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A Professional Association

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INDEPENDENT AUDITOR'S REPORT

April 6, 2015

To the Supervisory Committee of
Catalyst Corporate Federal Credit Union

We have audited the accompanying consolidated financial statements of Catalyst Corporate Federal Credit Union and its subsidiary, which comprise the consolidated statement of financial condition as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the years then ended and the related notes to the consolidated financial statements. We also have audited management's assertion, included in the accompanying 2014 Management Report that Catalyst Corporate Federal Credit Union maintained effective internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA's 5310 Call Report as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Consolidated Financial Statements and Internal Control over Financial Reporting

Catalyst Corporate Federal Credit Union's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, for maintaining internal control over financial reporting including the design, implementation and maintenance of controls relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatement, whether due to error or fraud, and for its assertion about the effectiveness of internal control over financial reporting, included in the accompanying 2014 Management Report.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and an opinion on management's assertion regarding the effectiveness of Catalyst Corporate Federal Credit Union's internal control over financial reporting based on our audits. We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and our audit of internal control over financial



reporting in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of the consolidated financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of internal control over financial reporting involves obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that the audit evidence we obtained is sufficient and the appropriate to provide a basis for our audit opinions.

Definition and Inherent Limitations of Internal Control

An entity'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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Because management's assessment and our examination were conducted to meet the reporting requirements of Section 704.15 of the NCUA Regulations, our audit of Catalyst Corporate Federal Credit Union's internal control over financial reporting included controls over the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and with the NCUA 5310 Call Report instructions. An entity'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 entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity 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 entity's assets that could have a material effect on the consolidated 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.

Opinions

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Catalyst Corporate Federal Credit Union as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also in our opinion, management's assertion that Catalyst Corporate Federal Credit Union maintained effective internal control over financial reporting as of December 31, 2014, is fairly stated, in all material respects, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Orth, Chakler, Murnane & Co.

Orth, Chakler, Murnane & Company
Certified Public Accountants
Miami, FL

Catalyst Corporate Federal Credit Union

Consolidated Statements of Financial Condition

December 31, (in thousands)	2014	2013
Assets		
Cash and cash equivalents	\$1,267,120	\$1,301,575
Investments:		
Available-for-sale	834,092	558,284
Federal Home Loan Bank capital stock	924	1,092
Investments in credit union service organizations (CUSOs)	4,447	4,488
Loans to members	263,812	411,198
Accounts receivables and other assets	12,131	11,985
Property and equipment, net	13,803	13,145
Goodwill and other intangible assets	2,794	2,883
National Credit Union Share Insurance Fund (NCUSIF)	2,774	2,998
Total assets	\$2,401,897	\$2,307,648
Liabilities		
Members' share accounts	\$2,194,242	\$2,103,473
Members' share certificates	2,320	11,562
Accrued expenses and other liabilities	6,387	6,593
Total liabilities	2,202,949	2,121,628
Commitments and contingent liabilities		
Members' Equity		
Perpetual contributed capital	163,250	161,474
Undivided earnings	37,070	26,601
Accumulated other comprehensive loss	(1,372)	(2,055)
Total members' equity	198,948	186,020
Total liabilities and members' equity	\$2,401,897	\$2,307,648

The accompanying notes are an integral part of the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Consolidated Statements of Income

For the years ended December 31, (in thousands)	2014	2013
Interest income		
Loans to members	\$6,924	\$8,475
Investments available-for-sale	3,950	2,979
Federal Reserve Bank	3,164	4,081
Other	307	109
Total interest income	14,345	15,644
Interest expense		
Interest on members' share accounts	1,273	1,845
Interest on members' share certificates	35	845
Total interest expense	1,308	2,690
Net interest income	13,037	12,954
Non-interest income		
Share draft and depository processing fees	16,027	15,788
Off-balance-sheet income	8,308	8,278
Other fee income	7,648	7,084
Total non-interest income	31,983	31,150
Non-interest expenses		
Compensation and benefits	22,046	21,725
Information technology	4,375	4,187
Outside processing and service costs	4,341	3,942
Other operating expense	3,039	2,638
Office occupancy	1,159	1,148
Professional fees	1,094	1,408
Corporate credit union stabilization fund assessments	-	240
Total non-interest expenses	36,054	35,288
Other net gains		
Net gain on loan prepayment	2,560	-
Net gain on sale of investments available-for-sale	7	66
Total other net gains	2,567	66
Net income	\$11,533	\$8,882

The accompanying notes are an integral part of the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Consolidated Statements of Comprehensive Income

For the years ended December 31, (in thousands)	2014	2013
Net income	\$11,533	\$8,882
Other comprehensive income/(loss)		
Net unrealized holding gains/(losses) on investments classified as available-for-sale	690	(2,510)
Reclassification adjustment for net gains included in net income	(7)	(66)
Other comprehensive income/(loss)	683	(2,576)
Comprehensive income	\$12,216	\$6,306

The accompanying notes are an integral part of the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Consolidated Statements of Members' Equity

For the years ended December 31, 2013 and 2014 (in thousands)	Perpetual Contributed Capital	Undivided Earnings (Deficits)	Accumulated Other Comprehensive (Loss)/Income	Total
Balance at January 1, 2013	\$159,547	\$18,836	\$521	\$178,904
Net income	-	8,882	-	8,882
Perpetual contributed capital issued	1,929	-	-	1,929
Perpetual contributed capital released due to liquidation	(2)	-	-	(2)
Dividends paid on perpetual contributed capital	-	(1,117)	-	(1,117)
Other comprehensive loss	-	-	(2,576)	(2,576)
Balance at December 31, 2013	161,474	26,601	(2,055)	186,020
Net income	-	11,533	-	11,533
Perpetual contributed capital issued	1,777	-	-	1,777
Perpetual contributed capital released due to liquidation	(1)	-	-	(1)
Dividends paid on perpetual contributed capital	-	(1,064)	-	(1,064)
Other comprehensive income	-	-	683	683
Balance at December 31, 2014	\$163,250	\$37,070	(\$1,372)	\$198,948

The accompanying notes are an integral part of the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Consolidated Statements of Cash Flows

For the years ended December 31, (in thousands)	2014	2013
Cash flows from operating activities:		
Net income	\$11,533	\$8,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Dividends paid on perpetual contributed capital	(1,064)	(1,117)
Depreciation of property and equipment, net	1,405	1,180
Loss on disposal of property and equipment, net	12	8
Net gain on sale of investments available-for-sale	(7)	(66)
Amortization of net premiums and discounts on investments available-for-sale	1,493	555
Amortization of other intangible assets	89	122
Federal Home Loan Bank capital stock dividends	(4)	(4)
Changes in operating assets and liabilities:		
Accounts receivables and other assets	(146)	(41)
Accrued expenses and other liabilities	(206)	(46)
Net cash provided by operating activities	13,105	9,473
Cash flows from investing activities:		
Proceeds from sales of investments available-for-sale	21,523	25,045
Proceeds from maturities and repayments of investments available-for-sale	331,788	282,470
Purchases of investments available-for-sale	(629,922)	(360,927)
Net change in Federal Home Loan Bank capital stock	172	(281)
Net decrease/(increase) in investments in CUSOs	41	(375)
Net decrease/(increase) in loans to members	147,386	(180,544)
Expenditures for property and equipment, net	(2,075)	(3,051)
Net decrease/(increase) in NCUSIF	224	(694)
Net cash used in investing activities	(130,863)	(238,357)
Cash flows from financing activities:		
Net increase/(decrease) in members' share accounts	90,769	(370,856)
Net decrease in members' share certificates	(9,242)	(52,411)
Net decrease in members' capital accounts (unamortized portion)	-	(3,205)
Perpetual contributed capital issued	1,777	1,929
Perpetual contributed capital released	(1)	(2)
Net cash provided by/(used in) financing activities	83,303	(424,545)
Net decrease in cash and cash equivalents	(34,455)	(653,429)
Cash and cash equivalents at beginning of year	1,301,575	1,955,004
Cash and cash equivalents at end of year	\$1,267,120	\$1,301,575
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest on members' share accounts and certificates	\$1,352	\$3,164
Non-cash activity:		
Other comprehensive income/(loss)	\$683	(\$2,576)

The accompanying notes are an integral part of the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

1. ORGANIZATION

Catalyst Corporate Federal Credit Union (Catalyst Corporate) was chartered on September 6, 2011 as the combination of Georgia Corporate Federal Credit Union (Georgia Corporate) and Southwest Bridge Corporate Federal Credit Union (Southwest Bridge Corporate) after the successful recapitalization effort of member credit unions to comply with the revisions to the NCUA's rules governing corporate credit unions (12 C.F.R. §704). Catalyst Corporate acquired certain assets and liabilities of Western Bridge Corporate Federal Credit Union (Western Bridge) and First Corporate Credit Union (FirstCorp) on July 1, 2012 and October 29, 2012, respectively.

Catalyst Corporate is a federally chartered corporate credit union whose principal activity is to provide investment, credit, payment and correspondent services to its member credit unions. Catalyst Corporate's members can include federal and state-chartered credit unions, and other credit union organizations throughout the United States.

Catalyst Corporate derives its authority to operate from the United States federal government under the Federal Credit Union Act (the Act). The National Credit Union Administration (NCUA) serves as the regulatory agency responsible for enforcement of the Act. Pursuant to Section 122 of the Act, Catalyst Corporate is exempt from payment of federal and state income taxes.

CUSOURCE, LLC (CUSOURCE) is a wholly-owned subsidiary of Catalyst Corporate which provides investment advisory and asset-liability management services to credit unions on a nationwide basis. CUSOURCE does business under the name "Catalyst Strategic Solutions." As a single member limited liability company, CUSOURCE is not subject to federal and state income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated financial statements/Use of estimates

The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the periods then ended. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the fair value of financial instruments. The significant accounting principles and policies used in the preparation of these consolidated financial statements, together with certain related information, are summarized below.

The consolidated financial statements include the accounts of Catalyst Corporate and its wholly owned subsidiary, CUSOURCE. All significant intercompany balances and transactions have been eliminated in the Catalyst Corporate consolidated financial statements.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Cash and cash equivalents

Cash and cash equivalents includes amounts due from Federal Reserve Bank and other banks, as well as cash maintained in various courier vaults. Amounts due from banks may, at times, exceed federally insured limits.

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

Catalyst Corporate, 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 Catalyst Corporate consolidated financial statements. These balances totaled approximately \$3,593,993,000 and \$4,435,497,000 as of December 31, 2014 and 2013, 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. Catalyst Corporate, as 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.

Investments

Investments are classified into the following categories: available-for-sale and other. Investment securities classified as available-for-sale are measured at fair value as of the consolidated statement of financial condition date. Unrealized gains and losses for available-for-sale investments are reported as a separate component of members' equity as accumulated other comprehensive income/(loss). Realized gains and losses on disposition, if any, are computed using the specific identification method. Investments are adjusted for the amortization of premiums and accretion of discounts over the term of the investment as an adjustment to interest income on investments by a method that approximates the interest method.

As of December 2014 and 2013, other investments include capital stock in Federal Home Loan Bank (FHLB) and various investments in CUSOs.

Other investments are generally carried at cost, with the exception of certain investments in CUSOs, which are accounted for using the equity method of accounting.

Catalyst Corporate is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. Capital stock may be redeemed after a five year written notice to the FHLB. Capital stock in FHLB is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Cash and stock dividends are reported as income. Stock dividends are reinvested in FHLB capital stock. Catalyst Corporate held capital stock issued by FHLB of Dallas of \$924,000 and \$1,092,000 as of December 31, 2014 and 2013, respectively.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Loans to members

Loans to members are stated at the amount of unpaid principal. Interest on loans is accrued daily and is calculated using the simple-interest method on principal amounts outstanding. The accrual of interest is discontinued when management believes the collection of interest is doubtful. Catalyst Corporate reviews the loan portfolio for impairment on a regular basis. Catalyst Corporate has not recorded an allowance for loan losses as the loans are generally short term and are secured by members' total assets or specific assets of the member such as securities or an auto loan portfolio.

Open-end credit lines are provided at a variable interest rate and must be repaid within 12 months of the date of each advance or upon demand. All of these lines are backed by either a general or specific pledge of the borrowing credit union's assets.

Term loans are provided in a variety of structures including fixed rate, variable rate, bullet and amortizing structures. These loans are backed by either a specific or general pledge of the borrowing credit union's assets. Catalyst Corporate offers term loans with maturities up to 10 years.

Allowance for loan losses

Catalyst Corporate's loan portfolio consists only of loans to credit unions, credit union leagues and CUSOs. Catalyst Corporate has segmented the portfolio into two types of loans (open-end credit lines and term loans) based on risk characteristics of each loan type. Each type of loan requires significant judgment to determine the amount of lines of credit and term loans to extend to any one member. The following methodology is used by management to determine the balance of the allowance for loan losses.

Credit quality indicators

Loans are evaluated on a loan-by-loan basis. All open-end credit lines and term loans to credit unions, credit union leagues and CUSO members are secured by either a general pledge of assets or a specific pledge.

Approximately one half of the dollar volume of open-end credit lines and term loans are secured by a blanket lien on all assets. The remainder is secured by specific collateral. This collateral is pledged by the member prior to Catalyst Corporate extending loan advances. Loans to members can be offset against the members' share accounts, if necessary.

If management determines that a loan is impaired, then impairment is recognized through an allowance for loan losses. There were no impaired loans as of December 31, 2014 or 2013. Additionally, none of the loans were past due or had been modified as of December 31, 2014 or 2013. Catalyst Corporate places loans on non-accrual status when the loan reaches 90 days past due or when the collection of interest or principal becomes uncertain.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Property and equipment, net

Land is carried at cost. Property and equipment are carried at cost less accumulated depreciation. Buildings, furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the term of the lease, or the estimated life of the asset, whichever is less. Catalyst Corporate reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and other intangible assets

Goodwill and intangible assets acquired in a purchase business combination determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that an impairment test should be performed. Catalyst Corporate has selected December 31 as the date to perform the annual impairment test and any impairment is recognized in the period identified. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on Catalyst Corporate's consolidated statements of financial condition. Other intangible assets consist of core deposit intangible assets arising from acquisitions and are amortized over their estimated useful lives, which approximate 3 years.

NCUSIF

The deposit in the NCUSIF is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union. The deposit would be refunded to Catalyst Corporate 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.

Corporate credit union stabilization fund assessments

During July 2013, the NCUA Board assessed an 8.0 basis point corporate stabilization fund assessment on insured deposits as of June 30, 2013. There was no such assessment in 2014.

Members' share accounts and certificates

Members' share accounts and certificates are subordinated to all other liabilities of Catalyst Corporate other than perpetual contributed capital upon liquidation. Interest rates on members' share accounts and certificates are set by management under the direction of the Board of Directors.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Perpetual contributed capital (PCC)

During 2011, Catalyst Corporate successfully recapitalized via the PCC program whereby the member credit unions contributed one-time uninsured mandatory capital investments with no stated maturity or withdrawal provisions. PCC is not negotiable or assignable but may be transferable to another eligible member credit union under certain provisions. PCC may not be pledged or used as security for borrowing. PCC dividends are non-cumulative and determined based on net earnings and the overall capital needs of Catalyst Corporate. Additionally, PCC dividends are not guaranteed and may be suspended if earnings are negative and/or capital levels fall below regulatory and/or policy minimum levels.

Subsequent events

Management has evaluated subsequent events through April 6, 2015, which is the date the consolidated financial statements were available to be issued.

Federal and state tax exemption

Catalyst Corporate is exempt from most federal, state and local taxes under the provisions of the Internal Revenue Code and state tax laws. The Income Tax Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) clarifies accounting for uncertainty in income taxes reported in the consolidated financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they met the “more likely than not” standard for sustainability on examination by tax authorities. Federal credit unions are tax-exempt under Internal Revenue Code sections 501(c) (14) (a) and 501(c) (1) (a) (I). As such, Catalyst Corporate has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Additionally, no interest or penalties have been recorded in the accompanying consolidated financial statements related to uncertain tax positions.

Reclassifications

Certain 2013 consolidated financial statement amounts have been reclassified to conform with the classification adopted in 2014. Reclassifications had no effect on prior year net income or members’ equity.

Adoption of new accounting standards

In February 2013, the FASB issued Accounting Standards Update (ASU) 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. For calendar year-end public entities, 2013 is the first year-end for which the standard is effective (effective 2014 for non-public entities). The new standard requires presentation of the changes in each component of accumulated other comprehensive income (OCI), separating the change between reclassifications out of accumulated OCI and current period revaluation adjustments.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

3. CASH AND CASH EQUIVALENTS

Catalyst Corporate acts as a pass-through correspondent for member credit unions that are required to deposit reserves with the FRB. Deposit reserves of \$84,173,000 and \$64,457,000 as of December 31, 2014 and 2013, respectively, are included in cash and cash equivalents and members' share accounts in the consolidated statements of financial condition.

4. INVESTMENTS AVAILABLE-FOR-SALE

The amortized cost and estimated fair value of investments available-for-sale as of December 31 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2014				
Asset-backed securities	\$710,539	\$60	(\$382)	\$710,217
Agency mortgage-backed securities	121,496	206	(1,244)	120,458
Federal agency securities	3,429	-	(12)	3,417
Total	\$835,464	\$266	(\$1,638)	\$834,092

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2013				
Asset-backed securities	\$435,076	\$74	(\$437)	\$434,713
Agency mortgage-backed securities	121,593	185	(1,867)	119,911
Federal agency securities	3,670	-	(10)	3,660
Total	\$560,339	\$259	(\$2,314)	\$558,284

Catalyst Corporate's asset-backed securities are collateralized by the following asset types as of December 31 (in thousands):

	2014 Fair Value	2013 Fair Value
Asset Type		
Credit card	\$250,423	\$113,045
Automobile	168,905	116,520
Equipment	149,429	70,835
FFELP Student loan	141,460	134,313
Total	\$710,217	\$434,713

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 4 (continued)

The following tables represent regulatory concentration limits based on parameters established in NCUA regulation 704.5 as of December 31, 2014 (in thousands):

By Security Type:	Fair Value	Capital Based Limit	Asset Based Limit
Federal agency securities	\$3,417	\$1,963,284	\$1,200,949
Agency mortgage-backed securities	120,458	1,963,284	1,200,949
Credit card asset-backed securities	250,423	981,642	600,474
Automobile asset-backed securities	168,905	981,642	600,474
Equipment asset-backed securities	149,429	981,642	600,474
FFELP Student loan asset-backed securities	141,460	1,963,284	1,200,949
Total	\$834,092		

By Issuer (top ten issuers of asset-backed securities):	Fair Value	Regulatory Limit
CHAIT 2012-A3 A3	\$47,263	\$98,164
CABMT 2010-1A A2	32,366	98,164
GEMNT 2010-1 A	31,197	98,164
AMXCA 2012-2 A	27,855	98,164
VFET 2014-1A A2	24,665	49,082
CNH 2013-A A3	23,415	49,082
JDOT 2014-B A2A	22,692	49,082
SLMA 2006-1 A4	20,774	49,082
HART 2013-B A3	20,013	49,082
AMXCA 2012-5 A	19,995	98,164

Catalyst Corporate's available-for-sale securities portfolio consists entirely of securities that return principal based on payments received on the underlying collateral. These securities have expected weighted-average lives of one to five years; however, return of principal may differ from expectation based on fluctuations in market interest rates and prepayment speeds of the underlying collateral.

Sales of investments available-for-sale for the years ended December 31 are as follows (in thousands):

	2014	2013
Proceeds	\$21,523	\$25,045
Gross gains	\$7	\$66
Gross losses	\$-	\$-

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 4 (continued)

The following tables show the gross unrealized losses and fair value of investments available-for-sale as of December 31 (in thousands), aggregated by length of time individual securities have been in a continuous unrealized loss position.

2014	Continuous unrealized loss position less than 12 months		Continuous unrealized loss position 12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Asset-backed securities	\$489,314	\$295	\$94,172	\$87	\$583,486	\$382
Agency mortgage-backed securities	16,982	20	35,697	1,224	52,679	1,244
Federal agency securities	1,831	9	1,586	3	3,417	12
Total	\$508,127	\$324	\$131,455	\$1,314	\$639,582	\$1,638

2013	Continuous unrealized loss position less than 12 months		Continuous unrealized loss position 12 months or greater		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Asset-backed securities	\$247,143	\$326	\$33,064	\$111	\$280,207	\$437
Agency mortgage-backed securities	43,319	1,861	4,573	6	47,892	1,867
Federal agency securities	3,660	10	-	-	3,660	10
Total	\$294,122	\$2,197	\$37,637	\$117	\$331,759	\$2,314

Catalyst Corporate evaluates each asset-backed security for other-than-temporary impairment (OTTI) by considering Catalyst Corporate's ability to hold each security for a sufficient time to allow for recovery of unrealized losses. Catalyst Corporate also considers the credit rating of each security as well as the tranche and underlying collateral in evaluating each security for OTTI. Management has the intent and ability to hold these securities to recovery of fair value, which may be maturity. There was no OTTI for the years ended December 2014 or 2013.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

5. INVESTMENTS IN CUSOs

Investments in CUSOs are comprised of the following as of December 31 (in thousands):

	2014	2013
Investment in CO-OP	\$2,020	\$1,781
Investment in Primary Financial, LLC	1,626	1,937
Investment in CU Business Group	701	670
Investment in CU Investment Solutions, LLC	100	100
Total	\$4,447	\$4,488

The investments in Primary Financial, LLC and CU Business Group are equity method investments, and the investments in CO-OP and CU Investment Solutions, LLC are cost method investments. Gains/(losses) on equity method investments are included within other fee income in the consolidated statements of income.

6. LOANS TO MEMBERS

The composition of loans to members is as follows as of December 31 (in thousands):

2014	Weighted Avg. Yield	
Open-end credit lines	0.64%	\$84,204
Term loans	2.94%	179,608
Total		\$263,812

2013	Weighted Avg. Yield	
Open-end credit lines	0.68%	\$160,076
Term loans	3.54%	251,122
Total		\$411,198

Term loan balances include fair value premiums totaling approximately \$195,000 and \$346,000 as of December 31, 2014 and 2013, respectively.

The estimated principal payments on term loans based on contractual maturity as of December 31, 2014 are shown below (in thousands):

2015	\$34,560
2016	75,414
2017	3,134
2018	49,500
2019	10,000
Thereafter	7,000
Total	\$179,608

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 6 (continued)

Catalyst Corporate has not established an allowance for loan losses as all outstanding loans are secured either by a general or a specific pledge of the member credit unions' assets.

There were no impaired loans as of December 31, 2014 or 2013. Additionally, none of the loans were past due or had been modified as of December 31, 2014 or 2013.

Catalyst Corporate reviews all lines of credit on a semi-annual basis by reviewing the member credit unions' financial condition and key ratios. A watch list is created of member credit unions that represent a credit risk to Catalyst Corporate. The criteria used to determine whether a loan will be placed on the watch list include, but not limited to the following:

Credit Quality Indicators:

- Current period Net ROA based on a sliding scale with highest Net ROA of 1% or higher given the best rating and lowest or negative Net ROA given the worst rating and/or,
- Current period Net Capital based on a sliding scale with highest Net Capital of 10% or greater given the best rating and lowest or negative Net Capital given the worst rating. (Net Capital is calculated by subtracting the dollar amounts of the following from total capital; 10% of all foreclosed and repossessed assets, 10% of loans 2 to 6 months delinquent, 50% of loans 6 to 12 months delinquent, 90% of loans more than 12 months delinquent, 0.5% of all non-delinquent loans, 100% of loans subject to bankruptcy, 50% of all fixed assets, 25% of other assets, and 5% of investments with maturities greater than 3 years).

Member credit unions placed on the watch list due to credit quality have lines of credit of \$28,194,000 and \$307,486,000 and outstanding loan balances of approximately \$584,000 and \$17,085,000 as of December 31, 2014 and 2013, respectively. Of the total lines of credit issued to credit unions on the watch list, none are guaranteed by the NCUA as of either December 31, 2014 or 2013. Lines of credit and loans are collateralized 100% or more by a general or specific pledge of the borrowing credit union's assets.

In 2014, Catalyst Corporate recognized net gains of approximately \$2,560,000 related to the early prepayments of \$55,000,000 in term loans. These net gains are included in other net gains in the consolidated statements of income.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

7. PROPERTY AND EQUIPMENT, NET

A summary of Catalyst Corporate's property and equipment is as follows as of December 31 (in thousands):

	2014	2013
Land	\$1,300	\$1,300
Building	7,792	7,792
Software	7,903	6,826
Hardware	6,079	7,101
Furniture and equipment	1,243	1,341
Leasehold improvements	856	563
	25,173	24,923
Less: accumulated depreciation	(11,370)	(11,778)
Total	\$13,803	\$13,145

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill of \$3,095,000 was recognized related to the merger of Southwest Bridge Corporate and Georgia Corporate effective September 6, 2011 and the purchase and assumption of Western Bridge effective July 1, 2012. In 2012, Catalyst Corporate recognized a contingent liability of \$1,550,000 which will be paid to NCUA over a 5 year period related to the Western Bridge acquisition which was based on the capitalization level and related fee income of original Western Bridge members. In July 2014 and July 2013, Catalyst Corporate made payments of \$300,000 to the NCUA in accordance with the agreement.

9. BORROWED FUNDS/LINES OF CREDIT

Catalyst Corporate has access to an advised line of credit of approximately \$120,585,000 with FHLB of Dallas as of December 31, 2014. The line of credit is secured with qualified investment securities. In addition, Catalyst Corporate had access to a \$30,000,000 Fed Funds line of credit with JPMorgan Chase as of December 31, 2014. There were no outstanding borrowings from these lines of credit as of December 31, 2014.

10. MEMBERS' SHARE ACCOUNTS

Members' share accounts are summarized as follows as of December 31 (in thousands):

	2014	2013
Cash management	\$1,781,709	\$1,644,365
Performance tiered	227,363	220,255
Reg D reserve	84,173	64,457
Other shares	100,997	174,396
Total	\$2,194,242	\$2,103,473

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 10 (continued)

Members' share accounts are insured by the NCUSIF to a maximum of \$250,000 for each member. Other shares as of December 31, 2013 include \$10,551,000 of MCA's on notice, all of which are fully amortized. All MCA's were released in 2014 after the expiration of the three year notification term.

11. MEMBERS' SHARE CERTIFICATES

Members' share certificate balances are \$2,320,000 and \$11,562,000 as of December 31, 2014 and December 31, 2013, respectively. All members' share certificate balances as of December 31, 2014 will mature in 2015.

Members' share certificate balances as of December 31, 2014 and 2013 include fair value premiums totaling \$0 and \$72,000, respectively. The aggregate amount of members' share certificate balances in denominations of \$250,000 or more was approximately \$1,900,000 and \$10,696,000 as of December 31, 2014 and 2013, respectively.

12. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in accumulated other comprehensive loss during the year ended December 31, 2014 (in thousands):

	Unrealized (Losses)/ Gains on Available-for-Sale Securities
Balance as of December 31, 2013	(\$2,055)
Other comprehensive income before reclassification	690
Amounts reclassified from other comprehensive income	(7)
Net other comprehensive income	683
Balance as of December 31, 2014	(\$1,372)

During the year ended December 31, 2014, Catalyst Corporate realized a gain on the sale of available-for-sale securities of approximately \$7,000. During the same period, this gain was reclassified from the balance of accumulated other comprehensive loss to net gain on sale of investments available-for-sale reported on the consolidated statements of income.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

13. EMPLOYEE BENEFITS

Catalyst Corporate sponsors a defined contribution plan (the Plan) established under Section 401(k) of the Internal Revenue Code. The Plan allows employees to contribute up to the IRS maximum allowable percentage of their compensation. Catalyst Corporate matches 100% of the first 5% of each employee's contribution to the Plan. In addition, Catalyst Corporate may elect to make a discretionary contribution to the Plan annually. This election requires approval by the Board of Directors. The Board of Directors approved a 1% discretionary contribution to be funded in 2015 based on 2014 compensation. A 1% discretionary contribution was also made in 2014 based on 2013 compensation. Catalyst Corporate's total contribution to the Plan was approximately \$879,000 and \$867,000 for the years ended December 31, 2014 and 2013, respectively.

14. OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

Catalyst Corporate is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its member credit unions. These financial instruments include agreements to extend credit. Catalyst Corporate issues lines of credit to its members that are both uncommitted or "stand-by" and committed or "guaranteed." Virtually all lines of credit issued by Catalyst Corporate are uncommitted in that through provisions in its loan agreements, Catalyst Corporate is in no way obligated or committed to make any loan advances under the "stand-by" lines of credit. Advances under these "stand-by" lines of credit are subject to funds availability. In addition, these "stand-by" lines of credit are all secured by a pledge of members' total assets or specific assets of the member such as securities or an auto loan portfolio.

Committed lines of credit at Catalyst Corporate are called guaranteed lines of credit. Catalyst Corporate is committed by provisions of the loan agreement to advance this entire line of credit amount. There are no guaranteed lines of credit issued as of December 31, 2014 or 2013. Catalyst Corporate also issues letters of credit to its members in various amounts for various purposes. When a letter of credit is issued for a member, the amount of the letter of credit is subtracted from the member's line of credit.

The face amount of the lines of credit represents the exposure to loss, before considering member collateral or ability to repay. Such line of credit amounts are recorded when they are funded.

Catalyst Corporate has unused "stand-by" lines of credit issued to member credit unions of approximately \$7,842,458,000 and \$7,426,649,000 as of December 31, 2014 and 2013, respectively. Catalyst Corporate evaluates each member credit union's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the member. Additionally, Catalyst Corporate has committed stand-by letters of credit issued to member credit unions of \$207,000 as of both December 31, 2014 and 2013. The stand-by letters of credit, which are secured by either a general or a specific pledge of the member credit union assets, are issued with a term of one to five years and are generally used for various operational reasons.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

15. REGULATORY CAPITAL

Catalyst Corporate is subject to various regulatory capital 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 Catalyst Corporate's consolidated financial statements. Failure to meet minimum capital requirements would require Catalyst Corporate to submit a plan of action to correct the shortfall. Additionally, NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting Catalyst Corporate's ability to accept deposits.

During 2010, the NCUA issued new regulations for corporate credit unions that became effective in October 2011. These regulations required corporate credit unions to build retained earnings as well as established requirements to meet a leverage ratio, tier one risk-based capital ratio, and a total risk-based capital ratio.

Catalyst Corporate's actual and required capital ratios were as follows as of December 31:

Capital Ratio	Capital	Denominator	2014 Ratio	2013 Ratio	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Retained earnings ratio	RE	DANA	1.56%	1.07%	0.45%	N/A
Leverage ratio	RE+PCC- CUSO Investments	DANA	8.18%	7.27%	4.00%	5.00%
Tier one risk- based capital ratio	RE+PCC- CUSO Investments	MANRA	34.25%	45.05%	4.00%	6.00%
Total risk- based capital ratio	RE+PCC- CUSO Investments	MANRA	34.25%	45.05%	8.00%	10.00%

RE = Retained earnings for regulatory ratios includes retained earnings acquired through business combination with Georgia Corporate

PCC = Perpetual contributed capital

CUSO Investments = Investments in unconsolidated CUSOs

DANA = 12-month average daily net assets

MANRA = 12-month average net risk-weighted assets

As of December 31, 2014 and 2013, Catalyst Corporate's capital ratios exceeded all of the regulatory capital requirements under section 704.3 of the NCUA Regulations.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

16. RELATED PARTY TRANSACTIONS

Catalyst Corporate's Board of Directors and committees are made up of executive officers from several of its member credit unions. These related parties maintained approximately \$135,600,000 and \$90,850,000 on deposit at Catalyst Corporate in various deposit products as of December 31, 2014 and 2013, respectively. These totals include approximately \$9,918,000 and \$11,418,000 of PCC as of December 31, 2014 and 2013, respectively. Interest rates on these deposits are the same rates paid to other member credit unions. Outstanding loan balances to related parties were \$0 and \$503,000 as of December 31, 2014 and 2013, respectively.

Catalyst Corporate holds investments in various credit union service organizations. Members of senior management serve on the Board of Directors of Primary Financial, LLC, CU Investment Solutions, LLC, CU Business Group, and as principal of Catalyst Strategic Solutions.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fair Value Measurements and Disclosures Topic of the FASB ASC provides a framework for measuring fair value that requires an entity to derive fair value from 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 within its principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. To increase consistency and comparability in fair value measurements and related disclosures, a three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value with the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2), and the lowest priority to unobservable inputs (Level 3). The methodologies and associated inputs used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Catalyst Corporate believes its valuation methods and associated inputs are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

Certain assets and liabilities may be required to be measured at fair value on a non-recurring basis. These non-recurring fair value measurements usually result from the application of lower of cost or market accounting or the write-down of individual assets due to impairment. There were no items required to be measured on a non-recurring basis as of December 31, 2014 or 2013.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 17 (continued)

RECURRING BASIS

AVAILABLE- FOR- SALE SECURITIES

Catalyst Corporate receives pricing for available-for-sale securities from a third-party pricing service. These securities are classified as a Level 2 in the fair value hierarchy. Fair value information for the available-for-sale securities (asset-backed, agency mortgage-backed, and federal agency) was valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

The following tables set forth by level, within the fair value hierarchy, Catalyst Corporate's financial instruments at fair value (in thousands):

Assets at Fair Value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
Asset-backed securities	\$-	\$710,217	\$-	\$710,217
Agency mortgage-backed securities	-	120,458	-	120,458
Federal agency securities	-	3,417	-	3,417
Total assets at fair value	\$-	\$834,092	\$-	\$834,092

Assets at Fair Value as of December 31, 2013				
	Level 1	Level 2	Level 3	Total
Asset-backed securities	\$-	\$434,713	\$-	\$434,713
Agency mortgage-backed securities	-	119,911	-	119,911
Federal agency securities	-	3,660	-	3,660
Total assets at fair value	\$-	\$558,284	\$-	\$558,284

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of amounts that could be realized in a market exchange.

The use of different assumptions and estimation methodologies may have a material effect on the estimated fair value amounts. The following methods and assumptions were used to estimate fair value of each of the financial instruments for which it was practicable to estimate.

Cash and cash equivalents

The carrying amount is a reasonable estimation of fair value.

Investments available-for-sale

The estimated fair value is determined based on a third-party pricing service (see tables above).

FHLB capital stock

The carrying amount is a reasonable estimation of fair value due to restrictions placed on its transferability.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 17 (continued)

Investments in CUSOs

The carrying amount is a reasonable estimation of fair value.

Loans to members

The fair value is determined by calculating the present value of expected future cash flows of the loans. The discount rates used in these calculations are the replacement loan rates as of the last business day of the year for loans with similar terms.

Accrued interest receivable

The carrying amount is a reasonable estimation of fair value.

Members' share accounts

The carrying amount is a reasonable estimation of fair value.

Members' share certificates

The estimated fair value is determined by calculating the present value of expected future cash flows of the members' share certificates. The discount rates used in these calculations are the replacement share certificate rates as of the last business day of the year for members' share certificates with similar terms.

Accrued interest payable

The carrying amount is a reasonable estimation of fair value.

Committed stand-by letters of credit

The fair value of the commitment is equivalent to the amount extended by the letters of credit since Catalyst Corporate does not charge fees to enter into these agreements and the commitments are not stated at fixed rates.

The carrying amount and estimated fair values of Catalyst Corporate's financial instruments as of December 31 are as follows (in thousands):

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets:</u>				
Cash and cash equivalents	\$1,267,120	\$1,267,120	\$1,301,575	\$1,301,575
Investments available-for-sale	\$834,092	\$834,092	\$558,284	\$558,284
FHLB capital stock	\$924	\$924	\$1,092	\$1,092
Investments in CUSOs	\$4,447	\$4,447	\$4,488	\$4,488
Loans to members	\$263,812	\$267,457	\$411,198	\$420,417
Accrued interest receivable	\$748	\$748	\$547	\$547
<u>Financial liabilities and equity:</u>				
Members' share accounts	\$2,194,242	\$2,194,242	\$2,103,473	\$2,103,473
Members' share certificates	\$2,320	\$2,320	\$11,562	\$11,653
Accrued interest payable	\$1	\$1	\$45	\$45

2014 Management Report

Statement of Management's Responsibilities

The management of Catalyst Corporate Federal Credit Union ("Catalyst Corporate") is responsible for preparing Catalyst Corporate's annual financial statements in accordance with generally accepted accounting principles; for establishing 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; and for complying with the Federal laws, if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure.

Management's Assessment of Compliance with Safety and Soundness Laws and Regulations

The management of Catalyst Corporate has assessed Catalyst Corporate's compliance with the Federal and, if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year that ended on December 31, 2014. Based upon its assessment, management has concluded that except for the exception noted below, Catalyst Corporate complied with the Federal laws and, if applicable, State laws and regulations pertaining to affiliate transactions, legal lending limits, loans to insiders, restrictions on capital and share dividends and regulatory reporting that meets full and fair disclosure during the fiscal year that ended on December 31, 2014.

In 2014 to assist a member credit union with a temporary liquidity need, Catalyst Corporate intentionally increased the secured loans and secured lines of credit for a short period of time, in excess of the current regulatory lending limit for secured loans and secured lines of credit. The regulation will be revised in 2015, combining the maximum amount of the secured and unsecured loans and lines of credit to 150 percent of corporate capital, versus 100 percent secured and 50 percent unsecured in the current regulation. This increase above the regulatory limits occurred because Catalyst Corporate wanted to ensure settlements continued without interruption for the member credit union, and did not want to advance funds in an unsecured manner. The secured loans and secured lines of credit established for the credit union ranged from 101 percent to 104 percent of Catalyst Corporate capital for a temporary period versus the 100 percent regulatory limit for secured loans and secured lines of credit, however, advances to the credit union never exceeded the 100 percent regulatory limit. The Board of Directors and the regulators were made aware of this temporary situation.

Management's Assessment of Internal Control over Financial Reporting

Catalyst Corporate'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, i.e., NCUA 5310- Corporate Credit Union Call Report. The 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 Corporate; (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 Catalyst Corporate are being made only in accordance with authorizations of management and directors of Catalyst Corporate; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of Catalyst Corporate'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 and procedures may deteriorate.

Management assessed the effectiveness of Catalyst Corporate'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, 2014, 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, 2014, Catalyst Corporate'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 criteria established in *Internal Control--Integrated Framework*.

Catalyst Corporate's internal control over financial reporting as of December 31, 2014 has been audited by Orth, Chakler, Murnane and Company, CPAs, an independent registered public accounting firm, as stated in their accompanying report which expresses an unmodified opinion on the effectiveness of Catalyst Corporate's internal control over financial reporting as of December 31, 2014.

Catalyst Corporate Federal Credit Union

Date: April 6, 2015



Kathy Garner, Chief Executive Officer



Melissa Wardell, Chief Financial Officer

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