



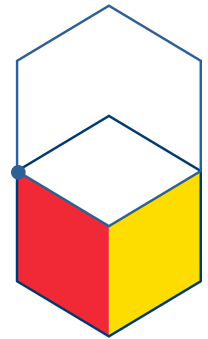
2021 Due Diligence Report

LETTER FROM **THE PRESIDENT**

Dear Valued Member:

Catalyst Corporate Federal Credit Union is providing this **2021 Due Diligence Report** to update credit unions on its performance and to support their due diligence efforts. This document provides information that supports Catalyst Corporate's mission to be a premier innovative corporate credit union that provides exceptional member value in an efficient, safe and sound manner.

Catalyst Corporate's operating fundamentals remain consistent from year to year, helping Catalyst Corporate stay true to its promise to support the success of member-owners. They also guide prioritization of initiatives in planning strategically for the future.



Catalyst Corporate's ongoing initiatives include...

- Maximizing efficiency.
- Creating value for member credit unions.
- Leveraging technology to achieve objectives whenever possible.
- Building financial strength in ways that surpass milestones and regulatory requirements.
- Protecting members' assets by closely monitoring and managing risks of all kinds, including credit, interest rate, liquidity, operational, reputation and enterprise-wide risk.
- Providing transparency in financial performance and operational practices affecting safety and soundness.
- Guiding decision making in accordance with its structure as a member-owned cooperative.
- Achieving and maintaining a strong degree of engagement with its volunteer leadership, who are a primary link to the membership at large.

In addition, Catalyst Corporate's new service initiatives will include...

- Subordinated Debt
- Faster Payments, including PayMōli P2P, The Clearing House RTP® Network and FedNowSM Service
- Loan Participations - [lpexchange.org](https://www.lpexchange.org)
- CECL Solution - [CECLution.org](https://www.ceclution.org)

The Catalyst Corporate Due Diligence Report includes financial statements with detailed commentary and information about Catalyst Corporate's risk profile, portfolio composition, CUSO investments and compliance with NCUA Rules and Regulations Part 704. Also included is information about operational practices designed to protect member credit unions. The Due Diligence Report is posted annually on the Catalyst Corporate website under [About Us / Due Diligence](#) and is available for download at any time. Please feel free to contact me or another Catalyst Corporate team member if you need additional information.

Best regards,

A handwritten signature in black ink that reads "Bruce M. Fox".

Bruce Fox, President/CEO

bfox@catalystcorp.org

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FINANCIAL REPORT

RESULTS OF OPERATIONS

Catalyst Corporate's net income for the year ended December 31, 2021 totaled \$63,262,331. December 2021 year-to-date other income from USC includes \$52.6 million related to a distribution from the U.S. Central Estate (USC) related to claims arising from capital losses experienced by Georgia Corporate and FirstCorp. Based on NCUA projections, Catalyst Corporate anticipates receiving an additional \$50.2 million during 2022 and 2023. Catalyst Corporate Board of Directors intend to distribute a portion of the funds to fully capitalized credit unions that lost capital in either Georgia Corporate or FirstCorp. The distribution is in an amount equal to the capital these credit unions lost at either Georgia Corporate or FirstCorp. The total distribution to these credit unions is expected to be approximately \$53.0 million and is expected as early as June 1, 2022. Catalyst Corporate is allowing any of these Georgia Corporate and FirstCorp credit unions that are not fully capitalized, the opportunity to become fully capitalized members by January 31, 2022 to be eligible to receive a distribution. The payout to these newly capitalized credit unions is contingent upon receiving an additional \$27.4 million distribution from USC. The Catalyst Corporate Board of Directors also approved an April 2022 waiver of recurring monthly fees to all members. The decline in net income, excluding other income from USC, is due to the lower interest rate environment. December year-to-date operations resulted in an operating efficiency ratio (net fee income divided by operating expenses) for 2021 of 84.4 percent. A summary of the unaudited results of Catalyst Corporate's operations for the past four quarters is included in the following table.

	JAN-MAR 2021	APR-JUN 2021	JUL-SEP 2021	OCT-DEC 2021
Net interest income	\$4,972,572	\$4,476,026	\$4,173,459	\$3,969,547
Provision for loan losses	-	-	-	(14,177)
Net interest income after provision for loan losses	4,972,572	4,476,026	4,173,459	3,983,724
Net fee income	10,322,368	10,572,099	10,277,560	10,364,565
Operating expenses	12,012,413	12,007,966	12,412,353	12,790,985
Other income from USC	8,534,896	-	44,112,945	-
Other net gains	29,836	-	-	253,288
Non controlling interest	74,318	123,870	61,253	153,269
Net income	\$11,921,577	\$3,164,029	\$46,212,864	\$1,963,861

Key information

Net operating expense	\$1,690,045	\$1,435,867	\$2,134,793	\$2,426,420
Operating efficiency ratio (Qtr)	85.9%	88.0%	82.8%	81.0%
Return on assets (Qtr)	1.31%	0.32%	4.52%	0.19%
Daily average net assets - 12-month rolling	\$3,697,489,226	\$3,922,667,795	\$4,055,926,886	\$4,173,506,432
Perpetual contributed capital	\$178,521,645	\$178,523,145	\$178,523,145	\$179,026,250
Retained earnings	\$142,027,410	\$144,923,192	\$190,869,023	\$192,567,414
Retained earnings ratio	3.84%	3.69%	4.71%	4.61%
Leverage ratio	8.49%	8.08%	8.94%	8.74%
Tier one risk-based capital ratio	27.58%	27.74%	31.74%	31.97%
Total risk-based capital ratio	27.59%	27.75%	31.74%	31.97%

FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

	DECEMBER 31,	
	2021	2020
Assets		
Cash and cash equivalents	\$2,338,598,620	\$1,959,032,156
Securities purchased under agreements to resell	-	300,000,000
Investments:		
Certificates of deposit	5,394,000	7,124,000
Available-for-sale	1,590,056,874	1,556,053,337
Central Liquidity Facility (CLF) capital stock	97,697,731	96,119,692
Investments in credit union service organizations (CUSOs)	6,786,298	6,580,277
Other investments	2,668,900	1,011,800
Loans, net of allowance of \$47,235 and \$61,848 as of December 31, 2021 and 2020, respectively	227,596,667	185,988,022
Accrued receivables and other assets	32,423,878	33,005,689
Property and equipment, net	14,679,531	14,522,302
Goodwill and other intangible assets	7,687,553	8,097,553
National Credit Union Share Insurance Fund (NCUSIF)	2,463,194	2,479,048
Total assets	\$4,326,053,246	\$4,170,013,876
Liabilities		
Members' shares	\$3,847,444,620	\$3,681,182,054
Members' certificates	79,605,000	141,901,000
Accrued expenses and other liabilities	18,342,081	20,572,373
Total liabilities	3,945,391,701	3,843,655,427
Members' equity		
Perpetual contributed capital (PCC)	179,026,250	178,199,420
Retained earnings	192,567,414	130,397,764
Non controlling interest	6,539,789	4,997,499
Accumulated other comprehensive income	2,528,092	12,763,766
Total members' equity	380,661,545	326,358,449
Total liabilities and members' equity	\$4,326,053,246	\$4,170,013,876

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

FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
Interest income		
Investments available-for-sale	\$12,988,370	\$25,878,487
Federal Reserve Bank	2,915,710	3,814,010
Loans	2,133,651	2,816,630
Other	512,608	1,915,211
Total interest income	18,550,339	34,424,338
Interest expense		
Interest on members' shares and certificates	958,534	3,311,270
Interest on borrowed funds	201	-
Total interest expense	958,735	3,311,270
Net interest income	17,591,604	31,113,068
Provision for loan losses	(14,177)	35,000
Net interest income after provision for loan losses	17,605,781	31,078,068
Net fee income		
Share draft and depository processing fees	19,769,931	19,193,053
Other fee income	16,773,470	13,989,264
Off-balance-sheet income	13,463,260	12,758,079
Outside processing and service costs	(8,470,069)	(7,287,282)
Total net fee income	41,536,592	38,653,114
Operating expenses		
Compensation and benefits	35,793,531	33,769,954
Information technology	8,186,084	7,735,252
Professional fees	1,542,107	1,508,072
Office occupancy	1,189,730	1,155,562
Other operating expense	2,512,265	2,291,897
Total operating expenses	49,223,717	46,460,737
Other income from USC	52,647,841	-
Other net gains	283,124	53,111
Non controlling interest	412,710	53,775
Net income	\$63,262,331	\$23,377,331

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

FINANCIAL REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
Net income	\$63,262,331	\$23,377,331
Other comprehensive income		
Net unrealized holding (losses)/gains on investments classified as available-for-sale	(9,982,386)	9,712,025
Reclassification adjustment for net gains included in net income	(253,288)	(39,196)
Total other comprehensive (loss)/income	(10,235,674)	9,672,829
Comprehensive income	\$53,026,657	\$33,050,160

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

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

(Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2021

	Perpetual Contributed Capital	Retained Earnings	Non Controlling Interest	Accumulated Other Comprehensive Income/(Loss)	Total
Balance at December 31, 2019	\$177,836,244	\$109,561,845	\$745,474	\$3,090,937	\$291,234,500
Net income/(loss)	-	23,377,331	(53,775)	-	23,323,556
Partial sale of minority interest in CUSO	-	-	4,305,800	-	4,305,800
PCC issued	363,176	-	-	-	363,176
Dividends paid on PCC	-	(2,541,412)	-	-	(2,541,412)
Other comprehensive income	-	-	-	9,672,829	9,672,829
Balance at December 31, 2020	\$178,199,420	\$130,397,764	\$4,997,499	\$12,763,766	\$326,358,449
Net income/(loss)	-	63,262,331	(412,710)	-	62,849,621
Capital contribution - additional	-	-	1,955,000	-	1,955,000
PCC issued	826,830	-	-	-	826,830
Dividends paid on PCC	-	(1,092,681)	-	-	(1,092,681)
Other comprehensive loss	-	-	-	(10,235,674)	(10,235,674)
Balance at December 31, 2021	\$179,026,250	\$192,567,414	\$6,539,789	\$2,528,092	\$380,661,545

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

FINANCIAL REPORT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Cash Equivalents

Cash on deposit and cash items in the process of collection from correspondent banks and the Federal Reserve Bank are included in cash and cash equivalents in the consolidated statements of financial condition.

2. Investments Available-for-Sale

The amortized cost and estimated fair value of investments available-for-sale as of December 31, 2021 are as follows:

	Amortized Cost	Estimated Fair Value	Unrealized Gain/(Loss)
Asset-backed securities	\$1,157,864,790	\$1,158,382,165	\$517,375
Agency commercial mortgage-backed securities	318,539,776	320,158,428	1,618,652
Agency mortgage-backed securities	37,573,886	37,948,369	374,483
Commercial paper	44,954,991	44,979,750	24,759
Corporate bonds	20,331,921	20,315,020	(16,901)
U.S. Treasury and federal agency securities	8,263,418	8,273,142	9,724
Total	\$1,587,528,782	\$1,590,056,874	\$2,528,092

3. CLF Capital Stock

CLF capital stock at December 31, 2021 includes \$89,921,049 invested into NCUA's Central Liquidity Facility (CLF) Agent Subscription Program by Catalyst Corporate on behalf of its member credit unions with assets under \$250,000,000, as well as \$7,776,682 invested by Catalyst Corporate as a regular member of the NCUA CLF.

4. Investments in CUSOs

Investments in CUSOs are comprised of the following as of December 31, 2021:

Investment in CO-OP	\$3,081,423
Investment in Primary Financial, LLC	1,315,692
Investment in CU Business Group, LLC	1,259,183
Investment in Constellation Digital Partners, LLC	500,000
Investment in CURQL Fund I, LLLP	500,000
Investment in CU Investment Solutions, LLC	100,000
Investment in Members Development Company, LLC	30,000
Total	\$6,786,298

In addition to the investments in CUSOs noted in the table above, Catalyst Corporate also owns the following CUSOs which are fully consolidated: Catalyst Strategic Solutions, TranzCapture, LLC and Aptys Solutions, LLC. Non controlling interest reflected in the consolidated statements of financial condition as of December 31, 2021 includes ownership interest in TranzCapture, LLC and Aptys Solutions, LLC by other corporate credit unions.

All significant intercompany balances and transactions have been eliminated in the Catalyst Corporate consolidated financial statements.

FINANCIAL REPORT

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Loans

The composition of loans is as follows as of December 31, 2021:

Open-end credit lines	\$12,341,229
Term loans	214,356,967
Loan participations, net of allowance	898,471
Total	\$227,596,667

6. Members' Shares

Members' shares are summarized as follows as of December 31, 2021:

Cash management	\$2,688,896,713
Performance tiered	1,085,582,712
Other	72,965,195
Total	\$3,847,444,620

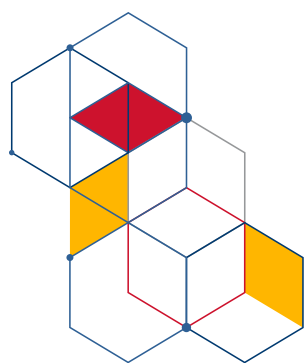
Catalyst Corporate members transferred \$10,269,575,109 to the Excess Balance Account at the Federal Reserve Bank as of December 31, 2021.

7. Regulatory Capital

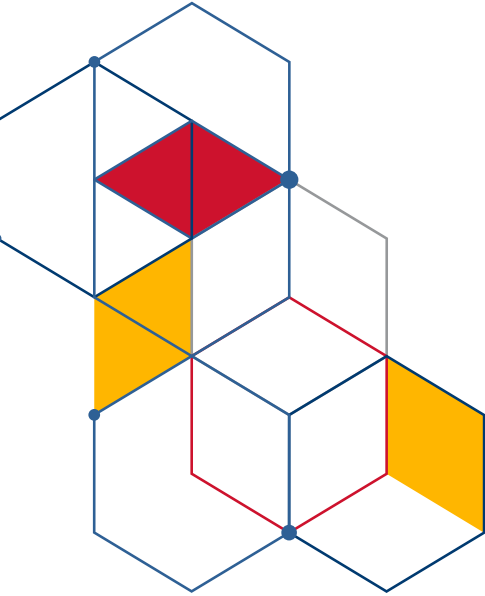
As of December 31, 2021, Catalyst Corporate's retained earnings ratio is 4.61%. Catalyst Corporate exceeded all of the regulatory capital requirements under section 704.3 of the NCUA Regulations as of December 31, 2021.

The table below presents Catalyst Corporate's actual and required capital ratios as of December 31, 2021:

Capital Ratio	Ratio	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Leverage ratio	8.74%	4.00%	5.00%
Tier 1 risk-based capital ratio	31.97%	4.00%	6.00%
Total risk-based capital ratio	31.97%	8.00%	10.00%



ANNUAL REPORT



Annually, Catalyst Corporate engages a third-party firm to conduct an external audit of its financial statements, including the consolidated statement of financial condition and related consolidated statements of income, comprehensive income, members' equity and cash flows for the prior year-end.

For the period ending December 31, 2020, the CPA firm of Doeren Mayhew performed this function. Catalyst Corporate's 2020 Annual Report and 2020 Audited Financials are available on Catalyst Corporate's website under [About Us / Due Diligence / Annual Meeting](#).

Catalyst Corporate's 2022 Annual Meeting is scheduled for, and will be streamed live only:

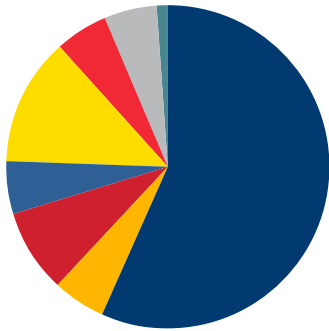
**May 3, 2022, 10 a.m. Central Time from
Catalyst Corporate's headquarters in Plano, Texas**

The 2021 Annual Report and Audited Financials will be presented at the Annual Meeting and posted to Catalyst Corporate's website immediately prior to the Annual Meeting.



RISK MEASURES

CREDIT RISK

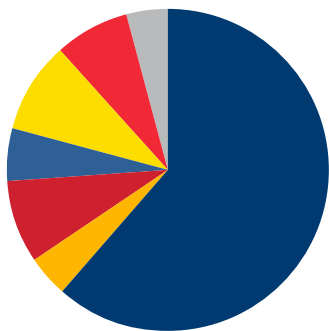


December 31, 2021

Overnight cash	\$2,338,598,620
Secured Loans	\$226,698,196
Loan participations	\$898,471
U.S. Treasury	\$7,038,471
Agency Securities	\$359,341,468
FFELP Student Loan	\$205,987,255
Auto Loan	\$512,352,854
Credit Card	\$232,497,308
Equipment	\$207,544,748
Commercial Paper	\$44,979,750
Corporate Bonds	\$20,315,020

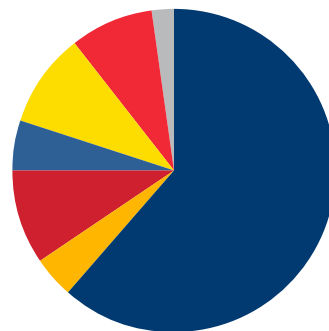
Risk Exposure December 31, 2021

Risk Exposure	Regulatory Limits	Current
Interest rate risk (NEV volatility)	-20%	-11.9%
Weighted Average Life of Financial Assets	2.00 years	0.72
Weighted Average Life of Financial Assets - Stress Test	2.25 years	0.76
Single Obligor Limits (% of Capital)		
Credit Card ABS	50%	11.1%
Sector Limits (% of Capital)		
Agency RMBS/CMBS	1000%	98.2%
Credit Card ABS	500%	63.7%
Asset Diversification (% of Assets)		
Agency RMBS/CMBS	50%	8.3%
Credit Card ABS	25%	5.4%



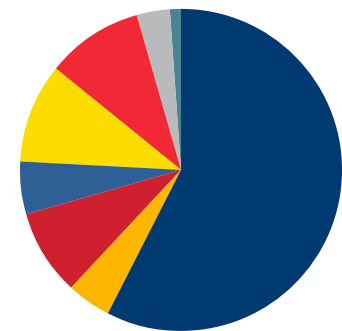
September 30, 2021

Overnight cash	\$2,536,507,458
Secured Loans	\$165,908,646
Loan participations	\$1,098,034
U.S. Treasury	\$2,103,280
Agency Securities	\$348,184,262
FFELP Student Loan	\$223,145,022
Auto Loan	\$406,804,234
Credit Card	\$304,523,806
Equipment	\$160,830,870
Commercial Paper	-
Corporate Bonds	\$5,004,710



June 30, 2021

Overnight cash	\$2,527,379,504
Secured Loans	\$161,836,055
Loan participations	\$1,318,343
U.S. Treasury	\$2,104,429
Agency Securities	\$365,744,538
FFELP Student Loan	\$203,854,008
Auto Loan	\$368,292,503
Credit Card	\$362,272,676
Equipment	\$98,771,476
Commercial Paper	-
Corporate Bonds	\$5,003,000



March 31, 2021

Overnight cash	\$2,478,129,137
Secured Loans	\$168,146,139
Loan participations	\$1,610,034
U.S. Treasury	\$2,106,071
Agency Securities	\$381,452,987
FFELP Student Loan	\$218,696,590
Auto Loan	\$411,661,235
Credit Card	\$434,116,500
Equipment	\$135,429,658
Commercial Paper	\$36,995,560
Corporate Bonds	\$5,002,680

RISK MEASURES

INTEREST RATE RISK

Catalyst Corporate's primary method of monitoring interest rate risk is through the net economic value (NEV) test. The NEV test measures the dollar and percentage potential change in the fair value of Catalyst Corporate's capital (perpetual contributed capital and retained earnings) given a parallel, instantaneous and permanent 300 basis point upward and downward change in the yield curve.

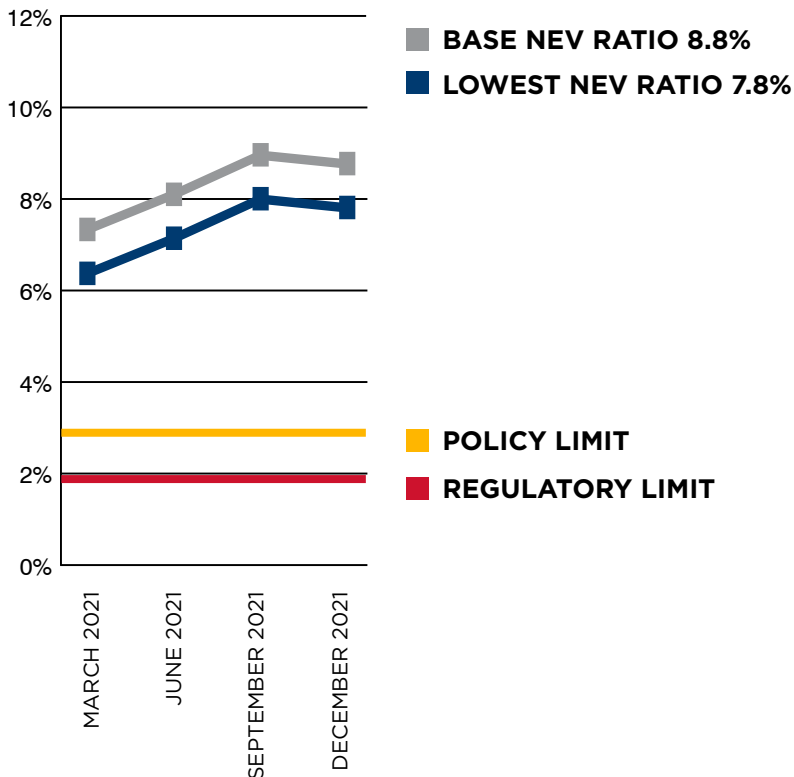
The objective of the NEV test is to measure whether Catalyst Corporate has sufficient capital to absorb potential changes to the fair value of its balance sheet given large, sustained instantaneous interest rate shocks.

A summary of Catalyst Corporate's NEV test at December 31, 2021 is as follows (in thousands):

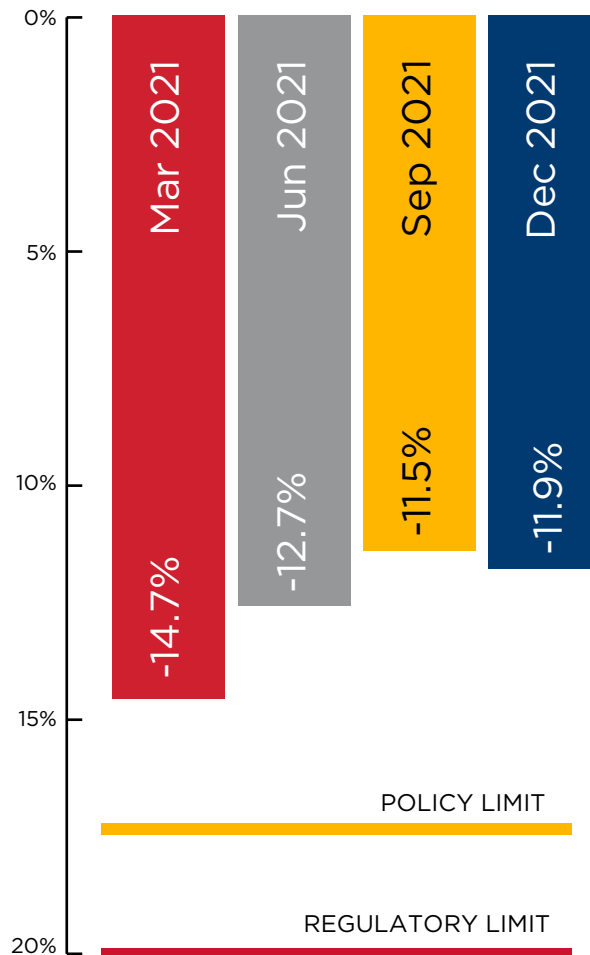
	NEV	\$ Change in NEV	% Change in NEV
Fair Value Base	\$380,000	N/A	N/A
Fair Value +300 BP	\$334,800	(\$45,200)	-11.9%
Fair Value -100 BP*	\$397,800	\$17,800	4.7%

*Interest rates are adjusted down 100 basis points due to the low rate environment at December 31, 2021.

NEV Ratio
(+/- 300 BP Shock Scenarios)



Maximum NEV Change
(+300 BP Change)



RISK MEASURES

LIQUIDITY RISK

Liquidity risk pertains to whether Catalyst Corporate has sufficient short-term assets, marketable securities, and borrowing capacity to meet member credit unions' potential liquidity needs.

As of December 31, 2021, Catalyst Corporate had \$2.3 billion in cash and cash equivalents. In addition, Catalyst Corporate had access to a \$336.7 million advised line of credit (LOC) with Federal Home Loan Bank (FHLB) of Dallas, a \$30.0 million unsecured Fed Funds LOC with JPMorgan Chase Bank as well as a \$1.0 billion borrowing capacity secured with qualified investment securities in the form of repurchase agreement LOC with J.P. Morgan Securities LLC, Amherst Pierpont Securities LLC and agreement with Central Liquidity Facility (CLF). There are no outstanding advances under any of these agreements as of December 31, 2021.

Catalyst Corporate continues to meet members' liquidity needs. Catalyst Corporate had outstanding loans to members of \$227.6 million and total uncommitted lines of credit to members of

\$9.8 billion at December 31, 2021. All outstanding lines of credit are collateralized by specific or general pledges by members.

Excess Balance Account

Catalyst Corporate uses the Federal Reserve Bank's Excess Balance Account (EBA) to manage excess liquidity by sweeping funds above certain thresholds to member EBAs nightly.

Below is a chart showing member share balances and the EBA balances for the month ending each of the last four quarters.

	Member Share Balances	Excess Balance Account
Mar 2021	\$4.2 billion	\$12.9 billion
Jun 2021	\$3.8 billion	\$10.6 billion
Sep 2021	\$3.8 billion	\$10.4 billion
Dec 2021	\$3.8 billion	\$10.3 billion

Current Portfolio* December 31, 2021

Assets		
ASSETS	PERCENT OF BALANCE SHEET	WAL (YEARS)
Loans	5.2%	3.1
ABS - Autos	11.8%	0.7
ABS - Credit Cards	5.4%	0.8
FFELP Student Loans	4.8%	3.6
ABS - Equipment	4.8%	0.8
Agency RMBS/CMBS	8.3%	1.3
SBA Pools	0.0%	2.2
Corporate Debt	1.5%	0.8
US Treasury	0.2%	0.9
FDIC/NCUA Guaranteed Certificates	0.1%	0.9
Other (Non-Earning)	3.8%	2.7
Overnight	54.1%	0.0
Total	100.0%	0.72

Liabilities & Capital		
SHARES & EQUITY	PERCENT OF BALANCE SHEET	WAL (YEARS)
Overnight Shares	89.6%	0.0
Borrowed Funds	0.0%	0.0
Certificates	1.8%	0.6
Member Capital	4.1%	0.0
RUDE	4.5%	0.0
Total	100.0%	0.02
<i>Asset Average Life Mismatch (years)</i>		<i>0.71</i>

WAL = Weighted Average Life

*Based on a \$4.33 billion balance sheet

PORTFOLIO

ALM LIMITS

DECEMBER 31, 2021	REGULATION	CURRENT
NRSRO Rating AA or better	AA-	AA+
No prohibited securities	None	None
NEV Volatility (Base Plus)	20%	11.9%
NEV Ratio (Base Plus)	2%	7.8%
Weighted Average Life of Financial Assets (yrs)	2.00	0.72
Stressed Weighted Average Life of Financial Assets (yrs)	2.25	0.76

DIVERSIFICATION LIMITS TO ASSET SIZE

DECEMBER 31, 2021	REGULATION	CURRENT
Loans	N/A	5.2%
Auto Loan Asset Backed Securities	25%	11.8%
Credit Card Asset Backed Securities	25%	5.4%
FFELP Student Loan Securities	50%	4.8%
Equipment Asset Backed Securities	25%	4.8%
Corporate Bonds	50%	0.5%
Agency Residential/ Commercial Mortgage Backed Securities	50%	8.3%
SBA Pools	25%	0.0%
Commercial Paper	N/A	1.0%
U.S. Treasury	N/A	0.2%
FDIC/NCUA Guaranteed Certificates	N/A	0.1%
Other (Non-Earning)	N/A	3.8%
Overnight Investments	N/A	54.1%

SINGLE OBLIGOR LIMITS TO CAPITAL*

DECEMBER 31, 2021	REGULATION	CURRENT
Auto Loan Asset Backed Securities	25%	9.5%
Credit Card Asset Backed Securities	50%	11.1%
FFELP Student Loan Securities	25%	4.9%
Equipment Asset Backed Securities	25%	10.5%
Corporate Bonds	25%	4.2%

* Obligor limits are set as a percentage of the corporate's total capital. As of December 31, 2021, total capital is \$364,854,601. Total capital consists of Perpetual Contributed Capital and Retained Earnings, less Investments in Unconsolidated CUSOs.

SECTOR LIMITS TO CAPITAL*

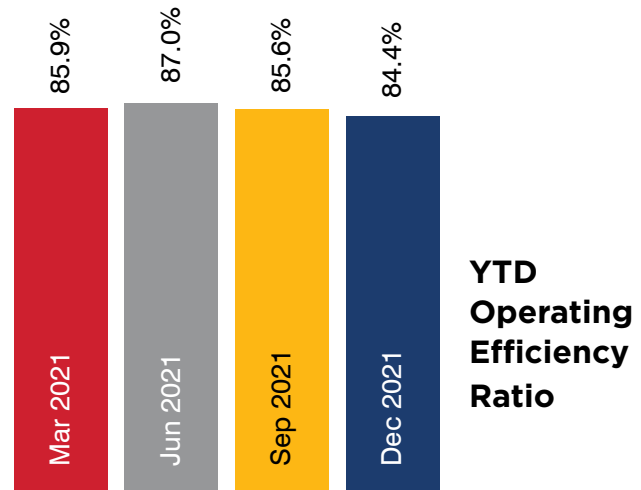
DECEMBER 31, 2021	REGULATION	CURRENT
Auto Loan Asset Backed Securities	500%	140.4%
Credit Card Asset Backed Securities	500%	63.7%
FFELP Student Loan Securities	1,000%	56.5%
Equipment Asset Backed Securities	500%	56.9%
Corporate Bonds	1,000%	5.6%
Agency Residential/ Commercial Mortgage Backed Securities	1,000%	98.2%
SBA Pools	500%	0.3%
Commercial Paper	N/A	12.3%
U.S. Treasury	N/A	1.9%

* Sector limits are set as a percentage of the corporate's total capital. As of December 31, 2021, total capital is \$364,854,601. Total capital consists of Perpetual Contributed Capital and Retained Earnings, less Investments in Unconsolidated CUSOs.

KEY PERFORMANCE RATIO GRAPHICS

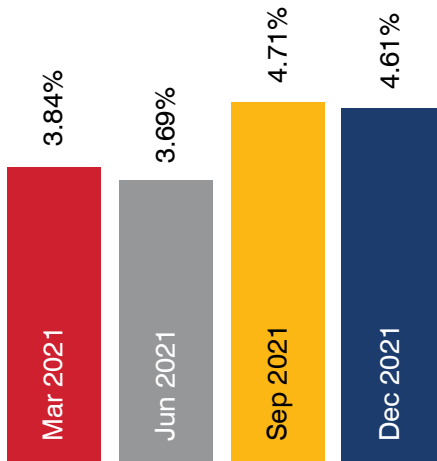
OPERATING EFFICIENCY RATIO

The operating efficiency ratio is calculated as net fee income divided by operating expenses. Catalyst Corporate's ability to cover expenses through fee income supports a business model that is less reliant on balance-sheet activity for income and therefore supports a risk-averse portfolio for the long-term. Management anticipates an operating efficiency ratio ranging from 75 to 85 percent on a long-term basis.

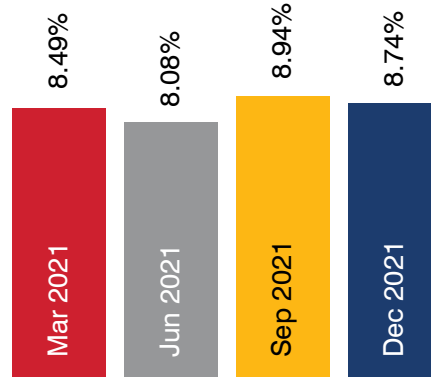


REGULATORY CAPITAL RATIOS

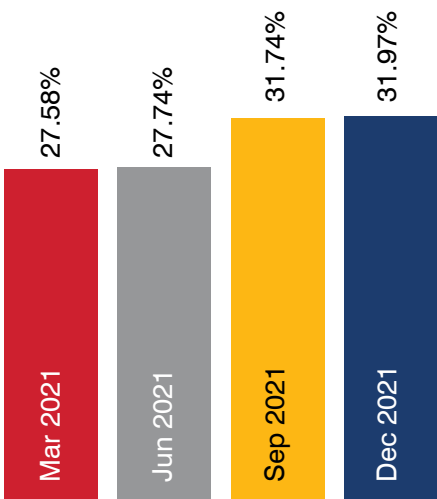
Retained Earnings Ratio



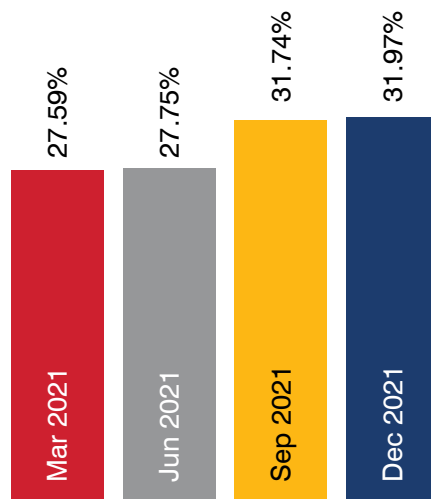
Leverage Ratio



Tier One Risk-Based Capital Ratio



Total Risk-Based Capital Ratio



CUSOs AND PARTNERS

APTYS SOLUTIONS, LLC

Aptys Solutions, LLC, owned by Catalyst Corporate, Alloya Corporate Federal Credit Union and Vizo Financial Corporate Credit Union, is a leading provider of correspondent electronic payment processing software for community financial institutions. Partnering with correspondent service providers, Aptys' payments platform processes nearly a billion ACH, check, and wire transactions annually for over 4,500 credit unions and community banks nationwide.

CONSTELLATION DIGITAL PARTNERS, LLC

Constellation Digital Partners, LLC, is an open digital banking platform for credit unions that allows providers to develop and add services into the platform through a cloud-based marketplace-style interface. Credit unions then can choose the services they wish to offer their members from the platform. Catalyst Corporate has an investment of \$500,000 in the CUSO and is developing tiles for the platform.

CU BUSINESS GROUP, LLC

CU Business Group, LLC, provides business service consultation to credit union clients in areas such as: Loan origination, underwriting and servicing Business deposit services Documentation and compliance Education and training Risk monitoring Loan participation network Independent loan review Strategic consulting and operational training CU Business Group is owned by six corporate credit unions. As of December 31, 2021, Catalyst Corporate owns approximately 37 percent of this CUSO and has 179 member credit unions using its services.

CU INVESTMENT SOLUTIONS, LLC

CU Investment Solutions, LLC provides broker/dealer services to corporates and natural person credit unions. Catalyst Corporate has an investment of \$100,000 in the CUSO, which equates to an 11.11 percent ownership stake. Catalyst Corporate employs registered investment representatives to provide investment management services to credit unions through CU Investment Solutions, LLC. Catalyst Corporate's sales volume as of December 31, 2021 was \$3.6 billion.

CURQL FUND 1, LLLP

CURQL is an on-ramp for fintech entrepreneurs to bring innovation to credit unions and their members. CURQL offers a collaborative network for credit unions to identify, assess, partner with, and invest in fintech companies. Fintechs receive expertise, coaching, guidance, and support on their technology development journeys. Catalyst Corporate has an investment of \$500,000 in the CUSO.

CUSOURCE, LLC/CATALYST STRATEGIC SOLUTIONS

CUSOURCE, LLC, doing business as Catalyst Strategic Solutions, is a wholly-owned CUSO of Catalyst Corporate that provides client credit unions with balance sheet consulting, including an SEC-registered advisory service, asset-liability management modeling, derivative hedging support, and related consultation. Catalyst Strategic Solutions has been in operation since 1998. As of December 31, 2021, 86 credit unions use the advisory service, and 797 credit unions and corporates use ALM and consulting services. As of December 31, 2021, Catalyst Strategic Solutions had over \$5.0 billion in credit union investments under advisement.

For additional due diligence information on these CUSOs and partners, [contact Member Services](#) at 800.442.5763, Option 1.

CUSOs AND PARTNERS

JPMORGAN CHASE

JPMorgan Chase is a Catalyst Corporate partner, facilitating the safekeeping of its members' securities. Catalyst Corporate does not have an ownership stake in JPMorgan Chase, but does entrust execution of highly-regulated service activities to this partner. As a result, Catalyst Corporate monitors its financial and service performance. JPMorgan Chase is deeply familiar with the regulatory requirements credit unions must meet with regard to security safekeeping and due diligence of safekeeping service providers. It is competent and committed to ensuring safe and sound custodianship practices. Catalyst Corporate has 345 credit unions using the program that is offered in partnership with JPMorgan Chase, with approximately \$26.7 billion in safekeeping for credit unions and \$1.2 billion in corporate holdings as of December 31, 2021.

MEMBERS DEVELOPMENT COMPANY, LLC

Members Development Company, LLC provides research and development services to credit unions. The company is owned by approximately 80 credit unions. Members address issues faced by credit unions and work toward the introduction of innovative products and services, along with enhanced opportunities for collaboration and industry education. As of December 31, 2021, Catalyst Corporate has an investment of \$30,000 in Members Development Company, which equates to a 1.16 percent ownership in the company.

PRIMARY FINANCIAL, LLC

Primary Financial, LLC is owned by 10 corporate credit unions and provides brokered certificates of deposit to natural person credit unions nationwide, as well as a channel for these credit unions to issue certificates. Catalyst Corporate has an investment of \$1.3 million in Primary Financial, equating to an 8.0 percent interest in the company. As of December 31, 2021, Catalyst Corporate had SimpliCD agreements with 759 credit unions, including 358 credit unions actively using the service over the last 12 months, and \$550 million in sales year-to-date.

PSCU

PSCU is a payments CUSO that leverages digital technology to support the success of more than 1,900 credit unions across the U.S., representing more than 6.9 billion transactions annually. PSCU's comprehensive, highly integrated payments solutions include credit, debit, ATM and prepaid card programs, digital banking, risk management, data analytics, marketing and strategic consulting, tailored for credit unions.

TRANZCAPTURE, LLC

TranzCapture, LLC is a credit union services organization established to provide software services, primarily next-generation remote deposit capture. Services include branch, teller, ATM, business, mobile and ITM (interactive teller machine) capture applications. As of December 31, 2021, Catalyst Corporate owns 74 percent of the CUSO, while Alloya Corporate Federal Credit Union owns 25 percent of the CUSO and Corporate One Federal Credit Union owns one percent of the CUSO. As of December 31, 2021, 1,370 credit unions were using TranzCapture services.

For additional due diligence information on these CUSOs and partners, [contact Member Services](#) at 800.442.5763, Option 1.

OPERATIONAL COMPLIANCE

BUSINESS CONTINUITY SUMMARY

Catalyst Corporate's Business Continuity Program is based on practices established by the Federal Financial Institutions Examination Council (FFIEC). Oversight is performed by the Operations Risk Management Committee, consisting primarily of management and senior management. The Business Continuity Management (BCM) Program and related activities are reviewed annually by the Technology Steering Committee and Board.

Catalyst Corporate has established a BCM governance structure to oversee and implement resilience, continuity, and response capabilities for safeguarding employees, members/clients, products, and services.

Catalyst Corporate's BCM governance includes:

- Aligning BCM plans and policies with the risk appetite
- Identifying the continuity requirements to match the operation's criticality
- Establishing robust business continuity policy and plans
- Allocating adequate resources to BCM activities
- Providing management oversight to implement and manage the program
- Monitoring and assessing business continuity performance relative to these goals

Catalyst Corporate attempts to minimize the impact of threats by the implementation of preventative controls. Should preventative controls fail to protect from a threat, the overall business continuity strategy is to plan for impacts that escalate all the way through to the worst-case scenario to develop plans of action that are applicable to most any situation. These situations may range from non-catastrophic outages of individual computing systems or business processes to catastrophic outages that require re-location of the entire operation to the collocation site.

The following business continuity strategies provide the framework for ensuring Catalyst Corporate can sustain critical business processes at a level acceptable to the business and member/client credit unions.

Business Continuity Plans

Business continuity plans are developed for each business process to document the procedures to be followed to achieve the minimum service level requirements and recovery time objectives. Solutions are identified for potential issues, and resources are put in place to ensure the timely resolution to anticipated service disruptions.

Business units have developed and refined continuity plans for their critical systems and exercise plans to validate those continuity plans. These plans, which are approved by senior management, collectively address a wide variety of scenarios:

- Employee emergency procedures provide guidance in steps to be taken should certain threats occur
- Immediate action items documents in detail items that require immediate action in a disaster declaration mode, both before and after arrival at the work area continuity site
- Disaster declaration plans address the building being indefinitely inaccessible and/or totally destroyed
- Scenario outage plans address the loss of specific services
- Temporary evacuation plans address the evacuation of the building for a few hours
- The pandemic preparedness plan details steps to be taken in a pandemic event

Backup

Systems and data are backed up as often as required, and the backups are sent off-site for long-term storage. Windows server backups and our common file storage systems data are archived into a secure online cloud solution for retention. Data backups are tested periodically to verify the backup system is working properly. Because recovery of data from magnetic media backup would take longer than what is acceptable during a disaster, a hot site is managed so that data can be mirrored or replicated to identical equipment for rapid recovery. Windows server backups and our common file storage systems are also backed up to disk, then replicated to additional disk storage at our hot site.

OPERATIONAL COMPLIANCE

BUSINESS CONTINUITY SUMMARY (CONTINUED)

Hot-site

The hot site provides a highly secured environment with connectivity to numerous telecommunication carriers and utility power backed up by a UPS. Redundant firewalls, routers, switches, IBM iSeries, servers and data storage devices are in place and are exercised on a regular basis to protect against prolonged service disruptions. High-speed telecommunication lines are installed to connect the hot site to Catalyst Corporate's Plano, Texas office for rapid transmission of high volumes of data and images. Throughout the day, data is mirrored and replicated between the office and the hot site for storage on redundant disk. With implementation of active/active SAN for our virtual infrastructure, the virtual environment is configured so that in the event of a total site disaster, all our virtual machines would automatically reboot at our hot site. This same functionality allows our virtuals to be moved between the two locations throughout the day, without any interruption of services.

Cloud Services

In addition to on-premise data center services, Catalyst Corporate leverages cloud services for a variety of software, platform, and infrastructure-as-a-service requirements. Each of these implementations considers each department function's continuity Recovery Time Objectives and Recovery Point Objectives to establish an implementation that meets the requirement. For solutions Catalyst Corporate is unable to control the configuration, necessary contractual obligations from the service provider are documented.

Work Area Continuity Site

Catalyst Corporate leases space in the same building as the hot site for the work area continuity site. With direct connection to the hot site for access to the AS/400, servers, and disk storage, this site houses the necessary workstations, work area, telecommunications and network connections to continue operations should a disruption occur. Business units maintain off-site storage of supplies and documentation needed to continue operations.

Automatic Call Distribution (ACD)

Catalyst Corporate implemented an ACD solution that provides a telephonic connection between the California office and the Plano office and other remote staff for member services and remote deposit services. In essence, this created one member services call center and one remote deposit services call center by combining the call centers from both offices and remote staff. The ACD solution provides more flexibility for telephone communication with member credit unions.

Continuity Exercises

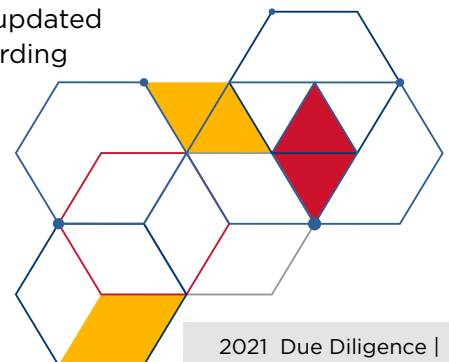
Critical business processes identified in the business impact analysis are exercised at least annually, and some of the more critical systems are exercised on a quarterly basis. Exercise exceptions are presented to senior management after each exercise. An overview of all exercises and exercise exceptions is presented to the Board annually.

Contingency Communications

Guidelines that provide information on how to establish communications with Catalyst Corporate as soon as possible following an event that causes a service disruption are available for member credit unions. Credit unions and Catalyst Corporate employees maintain familiarity with these contingency communications plans by conducting semi-annual exercises.

Third-party Risk Management

Catalyst Corporate has a comprehensive Third-party Risk Management program. All new vendors undergo due diligence commensurate with the work they will be providing for Catalyst and its members. Due diligence for high-risk vendors includes a detailed review of business continuity controls, as well as information security and financial performance. Due diligence is updated periodically according to a schedule determined by the level of risk to Catalyst.



OPERATIONAL COMPLIANCE

BUSINESS CONTINUITY ACTIVITY REPORT

Service Alert Message (SAM) System

Regular SAM notifications, sent to participating credit unions, ensure that credit union contact information for specific processes is maintained and communications to member credit unions regarding the nature and duration of process specific disruptions is timely. The SAM system was used multiple times in 2021 to ensure successful communication with member credit unions in the event of service disruptions.

Contingency Communications Exercises

Contingency Communications Exercises are conducted at least semi-annually to ensure timely communications to member credit unions regarding the nature and duration of a service disruption in an effort to minimize the impact on operations. These exercises began in September 2002 with participation from a total of 153 credit unions. Catalyst Corporate now has the participation of 1,311 credit unions, partners and CUSOs in these exercises (as of December 2021).

Disaster Recovery Exercises

Disaster Recovery Exercises are conducted for all critical business processes. Each business unit has identified and prioritized, by function, the critical systems in its disaster recovery plan. The exercises are designed to compare results to pre-established Recovery Time Objectives. The last full failover disaster recovery exercise was performed in the 2nd quarter of 2021. No significant issues were identified during any of the disaster recovery exercises performed in 2021.

Employee Notification Exercise

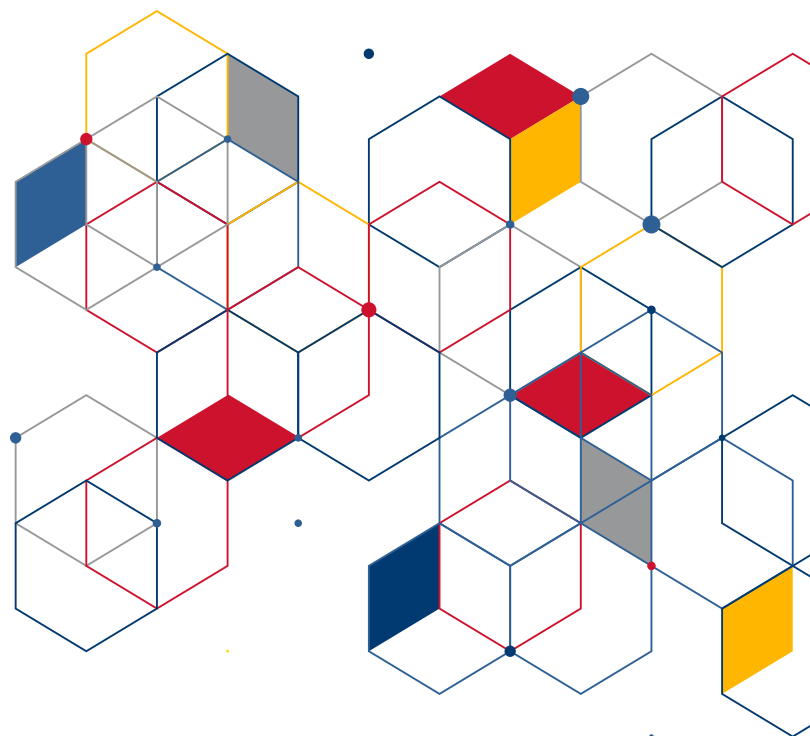
Employee notification exercises are conducted on a regular basis to ensure immediate and responsive communication to Catalyst Corporate management and employees in the event of a business continuity event. An off-premise notification and conferencing system can deliver alerts and information by phone, text and email. Additionally, conference bridges are available to streamline recovery collaboration efforts. Multiple employee notification exercises were conducted successfully in 2021.

Data Recovery Exercise

The data recovery exercise is conducted quarterly, if necessary, to validate that off-site backup data can be recalled and recovered as needed. Routine business activity often requires items to be restored outside the on-premise retention window. Day-to-day recovery needs in 2021 adequately demonstrated the ability to recover from storage.

Application Specific Exercises

Catalyst Corporate conducts application specific exercises of its critical systems and simulates scenarios that are different from those used during Catalyst Corporate's full-scale exercises to assess additional areas of coverage.



OPERATIONAL COMPLIANCE

BANK SECRECY ACT (BSA)/OFFICE OF FOREIGN ASSETS CONTROL (OFAC) SUMMARY

Catalyst Corporate is committed to fulfilling the requirements of the BSA, the OFAC, and the USA PATRIOT Act. Catalyst Corporate's BSA Policy is reviewed and approved by the board of directors at least annually.

Anti-money laundering procedures have been developed and implemented that enable Catalyst Corporate to meet the requirements of the BSA, OFAC, USA PATRIOT Act, and the Financial Crimes Enforcement Network (FinCEN). These procedures and controls include, but are not limited to, the following:

- Coordination and monitoring of compliance by a designated BSA compliance officer.
- A Member Identification Program designed to meet the requirements of Section 326 of the USA PATRIOT Act.
- BSA/OFAC risk assessment of Catalyst Corporate processes, products and services, and members.
- Review of unbatched transactions for the detection and reporting of suspicious activity to FinCEN.
- A documented process for analysis and reporting of suspicious activity.
- Entities, countries and individuals associated with unbatched transactions screened for potential matches against OFAC lists.
- Review of member accounts in accordance with Section 314(a) of the USA PATRIOT Act.
- Monthly reporting of BSA and OFAC activity to the board of directors.
- Ongoing training of appropriate personnel.
- Independent testing and monitoring of compliance.
- Recordkeeping and record retention.
- An annual review of policies, procedures and risk assessments.
- Checks and balances, including a query validation process, a retention validation process, and the use of dual control.

FIDELITY BOND STATEMENT

NCUA Part 704.18 states that "every corporate credit union will maintain bond coverage with a company holding a certificate of authority from the Secretary of the Treasury" and "the minimum amount of bond coverage will be computed based on the corporate credit union's daily average net assets for the preceding calendar year."

Catalyst Corporate maintains a \$10 million fidelity bond which is the coverage required by NCUA Part 704.

PRIVACY AND SECURITY

DESCRIPTION OF THE PRIVACY AND SECURITY AFFIDAVITS

The Affidavits below are provided to assist member credit unions with their due diligence and compliance with NCUA Rules and Regulations Parts 717 and 748, CFPB Regulation P (Part 1016) and the Payment Card Industry Data Security Standards.

Affidavit Regarding Part 717

Catalyst Corporate places a high priority on security, and utilizes security measures to protect not just nonpublic personal information and information about “covered accounts” (as defined in Part 717), but all types of confidential information that it receives from its member credit unions.

Under Part 717 of the NCUA’s Regulations, Catalyst Corporate is deemed to be a “service provider” to its member credit unions. Catalyst Corporate is providing this Affidavit in order to assist member credit unions in their compliance with Part 717. The Affidavit is written in general language so that member credit unions can utilize the Affidavit regardless of the level of complexity of their security programs.

Catalyst Corporate utilizes policies and procedures, developed by the corporate, that are designed to prevent, detect and mitigate the risk of security breaches that could result in a member of a credit union, or any other person, being exposed to identity theft. These policies and procedures will apply to all circumstances in which Catalyst Corporate processes or otherwise has access to confidential information, whether in connection with providing services for a “covered account” held at a credit union or otherwise.

- Catalyst Corporate agrees not to use nonpublic personal information about any credit union’s members, or about any other person, for any purpose other than those purposes for which the credit union disclosed the information to Catalyst Corporate, including servicing and processing of transactions in the ordinary course of business.

- Catalyst Corporate will utilize security measures that Catalyst Corporate deems to be appropriate for the protection of nonpublic personal information about credit union members and other persons, with particular attention to protection against unauthorized access to or unauthorized use of such information that could result in substantial harm or inconvenience to any credit union’s members or to any other person.
- Catalyst Corporate has an Incident Response Plan in place that provides guidance for our response if a security breach occurs. If an incident occurs that involves unauthorized access to or unauthorized use of nonpublic personal information about any credit union’s members or about any other person, Catalyst Corporate will take actions that Catalyst Corporate deems to be appropriate, including notification to the affected credit union as soon as possible of any such incident.
- Catalyst Corporate will utilize security measures designed to accomplish the proper disposal of nonpublic personal information held by Catalyst Corporate. If immediate deletion or disposal of the nonpublic personal information held by Catalyst Corporate is not feasible, then until the date when deletion or disposal of the information occurs, Catalyst Corporate will continue to utilize security measures designed to protect the information against unauthorized access and against unauthorized use.

PRIVACY AND SECURITY

Affidavit Regarding Part 1016 (Regulation P) and Part 748

Catalyst Corporate places a high priority on security, and utilizes security measures to protect not just nonpublic personal information, but all types of confidential information that it receives from its member credit unions.

Under Part 1016 (Regulation P) of the Consumer Financial Protection Bureau's Regulations and Part 748 of the NCUA's Regulations, Catalyst Corporate is deemed to be a "service provider" to its member credit unions. Catalyst Corporate is providing this Affidavit in order to assist member credit unions in their compliance with Part 1016 and Part 748. The Affidavit is written in general language so that member credit unions can utilize the Affidavit regardless of the level of complexity of their security programs.

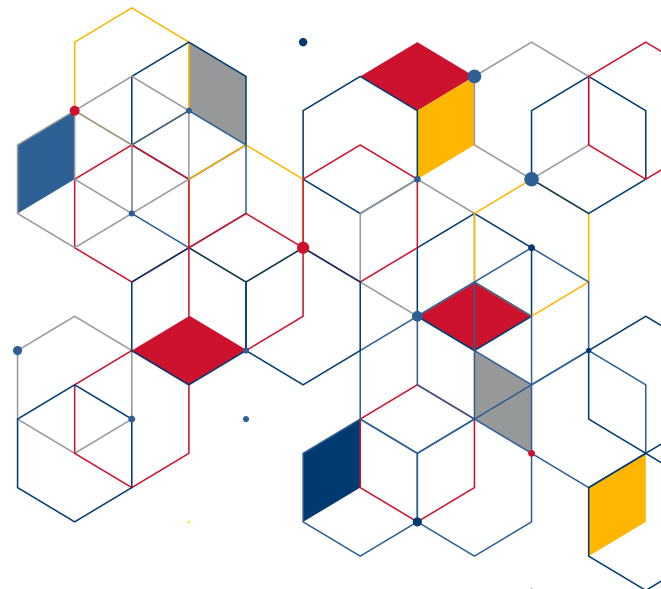
Catalyst Corporate agrees not to use nonpublic personal information about any credit union's members, or about any other person, for any purpose other than those purposes for which the credit union disclosed the information to Catalyst Corporate, including servicing and processing of transactions in the ordinary course of business.

Catalyst Corporate will utilize security measures that Catalyst Corporate deems to be appropriate for the protection of nonpublic personal information about credit union members and other persons, with particular attention to protection against unauthorized access to or unauthorized use of such information that could result in substantial harm or inconvenience to any credit union's members or to any other person. Catalyst Corporate's security program establishes standards for the protection of

information assets. These standards are intended to be consistent with Part 748 of the NCUA rules and regulations. The program includes a data classification to protect information assets. In addition, Catalyst has a risk assessment process in place to evaluate risks, including security related risks.

Catalyst Corporate has an Incident Response Plan in place that provides guidance for our response if a security breach occurs. If an incident occurs that involves unauthorized access to or unauthorized use of nonpublic personal information about any credit union's members or about any other person, Catalyst Corporate will take actions that Catalyst Corporate deems to be appropriate, including notification to the affected credit union as soon as possible of any such incident.

Catalyst Corporate will utilize security measures designed to accomplish the proper disposal of nonpublic personal information held by Catalyst Corporate. If immediate deletion or disposal of the nonpublic personal information held by Catalyst Corporate is not feasible, then until the date when deletion or disposal of the information occurs, Catalyst will continue to utilize security measures designed to protect the information against unauthorized access and against unauthorized use.



PRIVACY AND SECURITY

Affidavit Regarding PCI Data Security Standards

Catalyst Corporate places a high priority on security, and utilizes security measures to protect card data, in addition to many types of confidential information that it receives from its member credit unions.

This Affidavit is written in general language so that member credit unions can utilize the Affidavit regardless of the level of complexity of their security programs.

Catalyst Corporate has achieved full compliance to Payment Card Industry Data Security Standards. PCI DSS is a set of multifaceted security standards established by the major card brands (including Visa and MasterCard) to protect cardholder account information. These best practices include requirements for security management, policies, procedures, network architecture, software design and other critical protective measures.

To access the PCI DSS on PCI Security Council's website, visit [PCISecurityStandards.org](https://www.pcisecuritystandards.org).

Catalyst Corporate will utilize security measures that Catalyst Corporate deems to be appropriate, and comply with PCI DSS, for the protection of card data with particular attention to protection against unauthorized access to or unauthorized use

of such data that could result in substantial harm or inconvenience to any credit union's members or to any other person. Catalyst Corporate's security program establishes standards for the protection of information assets, including card data. Also, Catalyst Corporate has a risk assessment process in place to evaluate risks, including security-related risks.

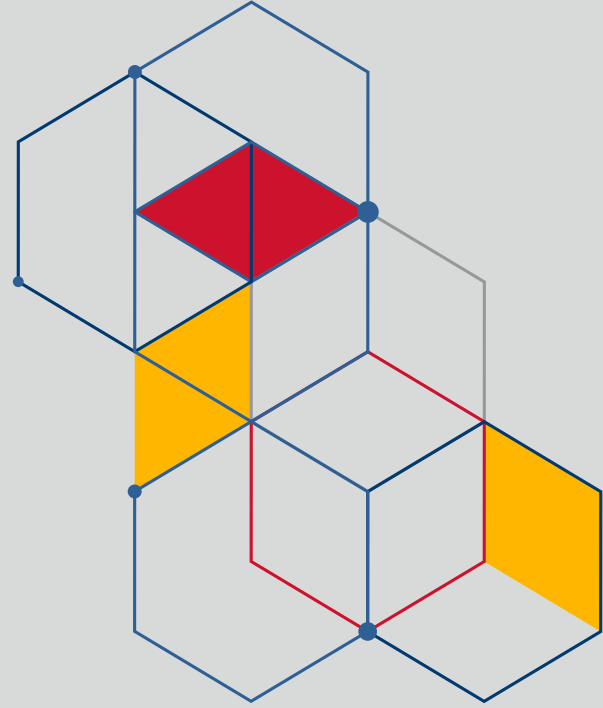
Catalyst Corporate has an incident response plan in place that provides guidance for our response if a security breach occurs. If an incident occurs that involves unauthorized access to or unauthorized use of card data, Catalyst Corporate will take actions that Catalyst Corporate deems to be appropriate, including notification to the affected credit union as soon as possible of any such incident.

Catalyst Corporate will utilize security measures designed to accomplish the proper disposal of card data held by Catalyst Corporate. If immediate deletion or disposal of the card data held by Catalyst Corporate is not feasible, then until the date when deletion or disposal of the data occurs, Catalyst Corporate will continue to utilize security measures designed to protect the data against unauthorized access and against unauthorized use.

SSAE18 STATEMENT

Catalyst Corporate is committed to the confidentiality, integrity and availability of its operations, information, information systems and members' information. To meet these objectives, Catalyst Corporate has implemented and continues to develop internal controls. To demonstrate compliance with these controls, Catalyst Corporate engaged a firm to perform an SSAE18 review for the period October 1, 2020 - September 30, 2021.

The SOC1 and SOC2 reviews are available to credit unions who [contact Member Services](#) or 800.442.5763, option 1. The reports also may be downloaded from TranZact by authorized users.



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