



*Asset/Liability Management Service  
That Accelerates Success*

*Questions? Answers. Challenges? Solutions.*

# Why Choose Catalyst Strategic Solutions?

Catalyst Strategic Solutions combines professional expertise, strong technology and individualized ALM strategies to assist credit unions of all sizes and complexities.

Credit union management is constantly balancing multiple objectives—for example, evaluating interest rate, credit and liquidity risks while managing the growth and pricing for loans and deposits. The ALM Service, provided by Catalyst Strategic Solutions, can help. Partnering with Catalyst Strategic Solutions' ALM experts enables credit unions to juggle multiple responsibilities with ease and confidence. Catalyst Strategic Solutions' ALM specialists use industry leading analytical tools, to accurately measure balance sheet risks. Credit unions receive concise, easy-to-understand reports that measure earnings fluctuations under a broad range of scenarios, factoring in such assumptions as changing interest rates, account behaviors, prepayment speeds, new business pricing, and non-term share pricing. The pinpoint-precise report shows strengths, weaknesses, and financial preparedness for the future.

Credit unions using the ALM Service enthusiastically embrace the expanded support Catalyst Strategic Solutions provides. It's a service trusted by more than 250 credit union clients in 19 states that range in assets from \$4 million to more than \$20 billion.

**Catalyst Strategic Solutions' customized ALM solution provides cutting edge capabilities to help credit unions succeed during a time when razor thin margins leave little room for miscalculations.**

**Catalyst Strategic Solutions works only with credit unions, and as a cooperative, all profits are returned directly or indirectly to credit unions.**

**ALM consultants can provide ongoing support to management, ALCO and board members.**

## A HISTORY OF CREDIT UNION SERVICE THAT DELIVERS VALUE TODAY

The ALM Service first began more than 20 years ago—establishing itself as a regional pioneer with the introduction of the Asset/Liability Management (ALM) Service in Texas, Louisiana, Oklahoma, New Mexico, and Arkansas. At that time, the company turned away from a one-size-fits-all approach in favor of tailoring solutions to individual credit unions. Today, credit unions nationwide still rely on Catalyst Strategic Solutions' ALM analysts to provide customized risk assessments and earnings forecasts to guide them in their decision making.

Suitable for credit unions of any size or complexity, the ALM Service is available as a stand-alone service or as part of Catalyst Strategic Solutions' Advisory Service. The Advisory Service, which integrates a strong foundation of insight provided by the ALM Service, is designed for credit unions that are looking for balance sheet strategy and investment management in addition to asset liability modeling. The Advisory Service provides industry-leading balance sheet strategic advice, "most favored" institutional investment pricing, and commission-free trade execution.



Industry leading analytic tools  
accommodate credit unions of all sizes  
and complexities.

Mortgage Servicing Rights  
Valuations now available.

## How Catalyst Strategic Solutions ALM Service Can Help Your Credit Union

### ACCURATE RISK ASSESSMENT FOR SMARTER DECISIONS:

Catalyst Strategic Solutions' ALM Service's goal is simple: to provide credit unions with an accurate interest rate risk assessment using the most advanced, cutting-edge technology. This service, provided by experienced and knowledgeable analysts, is supplemented with attentive support, ongoing education and customization to meet the needs of each individual credit union.

### ADVANCED ANALYTICS TO DIG DEEPER:

Credit union balance sheets are more complex and dynamic than ever before. Regardless of a credit union's level of complexity, Catalyst Strategic Solutions analysts have the ability to accurately model all types of balance sheets.

For those credit unions with fairly straight forward balance sheets, Catalyst utilizes the fully customizable ALPs (Asset Liability Performance System) Model, which enables credit unions to customize the modeling methods and reporting specific to their balance sheet needs.

Credit unions with more complex balance sheets with significant longer term assets such as mortgages or those investing in complex investments or hedging strategies will need the account level granularity of our Comprehensive ALM Model. This model utilizes advanced analytical techniques such as pathwise lattice simulation and backward induction to accurately model even the most unique balance sheets.

### CUSTOMIZED ASSUMPTIONS TO ACCURATELY ANALYZE PERFORMANCE:

To attain the ALM Service's goal of providing an accurate interest rate risk assessment, analysts customize the assumptions within each model to reflect the dynamic attributes of each credit union's balance sheet. A few of the many customized assumptions are:

- New business pricing
- Non-term share pricing
- Custom account behaviors
- Prepayment speeds
- Rate scenarios

### DIVERSE MODELING TECHNIQUES:

Catalyst Strategic Solutions has ALM modeling solutions designed to accommodate both the large complex credit union, as well as the small non-complex credit union. These modeling methods include:

- Income simulation – A short-to-intermediate-term assessment of interest rate risk
- Net economic value (NEV) – A long-term assessment of risk
- Gap analysis – A short-term interest rate risk measurement for non-complex credit unions

ALM Service analysts understand that each client may have specific requests or unique situations that need to be analyzed, modeled, and presented. Analysts create an industry-leading "board ready" ALM reporting package designed to meet any credit union's unique needs.

### SUPPORT AND EDUCATION:

All of Catalyst's ALM solutions include personal attention and hands-on guidance from experienced ALM analysts. Analysts provide each credit union with an accurate interest rate risk assessment, in-depth performance analysis, and written commentary. Catalyst Strategic Solutions also offers additional "a la carte" services, such as:

- Model validation
- Core deposit studies
- Mortgage servicing rights valuation
- Forecast analysis
- Management and board education
- ALM policy review
- "What if" scenarios
- Customized reporting

### EASY DATA MIGRATION:

When using a third-party partner to meet ALM needs, the process has to be accurate and secure—and it also should be smooth and manageable. Credit unions get these benefits with the ALM Service. Whether credit unions utilize the Comprehensive Analysis, that uploads account level detail from each of your data sources, or the Standard Analysis, that is based on quarterly NCUA 5300 Call Report information, ALM Service analysts manage the process to assure ease and accuracy.



Catalyst Strategic Solutions, a wholly-owned subsidiary of Catalyst Corporate Federal Credit Union, provides credit unions with options — Comprehensive ALM analysis, Standard ALM analysis, and numerous customized analytic services.

### COMPREHENSIVE ALM ANALYSIS:

The comprehensive ALM analysis package is designed to meet the needs of larger-sized credit unions with complex lending and investment portfolios. The seasoned team of ALM analysts at Catalyst Strategic Solutions can produce clear and concise reports that monitor financial performance and measure market value and earnings fluctuations over a broad range of plausible interest rate scenarios. To provide deep insights, analysts use the most advanced modeling software available. The comprehensive ALM analysis includes:

- Downloadable data management reports that provide account-by-account modeling
- Extensive validation of all data to ensure data input integrity
- Ability to define and observe the behavior of any type of financial instrument
- Capture of embedded prepayment options, based on collateral type
- Non-term share valuation utilizing regression analysis  
Calculation of an option adjusted spread (OAS)
- Lattice-based valuation using the Hull-White term structure model
- Monthly or quarterly assessment of future earnings, capital adequacy, and interest-rate risk exposure
- Income simulation and NEV analyses run under multiple interest-rate shock scenarios
- “What-if” analyses performed to confirm business plans and/or test the impact of new products
- Assumption review, education, and custom presentation of the first analysis by an ALM consultant
- Reports ready for presentation to ALCO or Board of Directors

### STANDARD ALM ANALYSIS:

The standard ALM analysis monitors financial performance to manage earnings fluctuations and ensure adequate capital under a broad range of possible interest rate shock scenarios. By utilizing NCUA 5300 Call Report data along with an easy to complete financial questionnaire, our team of ALM analysts work with you to develop custom assumptions and then produce an easy-to-understand report package. The standard ALM analysis includes:

- GAP, NEV and Income Simulation risk measurement options
- Analysis run under multiple interest rate shock scenarios
- ALCO or board-ready executive summary and report  
Quarterly or semi-annual measures of:
  - Earnings
  - Growth
  - Capital adequacy
  - Loan quality
  - Liquidity
  - Exposure to interest rate risk
  - Trend analysis
  - Peer group comparison

### Additional ALM Analysis available from Catalyst Strategic Solutions:

- Model validation
- Core deposit studies
- Mortgage servicing rights valuation
- Forecast analysis
- Static pool lending analysis

### All Asset/Liability Management Service solutions include:

- Personal attention and hands-on guidance from experienced ALM specialists
- Monthly, quarterly or semi-annual risk assessments that include interest rate risk measurements, in-depth performance analysis and commentary
- Assistance with development of ALM policies
- ALM education and consulting for credit union management and directors



**Catalyst Corporate Federal Credit Union**

6801 Parkwood Boulevard | Plano, Texas 75024  
800-301-6196 | [contactis@catalystcorp.org](mailto:contactis@catalystcorp.org) | [www.catalyststrategic.org](http://www.catalyststrategic.org)