

THE VALUE OF VISION

January  
2026

# Financial Statements and Management's Discussion & Analysis





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## Management's Discussion and Analysis

### RESULTS OF OPERATIONS

Catalyst's net income for the one month ended January 31, 2026 and 2025 totaled \$7,012,831 and \$6,449,318, respectively. January year-to-date operations resulted in an operating efficiency ratio (net fee income divided by operating expenses) for 2026 and 2025 of 70.7% and 67.0%, respectively.

A summary of the unaudited results of Catalyst's operations for the one month ended January 31, 2026 and 2025 is included in the following table.

	YTD Jan 2026	YTD Jan 2025
Net interest income	<b>\$8,505,680</b>	\$8,051,707
Net fee income	<b>3,895,092</b>	3,927,000
Operating expenses	<b>(5,508,353)</b>	(5,857,362)
Non controlling interest	<b>120,412</b>	327,973
Net income	<b>\$7,012,831</b>	\$6,449,318

<b>Key Information:</b>		
Net operating expense	<b>\$1,613,261</b>	\$1,930,362
PCC	<b>\$169,706,737</b>	\$168,843,167
Retained earnings	<b>\$377,489,827</b>	\$304,832,063
Operating efficiency ratio	<b>70.7%</b>	67.0%
Return on assets	<b>1.27%</b>	1.51%
Leverage / Tier 1 capital ratio	<b>9.02%</b>	9.06%
Retained earnings ratio	<b>6.34%</b>	5.95%
Daily average net assets – 12 month rolling	<b>\$5,957,751,464</b>	\$5,122,666,472
Monthly average EBA balance transfer to FRB	<b>\$5,556,017,064</b>	\$4,819,062,587

## CREDIT RISK

The weighted average life of assets is 1.03 years. All investment securities are classified as available-for-sale investments and have a weighted average life of 1.44 years. As of January 31, 2026, Catalyst's investments are comprised as follows:

	<b>Amortized Cost</b>	<b>Estimated Fair Value</b>	<b>Net Unrealized Gain</b>
Asset-backed securities	\$2,937,662,103	\$2,942,069,462	\$4,407,359
Agency commercial mortgage-backed securities	805,792,381	807,621,937	1,829,556
Agency mortgage-backed securities	119,744,357	120,417,381	673,024
Federal agency securities	68,764,719	68,788,324	23,605
U.S. Treasury securities	49,914,495	50,161,851	247,356
<b>Total</b>	<b>\$3,981,878,055</b>	<b>\$3,989,058,955</b>	<b>\$7,180,900</b>

Catalyst's asset-backed securities are collateralized by the following asset types as of January 31, 2026:

	<b>Amortized Cost</b>	<b>Estimated Fair Value</b>	<b>Net Unrealized Gain/(Loss)</b>
Automobile	\$1,202,318,533	\$1,203,337,935	\$1,019,402
Credit card	1,048,182,924	1,052,198,588	4,015,664
FFELP student loan	370,761,163	369,611,233	(1,149,930)
Equipment	271,555,645	271,941,092	385,447
Other	44,843,838	44,980,614	136,776
<b>Total</b>	<b>\$2,937,662,103</b>	<b>\$2,942,069,462</b>	<b>\$4,407,359</b>

## INTEREST RATE RISK

Catalyst'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'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 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's NEV test as of January 31, 2026 is as follows (in thousands):

	Fair Value	Fair Value +300 Basis Points	Fair Value -300 Basis Points
<b>NEV</b>	\$551,700	\$460,700	\$649,700
<b>% Change in NEV</b>	-	(16.5%)	17.7%

The percentage changes to Catalyst's NEV under either rate shock are under the 35 percent NCUA regulatory limit under Part I Expanded Authority.

## LIQUIDITY RISK

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

As of January 31, 2026, Catalyst has \$2,430,723,965 in cash and cash equivalents. In addition, Catalyst has access to a \$2,650,479,620 borrowing capacity at the Federal Reserve Bank (FRB) based on available collateral. Catalyst also has access to a \$829,016,365 advised line of credit (LOC) with Federal Home Loan Bank (FHLB) of Dallas, as well as a \$200,000,000 repurchase agreement LOC with J.P. Morgan Securities LLC, all of which are secured with qualified investment securities. Additionally, Catalyst has access to a \$30,000,000 unsecured Fed Funds LOC with JPMorgan Chase Bank as of January 31, 2026. Catalyst has a \$235,000,000 outstanding advance as of January 31, 2026.

Catalyst continues to meet members' liquidity needs. Catalyst has outstanding loans of \$279,982,120 and additional uncommitted LOCs to members of \$12,339,498,175 as of January 31, 2026. All outstanding LOCs are collateralized by specific or general pledges of the members' assets.

## REGULATORY CAPITAL

Catalyst exceeded all of the regulatory capital requirements under section 704.3 of the NCUA Regulations as of January 31, 2026. The table below presents Catalyst's actual and required capital ratios as of January 31, 2026:

Capital Ratio	Ratio	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Retained earnings ratio	<b>6.34%</b>	N/A	N/A
Leverage / Tier 1 capital ratio	<b>9.02%</b>	4.00%	5.00%
Tier 1 risk-based capital ratio	<b>20.63%</b>	4.00%	6.00%
Total risk-based capital ratio	<b>20.63%</b>	8.00%	10.00%

## Consolidated Statements of Financial Condition

(Unaudited)

As of January 31,	2026	2025
<b>Assets</b>		
Cash and cash equivalents	\$2,430,723,965	\$1,897,052,066
Investments:		
Available-for-sale	3,989,058,955	3,208,444,871
Other investments	32,615,885	35,601,780
Loans	279,982,120	307,136,575
Accrued receivables and other assets	54,227,934	52,008,419
Property and equipment, net	14,319,349	14,409,065
Goodwill and other intangible assets	6,013,386	6,423,386
National Credit Union Share Insurance Fund (NCUSIF)	2,334,530	2,359,968
<b>Total assets</b>	<b>\$6,809,276,124</b>	<b>\$5,523,436,130</b>
<b>Liabilities</b>		
Members' shares and certificates	\$5,978,221,064	\$5,020,518,442
Borrowed funds	235,000,000	-
Accrued expenses and other liabilities	34,785,333	29,121,786
<b>Total liabilities</b>	<b>6,248,006,397</b>	<b>5,049,640,228</b>
<b>Members' Equity</b>		
PCC	169,706,737	168,843,167
Retained earnings	377,489,827	304,832,063
Non controlling interest	6,758,723	7,589,265
Accumulated other comprehensive income/(loss)	7,314,440	(7,468,593)
<b>Total members' equity</b>	<b>561,269,727</b>	<b>473,795,902</b>
<b>Total liabilities and members' equity</b>	<b>\$6,809,276,124</b>	<b>\$5,523,436,130</b>

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

## Consolidated Statements of Income

(Unaudited)

	For the one month ended January 31,	
	2026	2025
<b>Interest income</b>		
Available-for-sale investments	<b>\$14,206,594</b>	\$12,596,251
Federal Reserve Bank	<b>6,765,793</b>	5,447,734
Loans	<b>1,135,783</b>	1,575,177
Other	<b>168,629</b>	138,798
Total interest income	<b>22,276,799</b>	19,757,960
<b>Interest expense</b>		
Members' shares and certificates	<b>13,037,508</b>	11,706,253
Borrowed funds	<b>733,611</b>	-
Total interest expense	<b>13,771,119</b>	11,706,253
Net interest income	<b>8,505,680</b>	8,051,707
<b>Net fee income</b>		
Share draft and depository processing fees	<b>1,921,144</b>	1,917,087
Off-balance-sheet income	<b>867,128</b>	894,378
Other fee income	<b>1,106,820</b>	1,115,535
Total net fee income	<b>3,895,092</b>	3,927,000
<b>Operating expenses</b>		
Compensation and benefits	<b>3,984,814</b>	4,308,694
Information technology	<b>1,070,007</b>	1,011,820
Professional fees	<b>100,842</b>	145,259
Office occupancy	<b>99,238</b>	104,590
Other operating expense	<b>253,452</b>	286,999
Total operating expenses	<b>5,508,353</b>	5,857,362
<b>Non controlling interest</b>	<b>120,412</b>	327,973
<b>Net income</b>	<b>\$7,012,831</b>	\$6,449,318
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>		

## Consolidated Statement of Comprehensive Income

(Unaudited)

For the month ended January 31,	2026
<b>Net income</b>	<b>\$7,012,831</b>
<b>Other comprehensive loss</b>	
Net unrealized holding losses on investments classified as available-for-sale	(1,276,472)
Net unrealized holding losses on derivatives designated as cash flow hedges	(16,493)
Total other comprehensive loss	(1,292,965)
<b>Comprehensive income</b>	<b>\$5,719,866</b>
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>	

## Consolidated Statement of Members' Equity

(Unaudited)

For the month ended January 31, 2026

	Perpetual Contributed Capital	Retained Earnings	Non Controlling Interest	Accumulated Other Comprehensive Income/(Loss)	Total
Balance at December 31, 2025	\$169,706,737	\$372,487,428	\$6,879,135	\$8,607,405	\$557,680,705
Net income/(loss)	-	7,012,831	(120,412)	-	6,892,419
Dividends paid on PCC	-	(2,010,432)	-	-	(2,010,432)
Other comprehensive loss	-	-	-	(1,292,965)	(1,292,965)
Balance at January 31, 2026	<b>\$169,706,737</b>	<b>\$377,489,827</b>	<b>\$6,758,723</b>	<b>\$7,314,440</b>	<b>\$561,269,727</b>
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>					

## 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 FRB are included in cash and cash equivalents in the consolidated statements of financial condition.

### 2. Available-for-Sale Investments

The amortized cost and estimated fair value of available-for-sale investments as of January 31, 2026 are as follows:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain
Asset-backed securities	\$2,937,662,103	\$2,942,069,462	\$4,407,359
Agency commercial mortgage-backed securities	805,792,381	807,621,937	1,829,556
Agency mortgage-backed securities	119,744,357	120,417,381	673,024
Federal agency securities	68,764,719	68,788,324	23,605
U.S. Treasury securities	49,914,495	50,161,851	247,356
<b>Total</b>	<b>\$3,981,878,055</b>	<b>\$3,989,058,955</b>	<b>\$7,180,900</b>

### 3. Other Investments

Other investments are comprised of the following as of January 31, 2026:

Interest-bearing certificates of deposit	\$11,152,000
Investments in credit union service organizations (CUSOs)	7,737,185
FHLB capital stock	11,726,700
Other	2,000,000
<b>Total</b>	<b>\$32,615,885</b>

Investments in CUSOs include equity method investments in CU Business Group, LLC and Primary Financial, LLC.

#### 4. Loans

The composition of loans is as follows as of January 31, 2026:

Term loans	\$249,008,371
Open-end credit lines	30,973,749
Total	\$279,982,120

#### 5. Members' Shares and Certificates

Members' shares and certificates are summarized as follows as of January 31, 2026:

Members' shares	\$5,472,758,064
Members' certificates	505,463,000
Total	\$5,978,221,064

Catalyst members transferred \$6,183,406,102 to the Excess Balance Account at the FRB as of January 31, 2026.