



Value Proposition Overview |

Catalyst Corporate Federal Credit Union is a wholesale cooperative financial institution with more than 1,200 capitalizing member credit unions throughout the country. Member credit unions depend on Catalyst Corporate as a single- source provider of core services, such as daily transaction settlement, lines of credit, investments, share draft processing, imaged check deposits, and ACH.

Catalyst Corporate exists to make its member-owners more efficient, more competitive and more valuable to their own member-owners. This sense of purpose is evident in everything Catalyst Corporate does.

Catalyst Corporate provides unparalleled value by offering services with features and characteristics that are unique in the marketplace. While most providers are motivated to maximize profits, Catalyst Corporate's services were designed to meet credit union needs.

Because so much of what Catalyst Corporate does is integrated into credit unions' operations, many aspects of the value provided are transparent.

Unique features and characteristics of the services Catalyst Corporate offers include:

- Aggregation of credit unions' settlement activity in one location eliminates the need to manage and reconcile multiple accounts.
- Member credit unions do not need to monitor, fund and reconcile a Fed account.
- A no-fee line of credit automatically covers account activity as needed.
- No-cost intra-day liquidity for settlement activity means no need to manage cash and no worry about funding for critical payments activity.
- Numerous deadlines are monitored by the corporate on an ongoing basis to ensure timely processing and to keep credit union payments activity in compliance.
- Cooperative pricing is made possible through aggregated volumes.
- Member credit unions are paid interest on funds kept for settlement and are not required to maintain a compensating balance account.
- Due to the ownership structure, credit unions are assured top-notch member service with limitless support.
- Critical education and training is offered from reliable sources at subsidized pricing.



Value Proposition: Settlement and Cash Management |

Settlement services from Catalyst Corporate Federal Credit Union maximize convenience for credit unions by allowing all transactions to settle through a single **cash management account**. The benefits are substantial.

Dollars maintained for settlement earn interest – a feature that is not available from banks, where compensating balance accounts generally result in lost earnings on excess funds.

Members' settlement activity is supported by a **line of credit**, which ensures that all critical payments activity is funded. Catalyst Corporate advances low-cost overnight loans *automatically* as needed to cover any shortfalls.

Catalyst Corporate provides **intra-day credit** as well, covering settlement activity even when a settlement account goes negative during the day. This extraordinary benefit is possible due to the aggregation of funds across the corporate's membership and is provided free of charge. In contrast, credit unions settling directly with the Federal Reserve are at risk for penalties and fees for overdrafts. As a result, they must employ dedicated resources to monitor their Fed accounts throughout the day, transfer funds to cover activity and ensure sufficient funds are on deposit overnight.

Online account access, combined with comprehensive member service call center support, further enhances the overall experience.



Value Proposition: Item Processing Service |

Catalyst Corporate Federal Credit Union is the largest credit union **share draft** processor in the United States, processing 172 million items per year for approximately 900 credit unions. This cooperative buying power saves credit unions as much as 50 percent of the cost of other providers, including the Federal Reserve Bank. Credit unions using these services also receive responsive operational support and the efficiency and cost savings that result from ongoing technological enhancements.

On the check deposit side, Catalyst Corporate provides **check collection** services for 649 credit unions – processing 97 million items annually. Users have access to a full suite of high-tech **remote deposit** services with integrated administration, including Branch, Teller, Business, ATM, Member and Mobile Capture. The service features MICR correction, duplicate MICR detection, image deposit returns and optional early warning fraud detection services.

In addition to low fees, substantial savings include:

- hard-dollar interest earned on deposits (as opposed to earnings credits);
- no FDIC fees;
- no Regulation D reserve accounts holding sterile funds;
- no human resources spent on adjustment resolution (available option);
- no teller hours spent performing MICR correction; and
- minimal-to-no duplicate item/duplicate file resolution labor and fees.

Catalyst Corporate converts more electronic images for exchange than any other provider, which means credit unions convert fewer items to substitute checks, saving time and money. Catalyst Corporate also represents credit unions with active leadership in image exchange industry organizations.



Value Proposition: Electronic Funds Transfer |

Catalyst Corporate Federal Credit Union offers numerous payments services, including **wire services, Western Union transfers, debit cards, ACH** origination and receiving, and more. Pricing for these services is highly competitive, resulting in savings that have a meaningful bottom-line impact for credit unions.

Credit unions using Catalyst Corporate can rest assured that tight controls ensure security of domestic wire transfers, whether initiated online or through the member service call center. With Catalyst Corporate acting as a liaison to the Federal Reserve, the need for credit unions to interact with the Fed for reconciliation and research is alleviated – a substantial time savings.

International wires may be sent in foreign or U.S. dollar currency. In addition to wires, Catalyst Corporate offers international cash letters, foreign drafts and foreign currency.

Catalyst Corporate's **ACH** program is very flexible, allowing credit unions to process unlimited ACH transactions and batches as well as multiple files per day, and in a variety of file formats. Credit unions benefit from immediate credit, competitive interest rates on every dollar held for settlement, online account management, robust integrated risk management and ongoing training and support.

Debit cards have become essential for meeting the needs and expectations of natural person members. Credit unions will pay on average 25 percent less for **EFT card services** through Catalyst Corporate, compared to other providers, and 100 percent of interchange income generated by cardholders is passed back to credit unions.

All payments activity is supported through overnight and intra-day credit through the no-cost line of credit and automatic, low-cost settlement loans.



Value Proposition: Lines of Credit |

Catalyst Corporate Federal Credit Union provides credit unions with a ready source of liquidity to help meet funding needs from unexpected loan demand, high share withdrawals and seasonal outflows.

Credit unions are not required to pay an origination fee for a **line of credit** at Catalyst Corporate, in contrast to banks, where a one percent assessment is common.

Catalyst Corporate's line of credit supports members' settlement activity, ensuring that all of credit unions' critical payments activity is funded, by advancing low-cost **overnight loans** *automatically* as needed to cover any shortfalls. Credit unions settling directly with the Federal Reserve are at risk for penalties and fees for overdrafts. As a result, they must employ dedicated resources to monitor their Fed accounts throughout the day, transfer funds to cover activity and ensure sufficient funds are on deposit overnight.

Catalyst Corporate also offers a non-settlement line of credit and term loans, all with flexible terms and competitive rates.

Credit unions will have the option of satisfying Catalyst Corporate's collateral requirements with a specific pledge of collateral or a general pledge of their assets.



Value Proposition: Balance Sheet Enhancement |

Catalyst Corporate Federal Credit Union offers members the opportunity to earn competitive rates on overnight investments through its **Performance Tiered Account (PTA)** and facilitates portfolio management through a variety of services:

Investment Advisory Services assist credit unions in the development of strategies to address long-term liquidity needs and to maximize returns, while protecting equity capital.

In partnership with CU Investment Solutions, LLC, Catalyst Corporate provides **Brokerage Services**, offering credit unions an opportunity to work with corporate staff they know and trust to purchase marketable securities. These registered representatives ensure that credit unions buy only NCUA-permissible securities.

Security Safekeeping services through Catalyst Corporate provide convenience as all principal and interest payments are credited to the credit union's settlement account. The program is fully compliant with NCUA requirements and protects credit union securities from being used for other purposes without specific authorization.

SimpliCD is a brokered certificates program that gives credit unions access to the insured CD market through a partnership with Primary Financial Company, LLC. SimpliCD offers centralized placement of large sums of cash in insured investments, while eliminating the need for credit unions to manage individual accounts. Centralized interest payments and automated movement of funds in and out of the settlement account further this convenience.

Overnight Off-Balance Sheet Investing:

Because there is a cap on deposits that can remain in the PTA, credit unions will have several options for sweeping overnight deposits off Catalyst Corporate's balance sheet. Each type of sweep investment will perform better during specific phases of the business cycle. Catalyst Corporate will assist members with the due diligence required to use these options.

"As Agent" Federal Funds involves the bulk trading of excess credit union liquidity where overnight transactions are done in the name of the credit union rather than the corporate. Fed Funds has historically been a large and active market with many creditworthy counterparties available.

Catalyst Corporate also will offer daily sweeps to a **Money Market Fund** that is managed by one or more highly regarded investment management companies.



Catalyst Corporate's **Asset-Liability Management (ALM)** tools help credit unions measure interest rate risk on their balance sheets and provide information useful for forecasting, budgeting and strategic planning. Reports are tailored for credit union needs, and staff provides ample support.

The **Investment Accounting** program rounds out Catalyst Corporate's full-service support for the investing function of our member credit unions. This service provides monthly reports for members' marketable security holdings including: fair market value, accrued interest, and principal paydowns, as well as amortization and accretion.