388,350**	**-**	**(128,793)**	**3,259,557**
Floating rate ABS credit card pools	**22,096,695**	**8,397**	**(51,667)**	**22,053,425**
Fixed rate ABS auto pools	**6,821,758**	**-**	**(140,377)**	**6,681,381**
SBA pools	**40,564,177**	**90,022**	**(204,589)**	**40,449,610**
Total securities available for sale	**$ 233,542,721**	**$ 415,444**	**$ (4,648,943)**	**$ 229,309,222**

2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available for sale:				
Floating rate CMOs	$ 29,782,096	$ 170,068	$ (1,589)	$ 29,950,575
Fixed rate CMOs	13,528,858	56,689	(253,298)	13,332,249
Floating rate CMBs	68,381,264	173,523	(53,687)	68,501,100
Fixed rate CMBs	2,754,710	18,149	-	2,772,859
Floating rate U.S. Government Agencies	50,500,000	841,467	(2,520)	51,338,947
Fixed rate U.S. Government Agencies	3,000,000	-	(85,890)	2,914,110
FFELP loan pools	4,198,625	2,199	(68,572)	4,132,252
Floating rate ABS credit card pools	49,057,663	188,417	-	49,246,080
Floating rate ABS auto pools	3,000,545	895	-	3,001,440
SBA pools	45,999,638	415,681	(21,348)	46,393,971
Total securities available for sale	$270,203,399	$ 1,867,088	$ (486,904)	$ 271,583,583

Management determined that there were no other than temporary impairments during 2022 and 2021.

NOTE 3: SECURITIES (CONTINUED)

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	
2022	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Floating rate CMOs	**$ 20,983,676**	**$ (329,957)**	**$ 1,514,246**	**$ (28,131)**	**$ 22,497,922**	**$ (358,088)**
Fixed rate CMOs	**2,804,510**	**(252,708)**	**6,328,473**	**(1,491,036)**	**9,132,983**	**(1,743,744)**
Floating rate CMBS	**37,207,478**	**(655,126)**	**22,001,332**	**(698,417)**	**59,208,810**	**(1,353,543)**
Fixed rate CMBS	**4,924,650**	**(46,067)**	**-**	**-**	**4,924,650**	**(46,067)**
Floating rate U.S. government agencies	**23,262,585**	**(237,415)**	**1,998,200**	**(1,800)**	**25,260,785**	**(239,215)**
Fixed rate U.S. government Agencies	**-**	**-**	**2,617,140**	**(382,860)**	**2,617,140**	**(382,860)**
FFELP loan pools	**864,822**	**(26,848)**	**2,394,734**	**(101,945)**	**3,259,556**	**(128,793)**
Floating rate ABS credit card pools	**17,287,855**	**(51,667)**	**-**	**-**	**17,287,855**	**(51,667)**
Fixed rate ABS auto pools	**6,681,382**	**(140,377)**	**-**	**-**	**6,681,382**	**(140,377)**
SBA	**14,548,421**	**(147,671)**	**4,469,782**	**(56,918)**	**19,018,203**	**(204,589)**
Total	**$ 128,565,379**	**$ (1,887,836)**	**$ 41,323,907**	**$ (2,761,107)**	**$169,889,286**	**$ (4,648,943)**

	Less than 12 Months		12 Months or More		Total	
2021	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Floating rate CMOs	$ 2,197,719	$ (1,589)	$ -	$ -	$ 2,197,719	$ (1,589)
Fixed rate CMOs	7,414,484	(253,097)	1,901,211	(201)	9,315,695	(253,298)
Floating rate CMBS	31,512,402	(53,687)	-	-	31,512,402	(53,687)
Floating rate U.S. government agencies	1,997,480	(2,520)	-	-	1,997,480	(2,520)
Fixed rate U.S. government agencies	2,914,110	(85,890)	-	-	2,914,110	(85,890)
FFELP loan pools	-	-	3,091,529	(68,572)	3,091,529	(68,572)
SBA	5,585,632	(18,001)	933,098	(3,347)	6,518,730	(21,348)
Total	$ 51,621,827	$ (414,784)	$ 5,925,838	$ (72,120)	$ 57,547,665	$ (486,904)

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, 2022.

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, 2022, by contractual maturity, are shown below.

Description of Securities	1 Year	1–5 Years	5–10 Years	More than 10 Years	Total
Floating Rate U.S. Government Agencies	$ -	$ 18,521,195	$ 33,083,608	$ 6,878,940	$ 58,483,743
Fixed Rate U.S. Government Agencies	-	2,617,140	-	-	2,617,140
Total	$ -	$ 21,138,335	$ 33,083,608	$ 6,878,940	$ 61,100,883

As of December 31, 2022 and 2021, there was no sale of investment.

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, 2022.

Years ended December 31,	**2022**	2021
CU Investment Solutions, LLC	**$ 374,312**	$ 461,871
Primary Financial Company, LLC	**1,324,414**	1,734,797
Total	**$ 1,698,726**	$ 2,196,668

As of December 31, 2022 and 2021, Tricorp's ownership percentage in CU Investments Solutions, LLC was 11.11%.

As of December 31, 2022 and 2021, Tricorp's ownership percentage in Primary Financial Company, LLC was 8%.

NOTE 5: PREMISES AND EQUIPMENT

An analysis of premises and equipment at December 31, 2022 and 2021 is, as follows:

	2022	2021
Land	**$ 22,801**	$ 22,801
Buildings	**1,063,155**	990,610
Furniture and equipment	**1,044,406**	1,157,880
Subtotal	**2,130,362**	2,171,291
Accumulated depreciation	**1,509,451**	1,507,891
Total	**$ 620,911**	$ 663,400

NOTE 6: BORROWED FUNDS

As of December 31, 2022 and 2021, securities with collateral value totaling approximately $22,336,000 and $21,179,000, respectively, were pledged as collateral to the Federal Reserve Bank. As of December 31, 2022 and 2021, the Credit Union's borrowing capacity with the FRB was approximately $20,000,000 for an emergency line of credit. As of December 31, 2022 and 2021, 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 $2,000,000 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, 2022 and 2021, Tricorp had securities held in safekeeping at the FHLB with a fair value of approximately $84,776,000 and $110,217,000, respectively. As of December 31, 2022 and 2021, the Credit Union's available borrowing capacity, in addition to the $2,000,000 IDEAL Way line of credit, was approximately $77,769,000 and $101,595,000, respectively. Borrowing capacity is based on a formula published periodically by the FHLB. At December 31, 2022 and 2021, Tricorp had $0 outstanding short term advances.

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, 2022 and 2021. As of December 31, 2022 and 2021, Tricorp had securities held in safekeeping with a fair value of approximately $73,366,000 and $82,700,000, respectively. As of December 31, 2022 and 2021, the Credit Union's borrowing capacity was approximately $50,000,000, with an additional $20,000,000 in emergency borrowing. At December 31, 2022 and 2021, Tricorp had no short term advances from Corporate One Credit Union.

NOTE 7: MEMBERS' SHARE ACCOUNTS

Members' share accounts at December 31, 2022 and 2021 totaled $272,081,450 and $397,773,672, respectively. The aggregate amount of deposit accounts with a balance in excess of $250,000 was $253,316,296 and $376,768,404 at December 31, 2022 and 2021, respectively. The rates on members' share accounts ranged from 0.00% to 4.40% and 0.00% to 0.10% during the years ended December 31, 2022 and 2021, 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 minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined) to moving monthly average net risk weighted assets (as defined) and moving daily average net assets (as defined). Management believes, as of December 31, 2022 and 2021, the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2022, the most recent regulatory reporting period for 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 notification that management believes have changed the Credit Union's category.

The Credit Union's capital amounts and ratios as of December 31, 2022 and 2021 are presented in the tables.

2022	**Actual**		**For Capital Adequacy Purposes**		**To Be Well Capitalized Under Prompt Corrective Action Provisions**	
(Dollars in Thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total Capital (to moving monthly average net risk weighted assets	**$ 49,822,370**	**101.24%**	**$ 3,937,098**	**≥ 8.00%**	**$ 4,921,372**	**≥10.00%**
Tier 1 capital (to moving monthly average net risk weighted assets)	**49,822,370**	**101.24%**	**1,968,549**	**≥ 4.00%**	**2,952,823**	**≥ 6.00%**
Leverage Ratio (to moving daily average net assets)	**49,822,370**	**14.89%**	**13,385,751**	**≥ 4.00%**	**16,732,189**	**≥ 5.00%**

2021	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in Thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to moving monthly average net risk weighted assets	$ 39,423,995	78.50%	$ 4,017,877	≥ 8.00%	$ 5,022,346	≥ 10.00%
Tier 1 capital (to moving monthly average net risk weighted assets)	39,423,995	78.50%	2,008,938	≥ 4.00%	3,013,408	≥ 6.00%
Leverage Ratio (to moving daily average net assets)	39,423,995	9.06%	17,406,529	≥ 4.00%	21,758,161	≥ 5.00%

NOTE 8: REGULATORY CAPITAL (CONTINUED)

As of December 31, 2022, 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: RELATED PARTY TRANSACTIONS

The Credit Union's Board consists of senior executive officers of full member credit unions and credit union related entities. Loans made to these entities are made in the ordinary course of business with normal credit terms including interest rates and collateral. The loans outstanding to these entities were $0 as of December 31, 2022 and 2021. $58,350,000 and $32,350,000 were available as lines of credit at December 31, 2022 and 2021, respectively. The shares outstanding for these credit unions were approximately $26,247,000 and $33,915,000 at December 31, 2022 and 2021, respectively.

NOTE 10: 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 2022 and 2021, the Credit Union made contributions to the 401(k) plan of $83,495 and $75,539, 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 2022 and 2021. 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 $1,121,985 and $1,066,432 at December 31, 2022 and 2021, respectively.

During 2014, the Credit Union implemented an additional supplemental executive retirement plan (SERP) covering the chief executive and chief financial officer. 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. On October 1, 2020, the Credit Union amended and restated these notes with the executives. The new notes advanced additional funds for remaining future premium payments. These funds are maintained in accounts held by the executive and Credit Union's Fiduciary as signer. The notes will accrue interest at a rate of 1.12%. Total premiums paid, plus accrued interest included in other assets, totaled $2,782,871 and $2,752,048 as of December 31, 2022 and 2021, 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 $1,694,069 and $1,626,342 as of December 31, 2022 and 2021, respectively.

During 2022, the Credit Union made an amendment to the chief financial officer's SERP. Total premiums paid, plus accrued interest included in other assets, totaled $915,840 at December 31, 2022.

NOTE 11: 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 $363,418,000 and $316,628,000 at December 31, 2022 and 2021, respectively. The Credit Union also had letters of credit totaling approximately $3,832,000 and $3,470,000 at December 31, 2022 and 2021, respectively. All secured by shares or securities in 2022 and shares only in 2021.

NOTE 12: CONCENTRATIONS OF CREDIT RISK

At December 31, 2022, four member credit unions' share accounts exceeded 5% of total deposits. The accounts comprised 32.11% of the Credit Union's total shares. At December 31, 2021, five member credit unions' share accounts exceeded 5% of total deposits. The accounts comprised 29.82% of the Credit Union's total shares.

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, 2022 and 2021, 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.

2022	Fair Value	Recurring Fair Value Measurements Using Level 1	Level 2	Level 3
Assets:				
Securities available for sale:				
Floating rate CMOs	**$ 22,497,923**	**$ -**	**$ 22,497,923**	**$ -**
Fixed rate CMOs	**9,132,983**	**-**	**9,132,983**	**-**
Floating rate CMBS	**59,208,810**	**-**	**59,208,810**	**-**
Fixed rate CMBS	**4,924,650**	**-**	**4,924,650**	**-**
Floating rate U.S. Government Agencies	**58,483,743**	**-**	**58,483,743**	**-**
Fixed rate U.S. Government Agencies	**2,617,140**	**-**	**2,617,140**	**-**
FFELP loan pools	**3,259,557**	**-**	**3,259,557**	**-**
Floating rate ABS credit card pools	**22,053,425**	**-**	**22,053,425**	**-**
Fixed rate ABS auto pool	**6,681,381**	**-**	**6,681,381**	**-**
SBA pools	**40,449,610**	**-**	**40,449,610**	**-**
Total	**$ 229,309,222**	**$ -**	**$ 229,309,222**	**$ -**

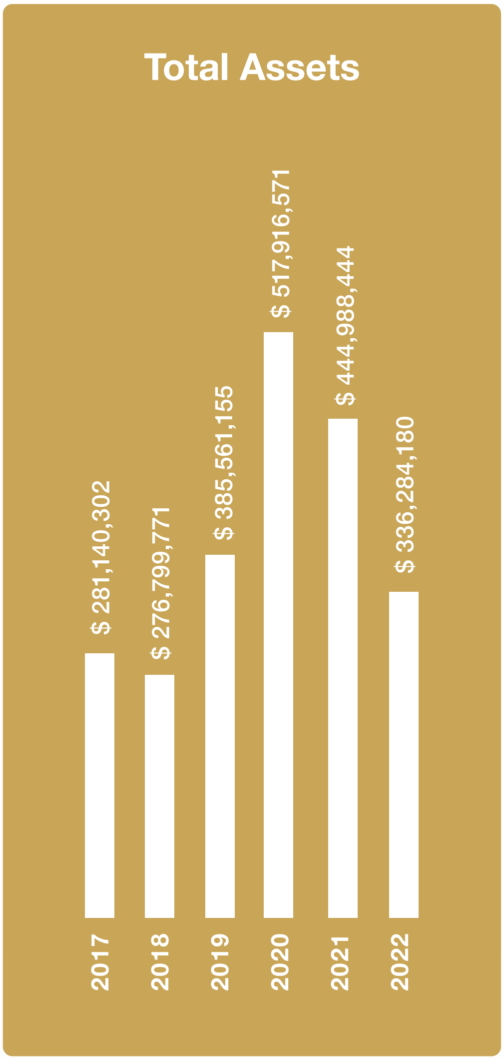
2021	Fair Value	Recurring Fair Value Measurements Using Level 1	Level 2	Level 3
Assets:				
Securities available for sale:				
Floating rate CMOs	$ 29,950,575	$ -	$ 29,950,575	$ -
Fixed rate CMOs	13,332,249	-	13,332,249	-
Floating rate CMBs	68,501,100	-	68,501,100	-
Fixed rate CMBS	2,772,859	-	2,772,859	-
Floating rate U.S. Government Agencies	51,338,947	-	51,338,947	-
Fixed rate U.S. Government Agencies	2,914,110	-	2,914,110	-
FFELP loan pools	4,132,252	-	4,132,252	-
Floating rate ABS credit card pools	49,246,080	-	49,246,080	-
Floating rate ABS auto pool	3,001,440	-	3,001,440	-
SBA pools	46,393,971	-	46,393,971	-
Total	$ 271,583,583	$ -	$ 271,583,583	$ -

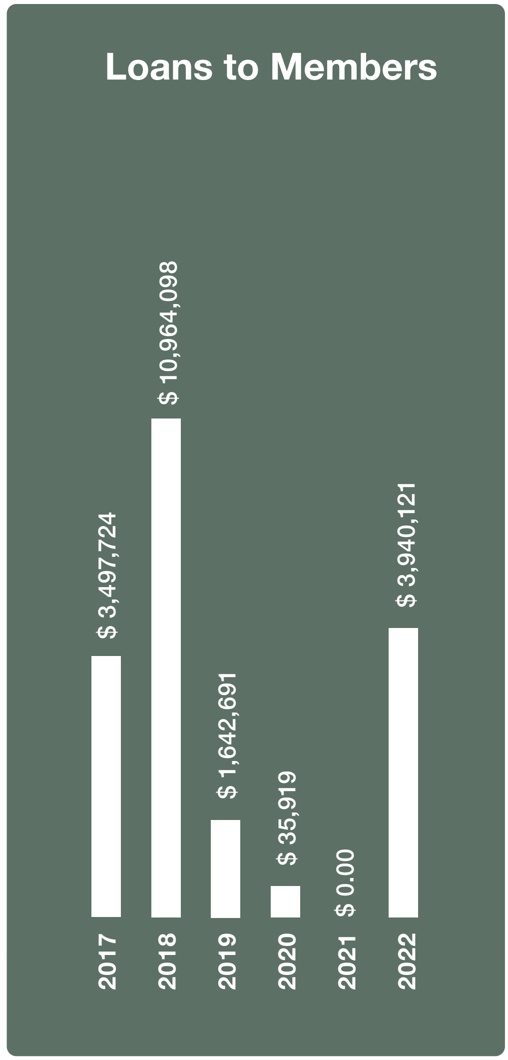
NOTE 14: SUBSEQUENT EVENT

In March 2023, the Credit Union received an additional $2,402,802 million in U.S. Central distributions. Of this $2,402,802 distribution, $1,706,502 is the final Membership Capital Account payment and $696,300 is the first payment of Paid in Capital.

Management has made an evaluation of subsequent events to and including March 27, 2023, 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.

Financial Graphs





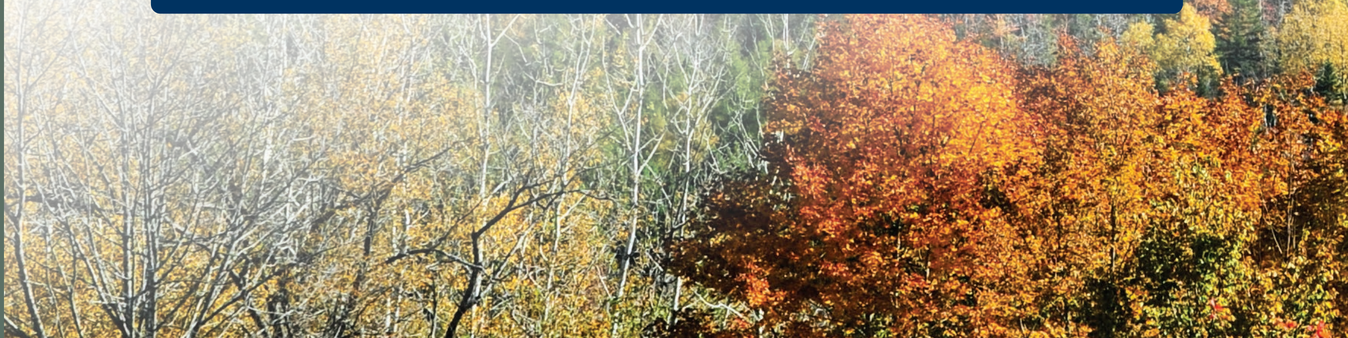
Services

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

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

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

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



Board of Directors

Ryan Poulin, New Dimensions FCU
Chairman

Matt Kaubris, Oxford FCU
Vice Chairman

Joseph Bergeron, AVCU
Secretary

Scott Harriman, Cumberland County FCU
Principal Financial Officer

Brian Hughes, Holy Rosary CU

Jean Giard, Vermont FCU

Tim Verreault, Evergreen CU

Supervisory Committee

Brian Hughes, Holy Rosary CU
Chairman

Cathy Bond, Connected CU

Jonathan Oglebay, Bellwether Community CU

ALM Committee

Scott Harriman, Cumberland County FCU
Chairman

Ryan Poulin, New Dimensions FCU

Michael McLoud, Tricorp FCU

Stephen Roy, Tricorp FCU

ERM Committee

Matt Kaubris, Oxford FCU

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

Sherry Weed
Member Service Representative

Tricorp
Federal Credit Union

www.tricorp.org · 2 Ledgeview Drive · Westbrook, Maine 04092 · 800-346-1936