

# First Quarter 2023 **Corporate Update**



# First Quarter Corporate Update

Catalyst Corporate is pleased to report continued progress during the first quarter of 2023. Not only has Catalyst Corporate met the broad objectives of its original business plan, but it also has outperformed most budget projections during every period since.

Catalyst Corporate publishes an annual Due Diligence Report – a comprehensive publication aimed at promoting transparency by helping credit unions monitor adherence to commitments in the areas of financial performance, regulatory compliance, investment activity and future plans. To review the Due Diligence Report and other financial information, visit the Due Diligence page of the Catalyst Corporate website ([catalystcorp.org](https://catalystcorp.org)) by navigating to [About Us/Due Diligence](#).

As a supplement to the Due Diligence Report, this Corporate Update provides a snapshot of Catalyst Corporate's performance to date, offering information about credit union growth and key performance ratios.

The Corporate Update also includes graphics illustrating Catalyst Corporate's performance related to key ratios that were established by the NCUA and by Catalyst Corporate's Board of Directors. A review of this information confirms the long-term sustainability

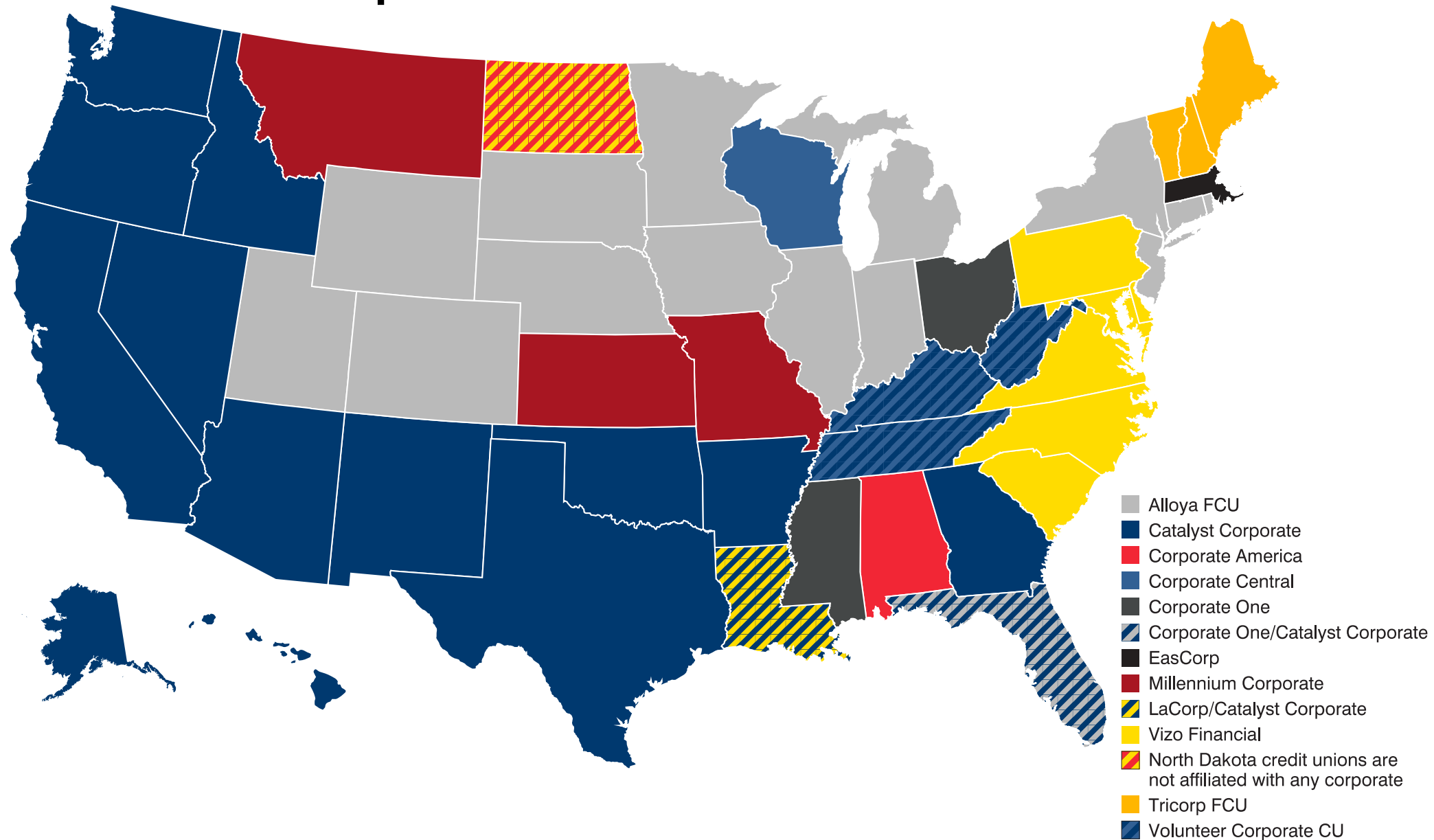
of the business model. We hope the successful implementation of Catalyst Corporate's credit union-driven strategies serves as affirmation of your credit union's dedication to support Catalyst Corporate through capitalization and ongoing patronage.

## Strategy Snapshot

After launching its new, low-risk business model in September of 2011, Catalyst Corporate has added hundreds of credit unions as members and clients through a combination of strategies, including consolidation, partnership and organic growth. This expansion demonstrates rapid fulfillment of an established goal to improve the corporate's existing high level of efficiency by increasing scale – allowing Catalyst Corporate to return maximum value to all its credit unions. During this time, Catalyst Corporate and Catalyst Strategic Solutions – a wholly-owned subsidiary of Catalyst Corporate – also have delivered numerous new services and enhancements while maintaining the quality of support that credit unions have come to expect. This accomplishment is reflected in a high net promoter score of 86.8 percent. In its twelfth year, Catalyst Corporate is prioritizing mission-driven innovation as part of its goal to help credit unions achieve success in an increasingly competitive financial services landscape.

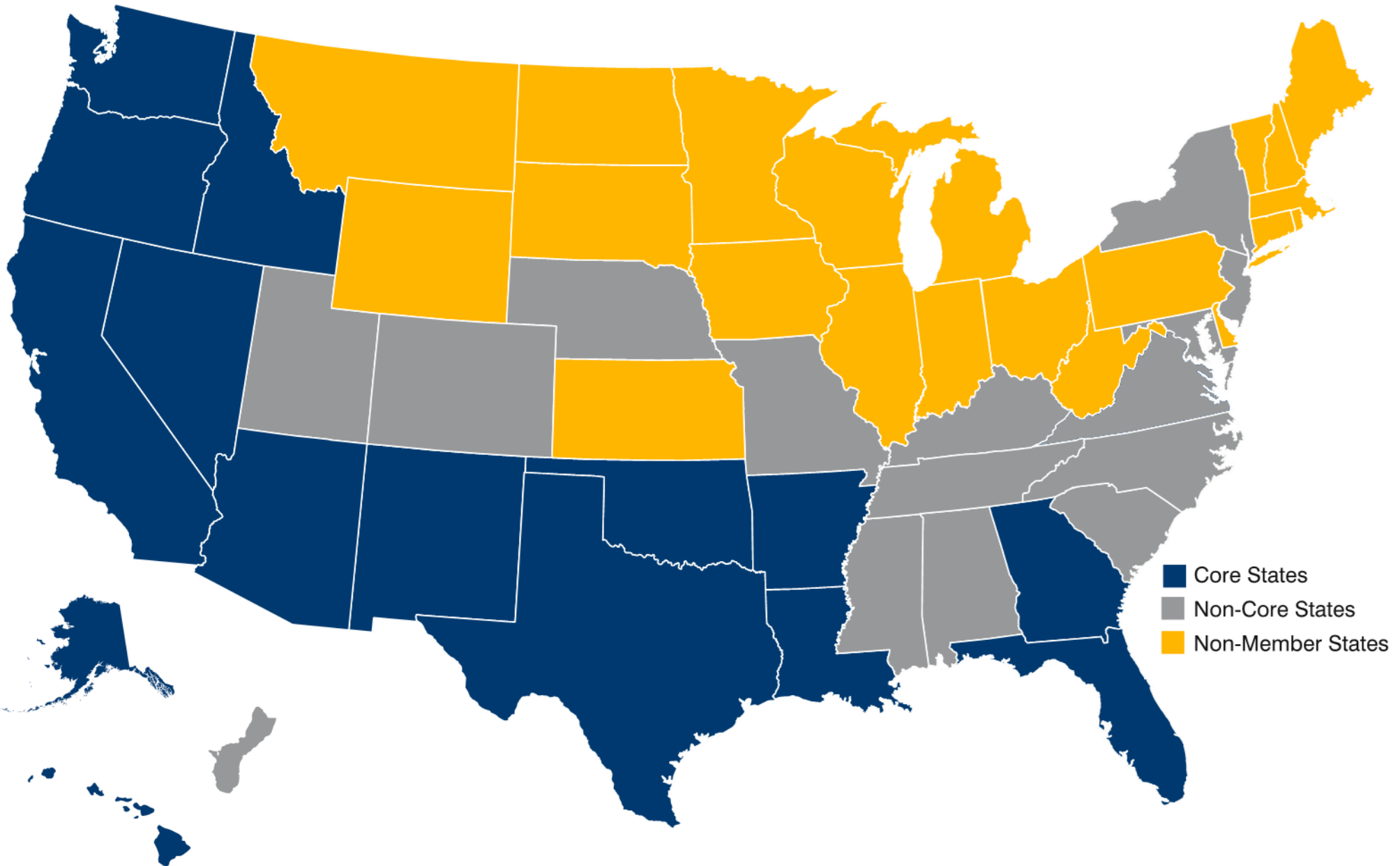


# Corporate CU Network 2023





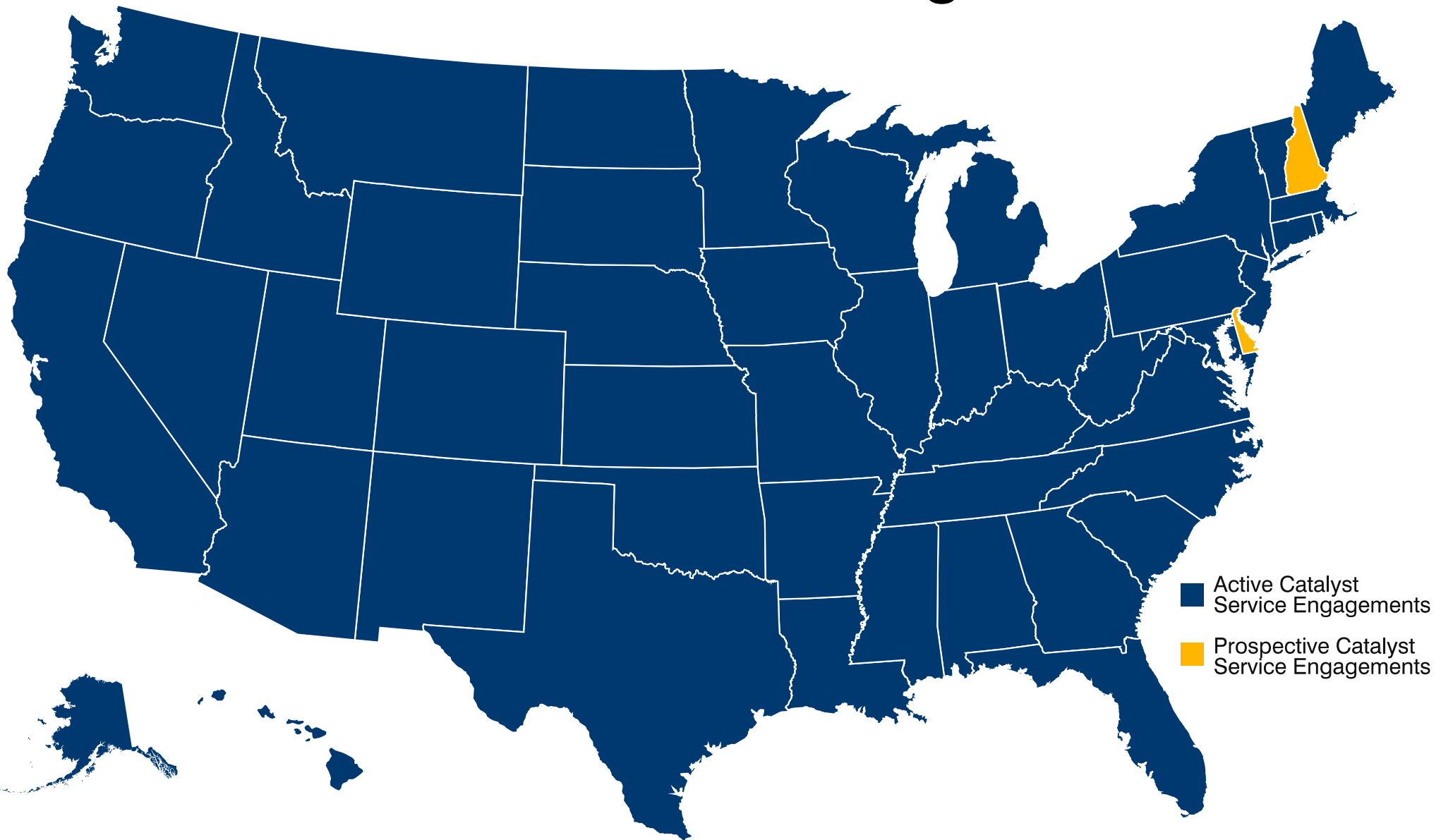
# Membership Map







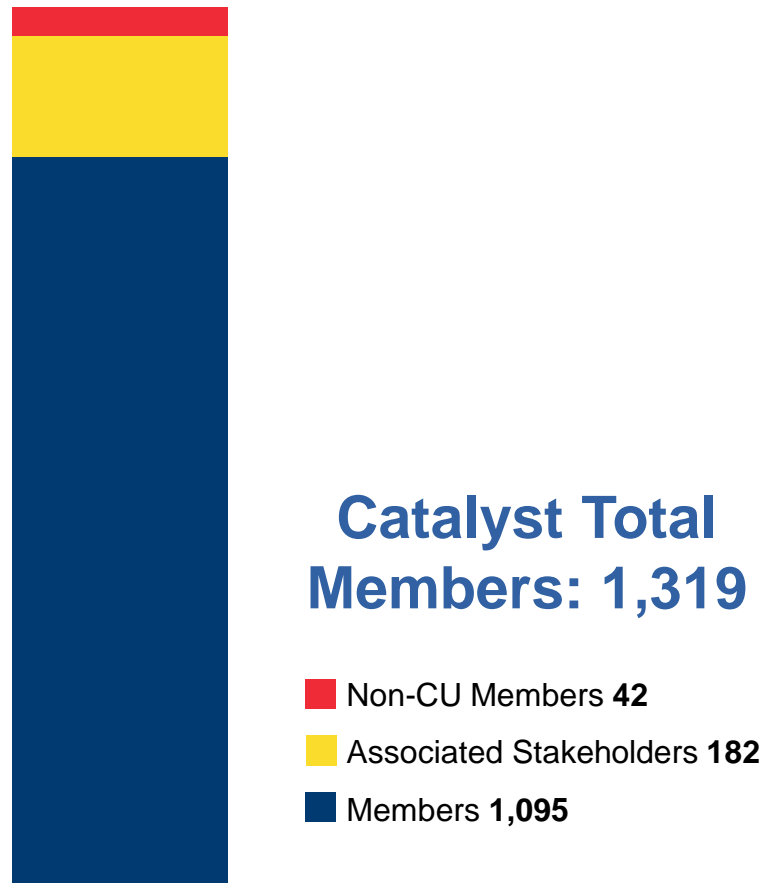
# Service Coverage\*



*\*Service coverage includes check processing for two additional corporate credit unions' members.*



# Catalyst Corporate Membership



## Core States 82% Market Share

Total CUs in  
Core States

**1,452**

Member CUs

**1,196**

## Entire U.S. 26% Market Share

Total CUs  
in U.S.

**4,841**

Member CUs

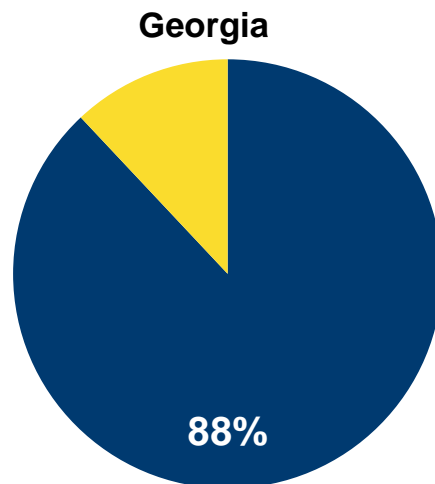
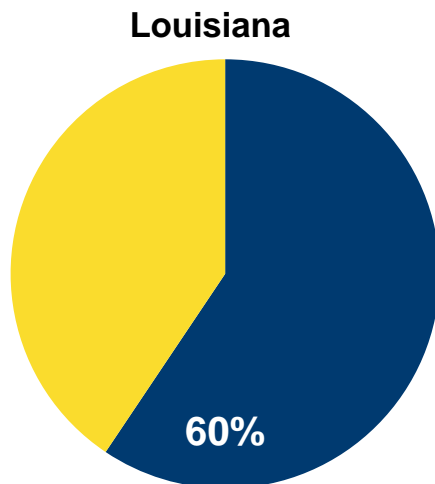
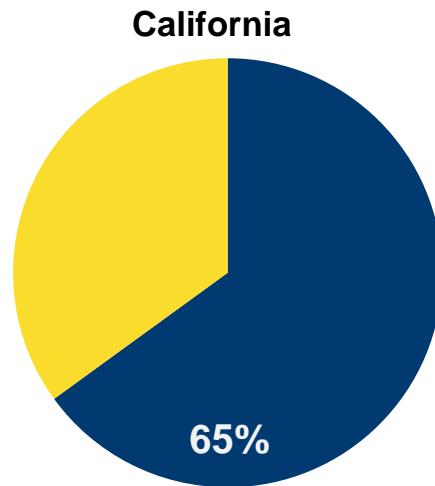
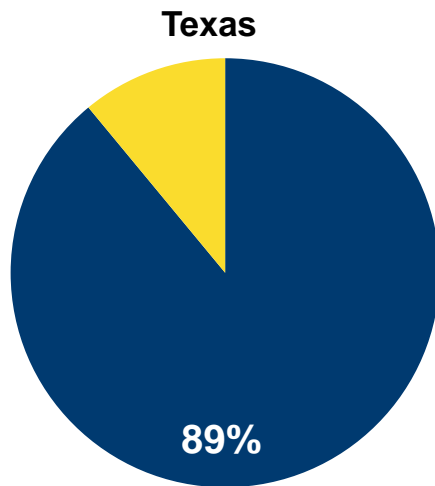
**1,277**

- *Non-CU Members – Includes CUSOs and Leagues*
- *Associated Stakeholders – Includes OBS Users*
- *Members – Includes all Full and Partial PCC, Open and Closed, Daily Shares*



# Core State Market Share

## Catalyst Corporate Member CUs in Core States



CORE STATES	MEMBER CUs	TOTAL CUs
TX	366	412
CA	174	268
LA	91	152
GA	75	85
WA	62	77
AR	49	52
OK	49	57
OR	40	53
HI	36	48
AZ	34	36
NM	33	41
ID	21	28
FL	18	120
NV	9	14
AK	4	9

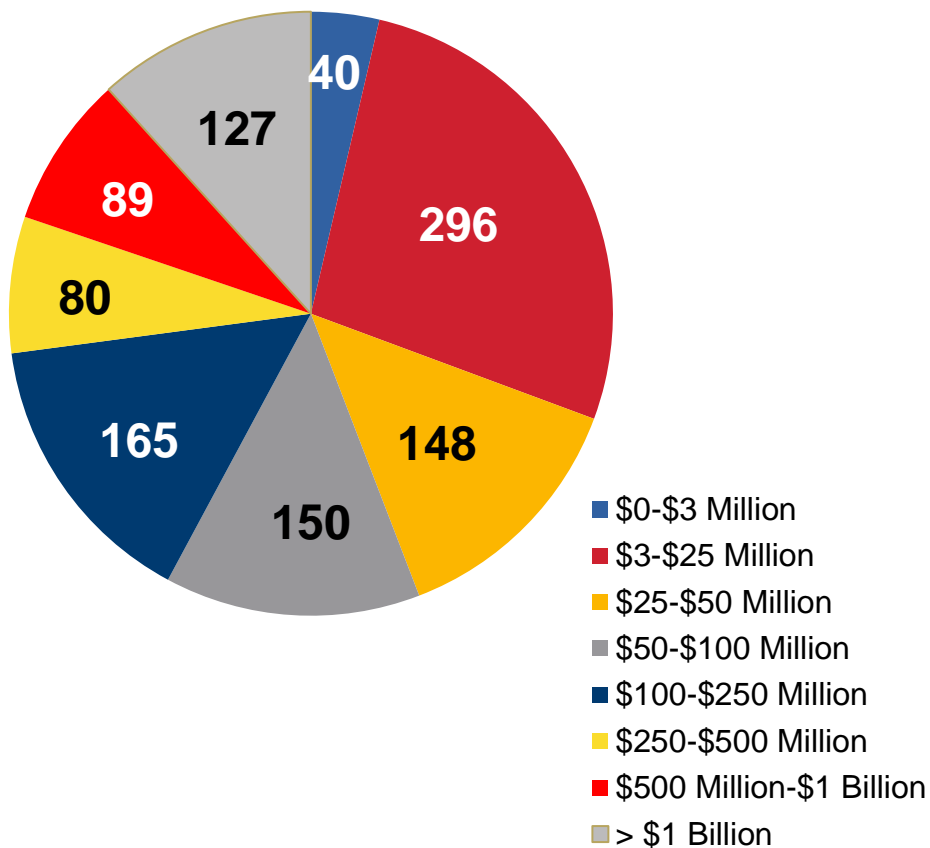
Member CUs (PCC, Partial PCCs, Daily Shares) vs. Total CUs by State



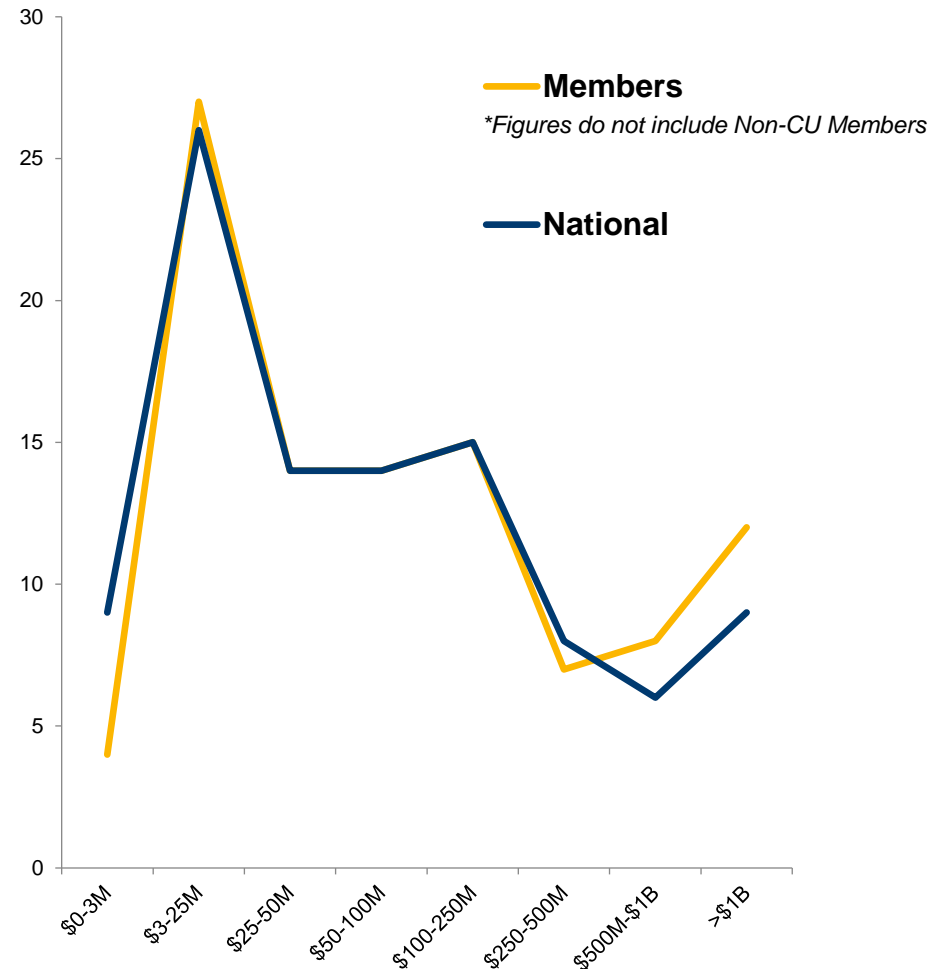
# Membership Demographics

## Member Credit Unions by Assets

Number of Members per Asset Category



Percentage of Members per Asset Category



# Services

Catalyst Corporate provides a wide range of payment, liquidity and investment services:

- **Payment Services**

TranzCapture Remote Deposit, Share Drafts & Corporate Share Drafts, ACH, Wires, Cards, Mobile Rewards, Business Services, International Services

- **Liquidity Services**

Lines of Credit, Loan Participations ([lpexchange.org](http://lpexchange.org)), Term Loans

- **Investment Services**

Overnight Accounts, SimpliCD, Brokerage Services, Security Safekeeping, Advisory Service\*, ALM Services\*, Derivative Hedging\*

*\*Provided through Catalyst Strategic Solutions, a wholly-owned subsidiary*

# New Services

- Faster Payments
  - Moli P2P (Person-to-Person) Payment Solution
  - The Clearing House RTP® Network
  - Federal Reserve FedNow<sup>SM</sup> Service
- CU LoanPay Digital Loan Payments
- Integrated Teller Capture (Corelation, Sharetec & Jack Henry Symitar)
- Sweep Program to U.S. Government Money Market Funds
- Subordinated Debt Program\*
- Advanced Fraud Solutions TrueChecks® Fraud Detection

*\*Provided through Catalyst Corporate, its partners and subsidiaries*



# First Quarter 2023 Financial Snapshot

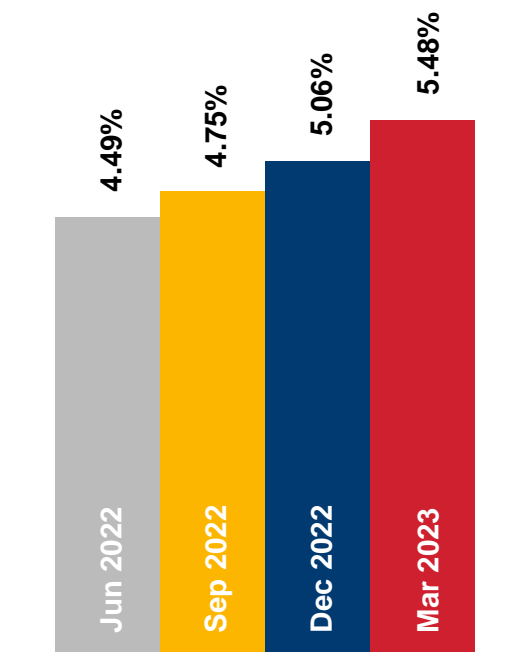
- **YTD Net Income:** \$18.29 million
- **Retained Earnings:** \$208.37 million
- **Retained Earnings Ratio:** 5.48%
- **Leverage Ratio:** 10.17%
- **YTD Operating Efficiency Ratio:** 69.94%
- **Balance Sheet:** \$5.15 billion
- **Excess Balance Account (Qtr average):** \$2.89 billion



# Key Performance Ratios

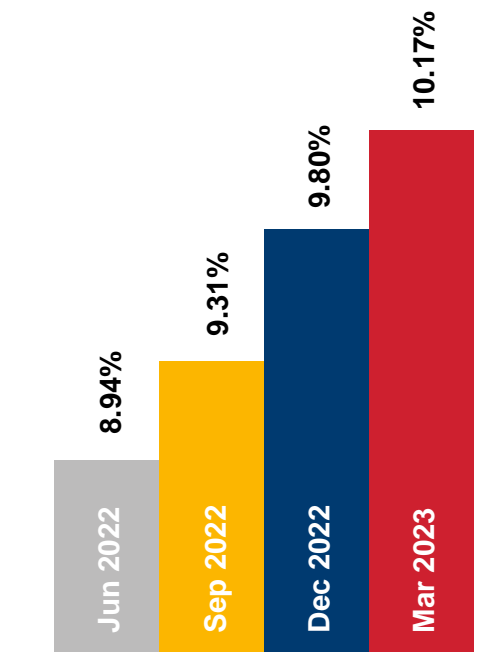
Below are graphics representing Catalyst Corporate's key regulatory capital ratios for the month ending each of the last four quarters.

## Retained Earnings Ratio



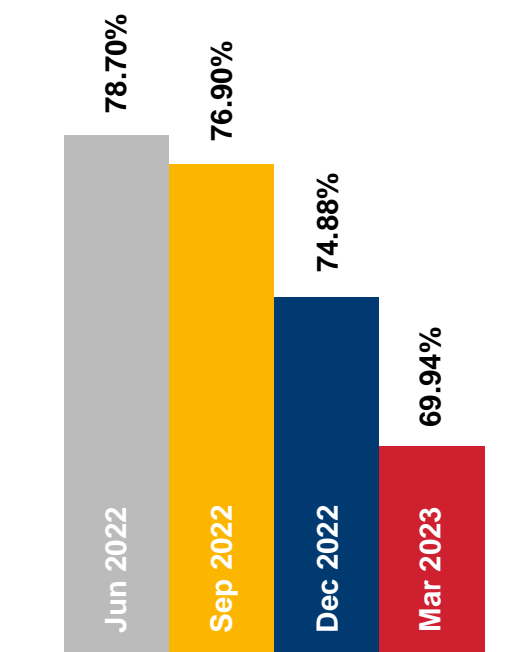
NCUA regulations have established a retained earnings ratio threshold of 2.50% to include all member Perpetual Contributed Capital (PCC) in the leverage ratio.

## Leverage Ratio



A well-capitalized regulatory leverage ratio is defined as 5.00 percent or greater.

## Year to Date Operating Efficiency Ratio

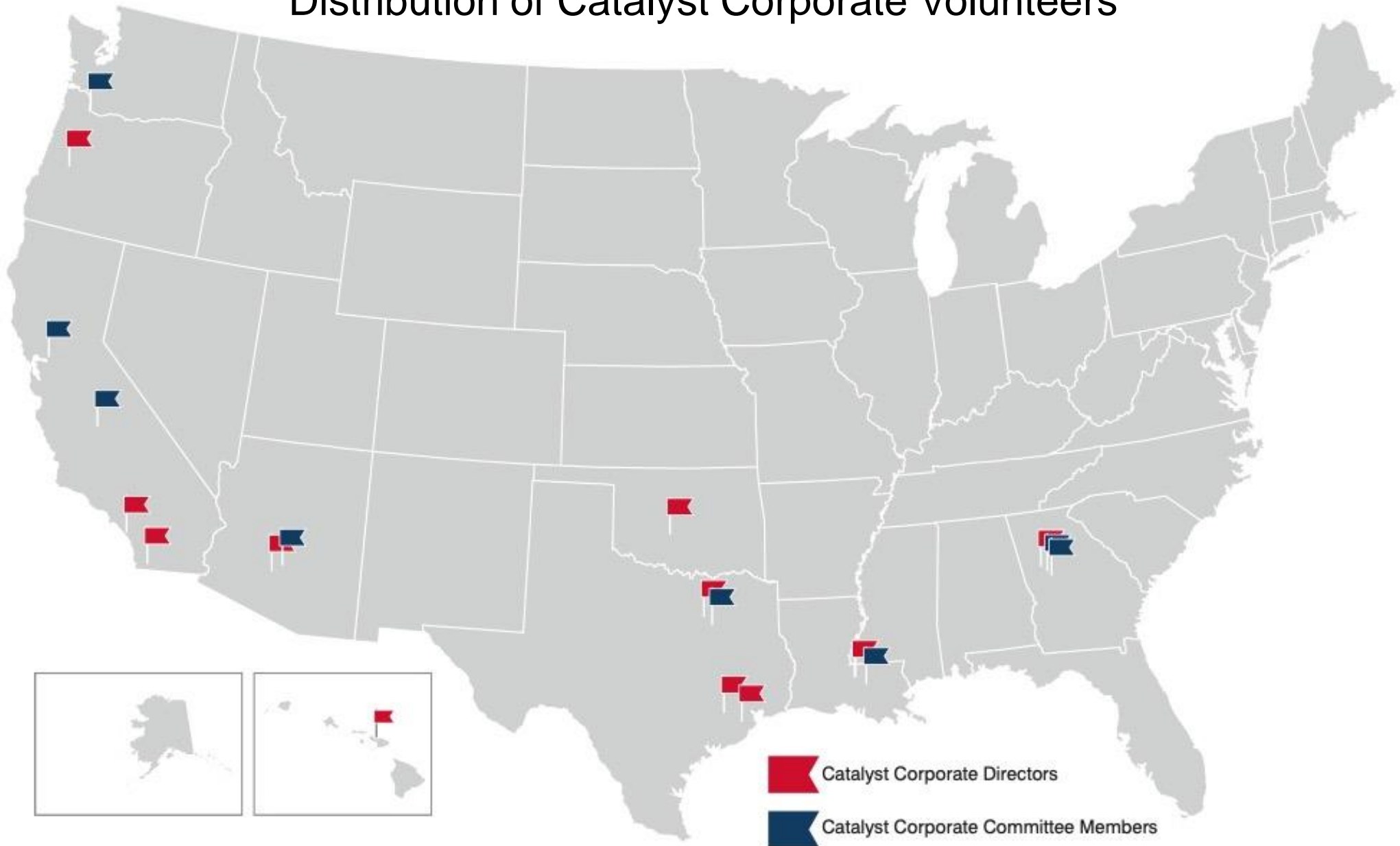


The operating efficiency ratio is calculated as a percentage of expenses covered by fee income. The ability to cover expenses with fee income supports a business model less reliant on balance-sheet activity for income and therefore supports a risk-averse portfolio for the long-term. Management anticipates the operating efficiency ratio to settle into the 75-85 percent range on a long-term basis.



# Volunteer Representation

## Distribution of Catalyst Corporate Volunteers



# Strategic Focus

- Execute Strategic Objectives:
  - Achieve Financial Goals
  - Build Relationships
  - Execute Product Development, Enhancements and Research
- Execute 3-Year Digital Strategy
- Remain Open to Additional Collaborative Opportunities that Benefit our Members
- Maintain High Net Promoter Score:
  - **2022 Member Satisfaction Survey**  
Net Promoter Score (NPS) = 86.8  
*(any score over 50 is exceptional)*





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