

2024 Annual Report

THE VALUE OF VISION



President/CEO Report

BRUCE FOX, PRESIDENT/CEO

I'm pleased to say that 2024 was a good year for Catalyst, one that saw strong financial performance as we drove new value for our members and clients, as you will see in this 2024 Annual Report. We continue on our mission to accelerate credit union success, enabling people to thrive. With a purpose driven mission, credit unions across the country put the lives of their members and their own teams at the heart of what they do. At Catalyst, we are honored and humbled to play a critical role in helping so many credit unions serve all their constituents.

Financial Performance:

Catalyst delivered strong financial results in 2024. At year-end, Catalyst had net income of \$66.3 million, a leverage ratio of 9.04%, and a retained earnings ratio of 5.91%.

These results meet or exceed each of our key performance metrics. It's not just about hitting numbers, but how we are making those numbers that matters. Catalyst has put a focus on growing recurring revenue while expanding the number of services we provide to each of our members and clients.

As we look forward to 2025, Catalyst has made a concerted effort to prepare for the volatility in the economy and overall market uncertainty. Catalyst is strategically positioned to capitalize on the emerging market dynamics, offering a comprehensive suite of solutions to address key credit union requirements. Our offerings range from liquidity management and risk mitigation to enhancing member engagement and ensuring seamless payment processes. We stand ready to engage with our members and clients, helping you succeed from vision to reality.



Key Activities:

Catalyst continued to onboard credit unions to its suite of instant payment programs building on the continued growth of the Federal Reserve's FedNow® Service solution. Catalyst has been a leader in bringing FedNow instant payments to market since well before the solution launched in 2023, and we continue to help credit unions of all sizes benefit from instant payments.

In 2024, Catalyst introduced a ground-breaking instant payment program in collaboration with Origence, aimed at enhancing credit unions' competitive edge in auto lending in partnership with one of the nation's largest direct-to-consumer auto manufacturers. Through automated loan processing and instant payment through FedNow, participating credit unions were able to secure more loan business, even outside normal operating hours. What's more, this exciting model is extensible to virtually any type of lending, making credit unions more competitive, garnering new members through preferred lending and improving the overall member experience.

To close out 2024, in a partnership announced in early 2025, Catalyst brought a powerful new payment platform to our members. While initially focused on delivering an improved, more secure peer-to-peer payment experience, the powerful payments engine can transform a wide range of payment types including business-to-business payments, business-to-consumer payments, remittances, e-commerce payments, bill payments and more. The platform operates on various payment networks, facilitating transactions that can be directed to any recipient.

Catalyst continued efforts last year to create scale for check processing operations by forging new alliances with corporate credit unions. Through the TranzCapture CUSO, Catalyst now performs payments processing for six corporates. The economies of scale gained through those partnerships allowed Catalyst and its partners to provide enhanced value to their credit union members.

Payments represent a significant area of innovation and a prime opportunity for Catalyst to serve members. In addition, our focus on asset management and liquidity solutions is as strong as ever. Catalyst put a particular emphasis on growing our loan participation activity in 2024, leveraging our Loan Participation Exchange to match buyers and sellers while leaning on our loan participation and sales experts to guide credit unions as they sought to optimize liquidity and asset mix. Catalyst launched a first-ever 2-day Derivatives Symposium in April 2024. This well-received virtual event provided valuable information on how interest rate derivatives can help credit unions hedge rate risk and remain strong regardless of market volatility, critical in 2024 and perhaps even more so in the year to come.

Strategic Initiatives:

In these pages a year ago, we discussed the tremendous work that went into revitalizing the Catalyst brand. The foundational efforts of 2023 and early 2024 resulted in the launch of the new brand in February 2024. This new brand has proven to be a guiding light in our efforts to get closer to members and clients. In 2024, we successfully executed a brand campaign that introduced the new Catalyst to the market. Additionally, we launched a new website designed to enhance the ease and efficiency for members, clients, and prospects in engaging with Catalyst.

In the thread of engagement, Catalyst launched a new sales and relationship management structure in

2024, bringing new faces and ideas to the fore while empowering our long-tenured relationship team to focus on meeting member needs.

Catalyst continues to rapidly innovate in the payments space, making it easier for credit unions and their members to transfer money safely to and from virtually anyone. We are also investing in our financial service solutions and expertise to better assist members in understanding their financial position, mitigating their risk and positioning themselves for long-term vitality.

Events and Engagements:

For 2024, we took the long-running Catalyst Economic & Payments Forum and reimagined the event as the Catalyst Strategic Summit. The new event built on the economic and industry focus Catalyst had provided for nearly 50 years, expanding and extending it to include faster payments, technological innovation and member experience. The event also saw Catalyst move outside the Dallas/Ft. Worth metroplex for the first time, taking place in San Antonio, Texas.

I am thrilled to report that the 2025 Strategic Summit will be even better! Taking place October 21-23 in the beautiful Texas Hill Country at the Lost Pines Resort & Spa, this year's event is bringing even more education and inspiration for our attendees. Kevin O'Leary, from ABC's *Shark Tank*, will headline an impressive lineup of speakers with topics ranging from the economy to AI to payment innovation. Registration is open and all the details are available on our website.

Looking Ahead:

We recognize the challenges and opportunities that credit unions face, and we possess the expertise, tools, and solutions necessary to support their success. While the future remains uncertain, Catalyst is strategically positioned to support its members and clients in the long term.

Board of Directors Report

LIN HODGES, BOARD CHAIR

At Catalyst, our mission is to be an engine of growth for credit unions from coast-to-coast, delivering the advice, services and solutions they need to best serve their communities. We believe that credit unions are critical to the financial future of this country and occupy a unique place in the financial services ecosystem.

Catalyst has a hard-working team of volunteers, management and staff that put our members and clients first every day. They live our values while delivering a differentiated experience that ensured 2024 was a successful year, not only for the organization, but for every member and client we serve. Catalyst has carried that momentum into the first quarter of 2025 with quarter ending net income of \$20.4 million, the retained earnings ratio at 6.19% and the leverage ratio at 9.28%.

As we look forward to 2025, we will continue to deliver innovative services and solutions securely and with great care to our members and clients. We continue to innovate in the payments space and are expanding capabilities in 2025 with enhanced P2P solutions and more. The Catalyst financial services team is among the most capable and tenured in the industry, ready to assist members with planning, risk management, liquidity

solutions and much more. Impacting every touchpoint with members, we continue to focus on our team, delivering on our core values.

For all credit unions, I encourage you to reach out and start a conversation.

The team at Catalyst is eager to share their knowledge, strategize with you and find a way to accelerate your growth plans. From risk management and liquidity solutions to payment modernization and delivery, Catalyst experts are here for you.

While many organizations claim to put the needs of members or customers first, few can truly back up the sentiment. At Catalyst, we take great pride in the satisfaction we bring to our members and clients, and we have the data to back it up. In 2024, members awarded Catalyst a Net Promoter Score of 82.5%, considered a world-class level of satisfaction.

To our Catalyst members and clients, I am thrilled to have you, and for those we haven't met yet, Catalyst is ready to serve.



Supervisory Committee Report

JODY CARACCIOLI, COMMITTEE CHAIR

The Supervisory Committee is responsible for reporting on the integrity of the credit union's financial records and for ensuring that internal controls are in place to protect the assets of the credit union and its members.

Regulatory exams and audits performed by Catalyst's internal and external independent auditors are designed to assist Catalyst in maintaining the highest standards of accuracy in its accounting records and reports, and in complying with policies, procedures, and regulations.

The Supervisory Committee has met with the external auditors to discuss the results of the 2024 external audit. Catalyst received an unqualified opinion on the audited 2024 financial statements.

The Supervisory Committee also has reviewed the results of work performed by Catalyst's internal auditors and the results of examinations performed by the National Credit Union administration.



Based on findings of the internal auditors, external auditors and the NCUA, the Supervisory Committee members conclude that the financial statements for the year ending December 31, 2024, are fairly presented and that Catalyst has maintained effective internal control over financial reporting and has complied with all applicable regulations and laws throughout 2024.





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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee, Board of Directors and Management
Catalyst Corporate Federal Credit Union

Report on the Audits of the Financial Statements and Internal Control Over Financial Reporting

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the financial statements of Catalyst Corporate Federal Credit Union and its subsidiaries, which comprise the consolidated statements of financial condition as of December 31, 2024 and 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Catalyst Corporate Federal Credit Union and its subsidiaries as of December 31, 2024 and 2023 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.

We also have audited Catalyst Corporate Federal Credit Union and its subsidiaries internal control over financial reporting as of December 31, 2024, including controls over the preparation of regulatory consolidated financial statements in accordance with the instructions for the National Credit Union Administration's (NCUA) 5310 Call Report, as of December 31, 2024, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). In our opinion, Catalyst Corporate Federal Credit Union and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control Over Financial Reporting section of our report. We are required to be independent of Catalyst Corporate Federal Credit Union and its subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

"Doeren Mayhew" is the brand name under which Doeren Mayhew Assurance and Doeren Mayhew Advisors, LLC and its subsidiary entities provide professional services. Doeren Mayhew Assurance and Doeren Mayhew Advisors, LLC (and its subsidiary entities) practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Doeren Mayhew Assurance is a licensed independent CPA firm that provides attest services to its clients, and Doeren Mayhew Advisors, LLC and its subsidiary entities provide tax and business consulting services to their clients. Doeren Mayhew Advisors, LLC and its subsidiary entities are not licensed CPA firms.

Responsibilities of Management for the Consolidated Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying 2024 Management Report.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catalyst Corporate Federal Credit Union and its subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements and Internal Control Over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catalyst Corporate Federal Credit Union and its subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

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 financial statements in accordance with accounting principles generally accepted in the United States of America. Because management’s assessment and our audit 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 assessment 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the reports by Management, the Board of Directors, and Supervisory Committee as well as statistical information but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Miami, Florida
April 7, 2025

Catalyst Corporate Federal Credit Union
Consolidated Statements of Financial Condition

As of December 31, (in thousands)	2024	2023
Assets		
Cash and cash equivalents	\$1,605,216	\$2,065,618
Investments:		
Available-for-sale (AFS)	3,027,430	2,353,775
Other investments	35,621	43,700
Loans, net of allowance of \$0 and \$8 as of December 31, 2024 and 2023, respectively	374,784	425,238
Accounts receivables and other assets	49,315	44,096
Property and equipment, net	14,551	14,448
Goodwill and other intangible assets	6,458	6,868
National Credit Union Share Insurance Fund (NCUSIF) deposit	2,360	2,392
Total assets	\$5,115,735	\$4,956,135
Liabilities		
Members' shares and certificates	\$4,627,044	\$4,328,009
Borrowed funds	-	180,000
Perpetual contributed capital (PCC) redemption payable	-	23,970
Accrued expenses and other liabilities	19,667	19,486
Total liabilities	4,646,711	4,551,465
Commitments and contingent liabilities		
Members' Equity		
PCC	168,843	167,791
Retained earnings	300,672	244,719
Non-controlling interest	7,917	8,629
Accumulated other comprehensive loss	(8,408)	(16,469)
Total members' equity	469,024	404,670
Total liabilities and members' equity	\$5,115,735	\$4,956,135

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)	2024	2023
Interest income		
AFS investments	\$144,083	\$80,471
Federal Reserve Bank (FRB)	94,944	94,877
Loans	18,766	26,037
Other	2,663	2,530
Total interest income	260,456	203,915
Interest expense		
Members' shares and certificates	171,825	137,483
Borrowed funds	4,541	5,090
Total interest expense	176,366	142,573
Net interest income	84,090	61,342
Non-interest income		
Share draft and depository processing fees	24,248	22,365
Off-balance-sheet income	10,840	9,760
Other fee income	20,056	19,060
Other income on U.S. Central Estate settlement	-	15,194
Other net (losses)/gains	(1,124)	1,571
Total non-interest income	54,020	67,950
Non-interest expenses		
Compensation and benefits	46,683	43,050
Information technology	10,669	9,773
Outside processing and service costs	10,147	9,745
Professional fees	1,881	1,805
Office occupancy	1,262	1,211
Other operating expenses	4,342	3,667
Total non-interest expenses	74,984	69,251
Net income	63,126	60,041
Net loss attributable to non-controlling interest	3,211	2,344
Net income attributable to controlling interest	\$66,337	\$62,385

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)	2024	2023
Net income attributable to controlling interest	\$66,337	\$62,385
Other comprehensive income		
Net unrealized holding gains on investments classified as AFS	7,874	17,449
Net unrealized holding gains on derivatives classified as cash flow hedges	187	257
Other comprehensive income	8,061	17,706
Comprehensive income	\$74,398	\$80,091

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, (in thousands)	Perpetual Contributed Capital	Retained Earnings	Non- controlling Interest	Accumulated Other Comprehensive (Loss)/Income	Total
Balance at December 31, 2022	\$187,418	\$192,161	\$10,973	(\$34,175)	\$356,377
Net income/(loss)	-	62,385	(2,344)	-	60,041
PCC issued	4,343	-	-	-	4,343
PCC redemption	(23,970)	-	-	-	(23,970)
Dividends paid on PCC	-	(9,827)	-	-	(9,827)
Other comprehensive income	-	-	-	17,706	17,706
Balance at December 31, 2023	167,791	244,719	8,629	(16,469)	404,670
Net income/(loss)	-	66,337	(3,211)	-	63,126
Capital contributions - additional	-	-	2,699	-	2,699
TranzCapture, LLC distribution	-	-	(200)	-	(200)
PCC issued	1,052	-	-	-	1,052
Dividends paid on PCC	-	(10,384)	-	-	(10,384)
Other comprehensive income	-	-	-	8,061	8,061
Balance at December 31, 2024	\$168,843	\$300,672	\$7,917	(\$8,408)	\$469,024

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)	2024	2023
Cash flows from operating activities:		
Net income attributable to controlling interest	\$66,337	\$62,385
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment, net	2,422	2,646
Net amortization of premiums and discounts on AFS investments	(15,391)	(8,414)
Amortization of other intangible assets	410	410
Recapture of loan losses	8	-
Change in credit union-owned life insurance (COLI) policy	(321)	(304)
Net loss attributable to non-controlling interest	(3,211)	(2,344)
Changes in operating assets and liabilities:		
Increase in accounts receivables and other assets	(4,890)	(2,163)
Decrease in interest rate derivatives accrued interest	366	119
Increase/(decrease) in interest rate derivatives collateral	4,509	(1,570)
(Decrease)/increase in accrued expenses and other liabilities	(199)	38
Net cash provided by operating activities	50,040	50,803

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

Catalyst Corporate Federal Credit Union Consolidated Statements of Cash Flows

Cash flows (continued):

For the years ended December 31, (in thousands)	2024	2023
Cash flows from investing activities:		
Proceeds from maturities and repayments of AFS investments	1,260,472	1,060,752
Purchases of AFS investments	(1,912,315)	(1,685,132)
Net change in loans	48,236	262,854
Expenditures for property and equipment, net	(2,525)	(3,400)
Change in NCUSIF deposit	32	(2)
Net change in other investments	8,079	(233)
Net cash used in investing activities	(598,021)	(365,161)
Cash flows from financing activities:		
Net change in members' shares and certificates	298,382	900,583
Net change in borrowed funds	(180,000)	(19,844)
Capital contributions of non-controlling interest in credit union service organization	2,699	-
PCC issued	1,052	4,343
PCC redeemed	(23,970)	-
Dividends paid on PCC	(10,384)	(9,827)
Distributions of non-controlling interest in credit union service organization	(200)	-
Net cash provided by financing activities	87,579	875,255
Net (decrease)/increase in cash and cash equivalents	(460,402)	560,897
Cash and cash equivalents at beginning of year	2,065,618	1,504,721
Cash and cash equivalents at end of year	\$1,605,216	\$2,065,618
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest on members' shares and certificates	\$172,056	\$138,044
Interest on borrowed funds	\$4,818	\$5,106

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) 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's members can include federal and state-chartered credit unions, and other credit union organizations throughout the United States.

Catalyst 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 is exempt from the payment of federal and state income taxes.

Catalyst wholly owns CUSOURCE, LLC (CUSOURCE), which is a credit union service organization (CUSO) that provides investment advisory and asset-liability management services to credit unions on a nationwide basis. CUSOURCE conducts business under the name "Catalyst Strategic Solutions." As of December 31, 2024, Catalyst also owns 69% of TranzCapture, LLC (TranzCapture), a CUSO that was formed in 2015 for software development, and 37% of Aptys Solutions, LLC (Aptys Solutions), a leading provider of real-time processing and electronic payment solutions.

All three CUSOs are formed as Texas limited liability companies, and since the federal income tax liability flows through to its owners, the CUSOs are 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 (GAAP) 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. Management elected to round the consolidated financial statements to the nearest thousand dollars.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Principles of consolidation

The consolidated financial statements include the accounts of Catalyst, CUSOURCE TranzCapture, and Aptys Solutions. Although Catalyst owns 37% of Aptys Solutions, Catalyst has consolidated Aptys Solutions due to Catalyst's significant control maintained over Aptys Solutions. All significant intercompany balances and transactions have been eliminated in the Catalyst consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and money market funds due from the FRB and other banks, as well as cash maintained in various courier vaults. Amounts due from banks, at times, may exceed federally insured limits.

Interest rate derivatives

Catalyst utilizes interest rate swap agreements to manage the effects of interest rate volatility on net interest income. Interest rate derivatives may be designated as fair value hedges, cash flow hedges, or not designated as a hedge. Gains and losses on derivatives designated as fair value hedges are reported in income along with the related gains and losses of hedged financial instruments. Gains and losses on derivatives designated as cash flow hedges, to the extent effective, are reported as a component of accumulated other comprehensive income/(loss) (AOCI). Gains and losses on derivatives not designated as hedges are reported in income.

Interest rate swap gains and losses, and related accrued interest receivable and payable, are netted per counterparty in accordance with Accounting Standards Codification (ASC) 815-10-45. An interest rate derivative asset (or liability) is recognized when the net result for an individual counterparty is an asset (or a liability). Cash collateral receivables or payables are also offset against net derivative positions. Interest income and expense on swaps designated as hedges are recorded in income in conjunction with the income or expense of the hedged financial instrument.

Catalyst formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. Catalyst also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Catalyst discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, or treatment of the derivative as a hedge is no longer appropriate or intended. Catalyst does not use interest rate derivatives for trading purposes.

When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income/(loss) (OCI) are amortized into earnings over the same periods which the hedged transactions will affect earnings.

Catalyst is exposed to losses if a counterparty fails to make its payments under a contract in which Catalyst is in a net receiving position. Catalyst anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All the contracts to which Catalyst is a party settle monthly or quarterly.

In addition, Catalyst obtains collateral above certain thresholds of the fair value of its derivatives for each dealer counterparty based upon their credit standing, and Catalyst has netting agreements with the dealers with which it does business.

FRB – Excess Balance Account (EBA) Program

Catalyst, 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 consolidated statements of financial condition. These balances totaled approximately \$4,662,005,000 and \$3,389,882,000 as of December 31, 2024 and 2023, 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, 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

Certain investments are classified as AFS when Catalyst anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Unrealized gains and losses on AFS securities are recognized as direct increases or decreases in OCI. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Catalyst evaluates its AFS securities in unrealized loss positions to determine if the decline in fair value below amortized cost is due to a credit loss or due to other factors, such as higher market interest rates or increased liquidity spreads. To make this determination, management reviews the amount of the unrealized loss, credit rating history, market trends of similar security classes, time remaining to maturity, and the source of principal and interest payments. If evidence of a credit loss is present, Catalyst determines the amount of credit loss using a discounted cash flow analysis with an appropriate discount rate. Credit losses, if present, are recorded as an allowance with a corresponding charge to credit loss expense.

For AFS securities in unrealized loss positions that Catalyst intends to sell or will more likely than not be required to sell before recovery of the unrealized loss, regardless of the reason for the decline in fair value, amortized cost is reduced to fair value with a corresponding charge to earnings.

Other investments, which include interest-bearing deposits, Federal Home Loan Bank (FHLB) capital stock, and various investments in CUSOs are generally carried at original cost less impairment, if any, if there is no readily determinable market value, with the exception of certain investments in CUSOs, which are accounted for using the equity method of accounting. Gains/(losses) on equity method investments are included within other fee income reported in the consolidated statements of income.

Loans

Loans include loans to members and loan participations, net of allowance. 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 reviews the loan portfolio for impairment on a regular basis. Catalyst has the intent and ability to hold for the foreseeable future or until maturity or payoff.

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 offers term loans with maturities up to 10 years.

Allowance for credit losses on loans

On January 1, 2023, Catalyst adopted ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which resulted in a significant change to the methodology used to estimate the allowance. ASU No. 2016-13 replaced the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance-sheet exposures. Catalyst's impact of adoption of this ASU was immaterial to the consolidated financial statements.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Under this new pronouncement, the allowance for credit losses on loans is deducted from the amortized cost basis of a group of financial assets so that the balance sheet reflects the net amount that Catalyst expects to collect. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. The methodologies used by Catalyst to estimate the allowance differs based on characteristics of loans.

Catalyst's loans to members consists only of loans to credit unions, credit union leagues and CUSOs. Catalyst 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 estimate the allowance:

Member loans are evaluated on a loan-by-loan basis. 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 extending loan advances.

If management determines that a loan is impaired, an impairment is recognized through an allowance. There were no impaired loans as of December 31, 2024 or 2023. Catalyst places loans on non-accrual status when the loan reaches 90 days past due or when the collection of interest or principal becomes uncertain. None of the loans were past due or had been modified as of December 31, 2024 or 2023.

Property and equipment, net

Land is carried at cost. Property and equipment are carried at cost less accumulated depreciation. Buildings, capital improvements, software, hardware, and furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Catalyst 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 other 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 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 in Catalyst's consolidated statements of financial condition. Other intangible assets consist of customer relationships. The customer relationship intangible is being amortized straight line over its estimated useful life of 10 years.

NCUSIF deposit

The deposit in the NCUSIF is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to 1% of its insured shares. The deposit would be refunded to the credit union 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. The NCUSIF deposit is required to be periodically reviewed for impairment.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Members' shares and certificates

Members' shares and certificates are subordinated to all other liabilities of Catalyst other than PCC upon liquidation. Interest rates on members' shares and certificates are set by management under the direction of the Board of Directors.

PCC

PCC is member credit union contributed capital that is perpetual, uninsured, and available to cover losses that exceed retained earnings. It 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. 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.

In December 2023, Catalyst called 12.5% of outstanding PCC balances as of December 31, 2023. As a result, PCC was reduced and a PCC redemption payable of \$23,970,000 was recorded as of December 31, 2023. The PCC paydown occurred on January 1, 2024.

Comprehensive income/(loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities are reported in a separate component of comprehensive income/(loss). OCI includes changes in unrealized gains/(losses) on AFS investments and cash flow hedges. When AFS investments are sold, the gain/(loss) realized on the sale is reclassified from AOCI to the net gain/(loss) on sale of AFS investments reported in the consolidated statements of income. Net gains/(losses) on derivative instruments that are designated as cash flow hedges are reclassified into earnings over the term of the instrument.

Federal and state tax exemption

Catalyst is exempt from most federal, state and local taxes under the provisions of the Internal Revenue Code (IRC) 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 IRC sections 501l (14) (a) and 501(c) (1) (l). As such, Catalyst has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Revenue recognition

Share draft and depository processing fees and other fee income: Catalyst earns fee income from its members for transaction-based services. Transaction-based services, which include services such as share-draft and deposit processing fees, coin and currency, ACH and wiring fees, are recognized at the time the transaction is executed, as that is the point in time that Catalyst fulfills the member's request, concurrently with the correspondent banking expenses provided to the member.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 2 (continued)

Off-balance-sheet income: Catalyst also receives certain commissions and service fees. Commission income for investment trades is recognized in the month of trade activity. Commission income for certificates of deposit sales is recognized over the life of the corresponding certificates or in the month of trade activity depending on the certificate type. Service fee income is generated from asset liability management (ALM) modeling and investment advisory services.

ALM modeling revenue is recognized over a 12-month period as services are performed. Investment advisory services revenue is recognized in the month the service has been performed. Off-balance-sheet income also includes agent income from the EBA Program. Catalyst, as an agent, earns income based on a spread differential as a function of the balances maintained at the FRB for the participant. Agent income is recognized in the month of activity.

Subsequent events

Management has evaluated subsequent events through April 7, 2025, which is the date the consolidated financial statements were available to be issued.

3. 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. As of December 31, 2023, cash and cash equivalents include approximately \$25,058,000 in money market mutual fund investments. There were no money market mutual fund investments as of December 31, 2024.

4. INTEREST RATE DERIVATIVES

Interest rate derivatives as of December 31, 2024 and 2023, are comprised of thirty-three and twenty-six interest rate swap agreements, respectively. Fair value hedges are comprised of interest rate swap agreements in which Catalyst pays a fixed rate and receives a floating rate in return. Catalyst utilizes swap agreements to manage interest rate risk by hedging the fair value of its member term loans, members' certificates, and fixed rate investment securities attributable to changes in interest rate.

Cash flow hedges are comprised of interest rate swap agreements in which Catalyst pays a floating rate and receives a fixed rate in return. These swap agreements are used to hedge the variability of expected future interest payments on floating rate investment securities.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 4 (continued)

The following table summarizes the fair value of interest rate swaps, which are designated as fair value hedges and cash flow hedges, on a gross basis as of December 31 (in thousands). The net interest rate derivative assets are included in accounts receivables and other assets and accrued expenses and other liabilities in the consolidated statements of financial condition.

2024	Assets	
Interest Rate Swaps Designated	Fair Value	Notional
Fair value hedges of AFS investments	(\$246)	\$43,000
Counterparty netting: accrued interest receivable	3	
Fair value of interest rate swaps	(243)	
Less: cash collateral paid	663	
Total net interest rate derivative assets	\$420	
	Liabilities	
Interest Rate Swaps Designated	Fair Value	Notional
Fair value hedges of loans to members	\$8,168	\$165,000
Fair value hedges of members' certificates	(50)	\$9,245
Fair value hedges of AFS investments	2,180	\$198,443
Cash flow hedges of AFS investments	73	\$67,000
Counterparty netting: accrued interest payable	(299)	
Fair value of interest rate swaps	10,072	
Less: cash collateral received	(10,452)	
Total net interest rate derivative liabilities	(\$380)	
	Assets	
2023	Fair Value	Notional
Fair value hedges of loans to members	\$5,958	\$125,000
Fair value hedges of members' certificates	(703)	\$61,749
Fair value hedges of AFS investments	481	\$170,193
Cash flow hedges of AFS investments	(114)	\$55,000
Counterparty netting: accrued interest receivable	70	
Fair value of interest rate swaps	5,692	
Less: cash collateral received	(5,280)	
Total net interest rate derivative assets	\$412	

Cash collateral is posted based on the position of the swap agreement. As of December 31, 2024 and 2023, Catalyst had received collateral of approximately \$10,452,000 and \$5,280,000 from Wells Fargo Bank, N.A, respectively. Catalyst had paid collateral of approximately \$663,000 to JP Morgan as of December 31, 2024. There was no collateral received or paid to JP Morgan as of December 31, 2023.

In the event of counterparty default, credit risk on interest rate swap transactions is limited to the balance of interest rate derivative assets and collateral. Catalyst manages credit risk arising from interest rate swap transactions through credit approval procedures that include specific limits for individual counterparties and ongoing monitoring procedures to measure outstanding swap exposure against the established limits.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 4 (continued)

Catalyst's policies require swap transactions to be executed with counterparties that possess a minimum credit rating of single-A. Credit risk is further mitigated by contractual arrangements with each of Catalyst's counterparties that provide for the netting of replacement cost gains and losses, and accrued interest receivable and payable, on multiple swap transactions with the same counterparty.

The following table presents the amounts recorded on the consolidated statements of financial condition related to the cumulative basis adjustments for fair value hedges as of December 31 (in thousands):

Line Items in the Consolidated Statements of Financial Condition in Which the Hedged Item is Included	Carrying Amount of the Hedged Assets (Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets (Liabilities)	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	Loans	\$157,571	\$120,045	(\$7,429)
AFS investments	\$256,775	\$167,184	(\$2,022)	(\$481)
Members' certificates	(\$9,195)	(\$61,046)	\$50	\$703

Catalyst terminated fair value loan swaps of \$40,000,000 in 2023 which resulted in basis adjustments totaling approximately \$875,000 for 2023 which are being amortized over the remaining lives of the loans. No fair value loan swaps were terminated in 2024. The cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged loans includes approximately \$739,000 and \$1,003,000 of basis adjustments as of December 31, 2024 and 2023, respectively, on discontinued hedging relationships.

Catalyst terminated fair value security swaps of \$18,750,000 in 2024 which resulted in basis adjustments totaling approximately \$140,000 for 2024 which are being amortized over the remaining projected life of the securities. The cumulative amount of fair value hedging adjustments included in the carrying amount of the hedged securities includes approximately \$88,000 of basis adjustments as of December 31, 2024 on discontinued hedging relationships. There were no terminated fair value security swaps as of December 31, 2023.

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 4 (continued)

The effect of fair value hedge accounting on the consolidated statements of income for the years ended December 31, are included in the tables below (in thousands):

2024	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value Hedging Relationships		
	Interest Income-AFS	Interest Income- Loans	Interest Expense- Members' Certificates
The effects of fair value hedging:			
Gain/(loss) on fair value hedging relationships:			
Hedged items	\$1,593	\$2,210	\$653
Interest rate contracts designated as hedging instruments	(\$1,593)	(\$2,210)	(\$653)
2023			
	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value Hedging Relationships		
	Interest Income- AFS	Interest Income- Loans	Interest Expense- Members' Certificates
The effects of fair value hedging:			
Gain/(loss) on fair value hedging relationships:			
Hedged items	\$645	\$3,317	(\$1,659)
Interest rate contracts designated as hedging instruments	(\$645)	(\$3,317)	\$1,659

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

Note: 4 (continued)

The effect of cash flow hedge accounting on AOCI for the years ended December 31, are included in the tables below (in thousands):

2024

	Amount of Gain recognized in OCI (effective portion)	Amount of Gain reclassified from AOCI to interest income-AFS
Interest rate contracts	\$187	\$-

2023

	Amount of Gain recognized in OCI (effective portion)	Amount of Gain reclassified from AOCI to interest income-AFS
Interest rate contracts	\$257	\$-

There were no reclassifications from AOCI to income for ineffectiveness related to cash flow hedges for the years ended December 31, 2024 and 2023, respectively. Catalyst's interest rate swaps have been determined to be effective during all periods presented, and Catalyst expects the interest rate swaps to remain effective during the remaining terms of the swaps.

5. AFS INVESTMENTS

The amortized cost and estimated fair value of AFS investments as of December 31 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
Asset-backed securities	\$2,144,013	\$4,556	(\$1,394)	\$2,147,175
Agency commercial mortgage- backed securities	658,274	192	(9,441)	649,025
Agency mortgage-backed securities	109,978	-	(2,101)	107,877
U.S. Treasury securities	80,524	-	(419)	80,105
Corporate debt obligations	42,493	127	-	42,620
Federal agency securities	629	-	(1)	628
Total	\$3,035,911	\$4,875	(\$13,356)	\$3,027,430

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 5 (continued)

2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	\$1,624,702	\$2,930	(\$5,858)	\$1,621,774
Agency commercial mortgage- backed securities	596,655	553	(11,059)	586,149
Agency mortgage-backed securities	76,882	13	(1,830)	75,065
U.S. Treasury securities	49,223	-	(1,014)	48,209
Corporate debt obligations	21,872	42	(136)	21,778
Federal agency securities	796	4	-	800
Total	\$2,370,130	\$3,542	(\$19,897)	\$2,353,775

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

Asset Type	2024 Fair Value	2023 Fair Value
Automobile	\$1,009,727	\$608,547
Credit card	521,281	485,158
FFELP student loan	363,281	325,468
Equipment	252,886	202,601
Total	\$2,147,175	\$1,621,774

The following tables represent regulatory concentration limits based on parameters established in NCUA regulation 704.5 as of December 31, 2024 (in thousands):

By Security Type:	Fair Value	Capital Based Limit	Asset Based Limit
Automobile asset-backed securities	\$1,009,727	\$2,299,739	\$1,278,934
Agency commercial mortgage-backed securities	649,025	\$1,379,843	\$767,360
Credit card asset-backed securities	521,281	\$2,299,739	\$1,278,934
FFELP student loan asset-backed securities	363,281	\$4,599,478	\$2,557,868
Equipment asset-backed securities	252,886	\$2,299,739	\$1,278,934
Agency mortgage-backed securities	107,877	\$4,599,478	\$2,557,868
U.S. Treasury securities	80,105	\$4,599,478	\$2,557,868
Corporate debt obligations	42,620	\$4,599,478	\$2,557,868
Federal agency securities	628	\$4,599,478	\$2,557,868
Total	\$3,027,430		

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 5 (continued)

By Issuer (top ten issuers of asset-backed securities):	Fair Value	Regulatory Limit
AMXCA 2022-2 A	\$66,721	\$229,974
COMET 2022-A2 A	\$62,586	\$229,974
HART 2024-C A2B	\$60,047	\$114,987
CHAIT 2022-A1 A	\$47,855	\$229,974
JDOT 2024-B A2B	\$45,000	\$114,987
PILOT 2024-1A A2B	\$40,053	\$114,987
HAROT 2024-2 A2	\$39,311	\$114,987
HART 2022-C A3	\$38,443	\$114,987
SLMA 2005-6 A7	\$38,002	\$114,987
NSLT 2015-1A A	\$37,099	\$114,987

Catalyst's asset-backed, agency commercial mortgage-backed and agency mortgage-backed securities return principal based on payments received on the underlying collateral.

The amortized cost and estimated fair value of AFS investments as of December 31, 2024, by contractual maturity are shown below (in thousands). Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately below.

	Amortized Cost	Fair Value
Within 1 year	\$31,922	\$31,681
1 to 5 years	43,640	43,747
Over 5 years	47,455	47,297
	123,017	122,725
Asset-backed securities	2,144,013	2,147,175
Agency commercial mortgage-backed securities	658,274	649,025
Agency mortgage-backed securities	109,978	107,877
Federal agency securities	629	628
Total	\$3,035,911	\$3,027,430

No investments classified as AFS were sold in 2024 or 2023.

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 5 (continued)

The following tables summarize AFS investments in an unrealized loss position for which an allowance for credit losses has not been recorded as of December 31 (in thousands), aggregated by security type and length of time in a continuous unrealized loss position.

2024

	Less Than 12 Months		12 Months or Greater		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Loss	Value	Loss	Value	Loss
Asset-backed securities	\$417,418	\$320	\$179,996	\$1,074	\$597,414	\$1,394
Agency commercial mortgage-backed securities	285,662	2,651	258,399	6,790	544,061	9,441
Agency mortgage-backed securities	85,990	986	21,887	1,115	107,877	2,101
U.S. Treasury securities	47,545	158	32,560	261	80,105	419
Federal agency securities	628	1	-	-	628	1
Total	\$837,243	\$4,116	\$492,842	\$9,240	\$1,330,085	\$13,356

2023

	Less Than 12 Months		12 Months or Greater		Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Loss	Value	Loss	Value	Loss
Asset-backed securities	\$519,113	\$1,927	\$275,053	\$3,931	\$794,166	\$5,858
Agency commercial mortgage-backed securities	167,002	1,642	274,245	9,417	441,247	11,059
Agency mortgage-backed securities	16,479	171	29,898	1,659	46,377	1,830
U.S. Treasury securities	-	-	48,209	1,014	48,209	1,014
Corporate debt obligations	-	-	9,581	136	9,581	136
Total	\$702,594	\$3,740	\$636,986	\$16,157	\$1,339,580	\$19,897

Unrealized losses on securities issued by the U.S. Government and its Agencies have not been recognized into income because of the implicit guarantee of the principal balances of these securities by the U.S. Government and its Agencies. The decline in fair value is primarily due to differences between security yields and market interest rates. Additionally, the decline in fair value is expected to be recovered as securities approach their maturity date and/or market rates decline.

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 5 (continued)

Catalyst evaluates each asset-backed security and corporate debt obligation for indicators of impairment due to credit factors. Unrealized losses on asset-backed securities have not been recognized into income because the issuers are of high credit quality (rated AA or higher), management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions. The issuers continue to make timely principal and interest payments on the securities. The fair value is expected to recover as the securities approach maturity. There was no impairment related to credit loss factors recognized on asset-backed securities or corporate debt obligations during the years ended December 31, 2024 or 2023.

6. OTHER INVESTMENTS

Other investments are comprised of the following as of December 31 (in thousands):

	2024	2023
Interest-bearing certificates of deposit	\$24,036	\$31,321
Investments in CUSOs	7,567	7,869
FHLB capital stock	2,018	2,510
Other	2,000	2,000
Total	\$35,621	\$43,700

Investments in CUSO's includes equity method investments in CU Business Group, LLC and Primary Financial, LLC and investments carried at cost, less impairments, if any, which include investments in Velera, CURQL Fund I, LLP, CU Investment Solutions, LLC, and Members Development Company, LLC.

Catalyst 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 Federal Credit Union
Notes to the Consolidated Financial Statements

7. LOANS

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

	2024	2023
Term loans	\$301,091	\$312,188
Open-end credit lines	73,693	112,891
Total loans to members	374,784	425,079
Loan participations-secured by vehicle loans	-	167
Less: allowance for credit losses on loans	-	(8)
Total loan participations, net of allowance	-	159
Total	\$374,784	\$425,238

Catalyst had no impaired loans as of December 31, 2024 or 2023.

AGE ANALYSIS OF PAST DUE LOANS

The following table presents the aging of the recorded investment in past due loans as of December 31 (in thousands):

2024	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total
Term loans	\$-	\$-	\$-	\$-	\$301,091	\$301,091
Open-end credit lines	-	-	-	-	73,693	73,693
Total	\$-	\$-	\$-	\$-	\$374,784	\$374,784

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 7 (continued)

2023	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total
Term loans	\$-	\$-	\$-	\$-	\$312,188	\$312,188
Open-end credit lines	-	-	-	-	112,891	112,891
Loan participations	4	-	-	4	163	167
Total	\$4	\$-	\$-	\$4	\$425,242	\$425,246

No loans have been modified as of December 31, 2024 or 2023.

Catalyst 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.

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 return on assets (ROA) based on a sliding scale with highest net ROA of 0.75% 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 approximately \$573,037,000 and \$379,894,000 and outstanding loan balances of approximately \$228,301,000 and \$12,253,000 as of December 31, 2024 and 2023, respectively.

Catalyst has not experienced any losses on loans to credit union members.

Catalyst Corporate Federal Credit Union
Notes to the Consolidated Financial Statements

8. PROPERTY AND EQUIPMENT, NET

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

	2024	2023
Land	\$1,028	\$1,028
Building	7,792	7,792
Software	14,188	13,456
Hardware	8,934	9,621
Furniture and equipment	1,161	1,102
Capital improvements	2,257	2,153
	35,360	35,152
Less: accumulated depreciation	(20,809)	(20,704)
Total	\$14,551	\$14,448

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table sets forth the carrying value of goodwill and other intangible assets, net of accumulated amortizations, as of December 31 (in thousands):

2024	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Balance not subject to amortization:			
Goodwill	\$4,237	\$-	\$4,237
Balance subject to amortization:			
Customer relationships	4,100	(1,879)	2,221
Total	\$8,337	(\$1,879)	\$6,458
2023	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Balance not subject to amortization:			
Goodwill	\$4,237	\$-	\$4,237
Balance subject to amortization:			
Customer relationships	4,100	(1,469)	2,631
Total	\$8,337	(\$1,469)	\$6,868

Other intangible assets of \$4,100,000 consisting of customer relationships were recognized related to the Aptys Solutions acquisition in May 2020. Amortization of the customer relationships intangible assets totaled approximately \$410,000 for the years ended December 31, 2024 and 2023.

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

10. MEMBERS' SHARES AND CERTIFICATES

Members' shares and certificates are summarized as follows as of December 31 (in thousands):

	2024	2023
Members' shares	\$4,523,208	\$4,158,997
Members' certificates	103,836	169,012
Total	\$4,627,044	\$4,328,009

The maturities of the members' certificate balances as of December 31, 2024 are shown below (in thousands):

2025	\$84,390
2026	14,200
2027	4,150
2028	1,096
Total	\$103,836

The aggregate amount of members' certificate balances in denominations of \$250,000 or more is \$96,450,000 and \$150,650,000 as of December 31, 2024 and 2023, respectively.

11. BORROWED FUNDS/LINES OF CREDIT

The following table sets forth the borrowing capacity and outstanding borrowings as of December 31 (in thousands):

2024	Borrowing Capacity	Outstanding Borrowing	Remaining Borrowing Capacity
FRB-Discout Window and Bank Term Funding Program (BTFP) (collateralized)	\$2,223,936	\$-	\$2,223,936
FHLB of Dallas (collateralized)	380,288	-	380,288
J.P. Morgan Securities LLC repurchase agreement	200,000	-	200,000
JPMorgan Chase Bank Fed Funds	30,000	-	30,000
Total	\$2,834,224	\$-	\$2,834,224

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 11 (continued)

2023	Borrowing Capacity	Outstanding Borrowing	Remaining Borrowing Capacity
FRB-Discount Window and Bank Term Funding Program (BTFP) (collateralized)	\$1,334,636	\$180,000	\$1,154,636
FHLB of Dallas (collateralized)	327,299	-	327,299
J.P. Morgan Securities LLC repurchase agreement	200,000	-	200,000
JPMorgan Chase Bank Fed Funds	30,000	-	30,000
Total	\$1,891,935	\$180,000	\$1,711,935

The \$180,000,000 FRB outstanding borrowing as of December 31, 2023 includes a \$15,000,000 borrowing under the BTFP with a fixed interest rate of 4.93% and a maturity date of June 12, 2024 and a \$165,000,000 borrowing under the BTFP with a fixed interest rate of 4.88% and a maturity date of June 21, 2024. Borrowings under this LOC are secured with qualified investment securities with a fair value of approximately \$1,348,034,000 as of December 31, 2023. There were no outstanding borrowings as of December 31, 2024.

12. EMPLOYEE BENEFITS

Catalyst sponsors a defined contribution plan (the Plan) established under Section 401(k) of the IRC. The Plan allows employees to contribute up to the Internal Revenue Service maximum allowable percentage of their compensation. Catalyst matches 100% of the first 5% of each employee's contribution to the Plan. In addition, Catalyst may elect to make discretionary annual contributions to the Plan. This election requires approval by the Board of Directors. The Board of Directors approved a 4% discretionary contribution to be funded in 2025 based on 2024 compensation.

A 4% discretionary contribution was also made in 2024 based on 2023 compensation. Catalyst's total contribution to the Plan was approximately \$2,470,000 and \$2,354,000 for the years ended December 31, 2024 and 2023, respectively.

Catalyst purchased a COLI group policy to provide additional life insurance for members of the management team while employed at Catalyst. There is no life insurance benefit or liability paid to the individuals once they are no longer employed at Catalyst. Catalyst is a beneficiary to the policy.

As of December 31, 2024 and 2023, Catalyst recorded the cash surrender value of approximately \$13,163,000 and \$12,841,000, respectively, as a component of accounts receivables and other assets in the consolidated statements of financial condition.

Earnings from the COLI are used to cover employee benefit-related expenses as a cost offset and long-term cost recovery and are included within off-balance-sheet income reported in the consolidated statements of income.

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

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

Catalyst 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 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 are uncommitted in that through provisions in its loan agreements, Catalyst 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 the members’ total assets or specific assets of the member such as securities or an auto loan portfolio.

Catalyst also issues letters of credit to its members in various amounts for various purposes. When a letter of credit is issued to 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 has unused, “stand-by” lines of credit issued to member credit unions of approximately \$11,552,111,000 and \$11,305,769,000 as of December 31, 2024 and 2023, respectively. Catalyst 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 has committed “stand-by” letters of credit issued to member credit unions of approximately \$198,000 and \$84,000 as of December 31, 2024 and 2023, respectively.

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.

14. REGULATORY CAPITAL

Catalyst 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’s consolidated financial statements.

Failure to meet minimum capital requirements would require Catalyst to submit a plan of action to correct the shortfall. Additionally, the NCUA could require an increase in capital to specific levels, reduction of interest, and ceasing or limiting Catalyst’s ability to accept deposits.

The NCUA has established requirements for corporate credit unions to meet a certain leverage / tier 1 capital ratio (retained earnings and PCC adjusted for various items divided by the 12-month average of daily net assets), tier 1 risk-based capital ratio (retained earnings and PCC adjusted for various items divided by the 12-month moving average of net risk-weighted assets), and a total risk-based capital ratio (total capital divided by the 12-month moving monthly average of net risk-weighted assets).

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 14 (continued)

As of December 31, 2024 and 2023, Catalyst's retained earnings ratios were 5.91% and 5.63%, respectively. As of December 31, 2024 and 2023, Catalyst exceeded all of the regulatory capital requirements under section 704.3 of the NCUA Regulations.

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

Capital Ratio	2024	2023	Minimum Level to be Classified as Adequately Capitalized	Minimum Level to be Classified as Well Capitalized
Leverage / Tier 1 capital ratio	9.04%	9.26%	4.00%	5.00%
Tier 1 risk- based capital ratio	22.35%	31.64%	4.00%	6.00%
Total risk- based capital ratio	22.35%	31.64%	8.00%	10.00%

15. ACCUMULATED OTHER COMPREHENSIVE (LOSS)/INCOME

The following table presents the changes in AOCI by component for the years ended December 31, 2024 and 2023 (in thousands):

	Net Unrealized (Losses)/Gains on AFS Investments	Net Unrealized (Losses)/Gains on Cash Flow Hedges	Total
Balance at December 31, 2022	(\$33,804)	(\$371)	(\$34,175)
Unrealized gains	17,449	257	17,706
Balance at December 31, 2023	(16,355)	(114)	(\$16,469)
Unrealized gains	7,874	187	8,061
Balance at December 31, 2024	(\$8,481)	\$73	(\$8,408)

Catalyst Corporate Federal Credit Union

Notes to the Consolidated Financial Statements

16. RELATED PARTY TRANSACTIONS

Catalyst's Board of Directors and committees are made up of executive officers from several of its member credit unions. These related parties maintained approximately \$218,516,000 and \$211,543,000 on deposit at Catalyst in various deposit products as of December 31, 2024 and 2023, respectively. These totals include approximately \$9,730,000 and \$9,520,000 of PCC as of December 31, 2024 and 2023, respectively. Outstanding loan balances to related parties were approximately \$6,735,000 as of December 31, 2023. There were no outstanding loan balances to related parties as of December 31, 2024. Interest rates on these deposits and loans are the same rates paid/charged, respectively, to other member credit unions.

Catalyst holds investments in various CUSOs. Members of management serve on the Board of Managers of Primary Financial, LLC, CU Business Group, CU Investment Solutions, LLC, TranzCapture, and Aptys Solutions and as principal of Catalyst Strategic Solutions.

17. FAIR VALUE MEASUREMENTS

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 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, 2024 or 2023.

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 17 (continued)

RECURRING BASIS

AFS SECURITIES

Catalyst receives pricing for AFS securities from a third-party pricing service. These securities are classified as Level 1 or Level 2 in the fair value hierarchy. The fair values of the U.S. Treasury securities are based on quoted market prices in active markets and are included in the Level 1 fair value hierarchy. Fair values for the asset-backed, agency commercial mortgage-backed, agency mortgage-backed, corporate debt obligations, and federal agency securities are valued based on quoted market prices on similar assets in the marketplace and the vintage of the underlying collateral.

HEDGED TERM LOANS

The fair value of fixed-rate hedged loans is determined based on the associated interest rate swap agreements.

INTEREST RATE DERIVATIVES

The fair value of interest rate swap derivatives is determined based on quoted prices from brokers as of the last business day of the year.

HEDGED MEMBERS' CERTIFICATES

The fair value of fixed-rate hedged members' certificates is determined based on the associated interest rate swap agreements.

The following tables set forth by level, within the fair value hierarchy, Catalyst's financial instruments at fair value as of December 31 (in thousands):

2024

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Asset-backed securities	\$-	\$2,147,175	\$-	\$2,147,175
Agency commercial mortgage-backed securities	-	649,025	-	649,025
Agency mortgage-backed securities	-	107,877	-	107,877
U.S. Treasury securities	80,105	-	-	80,105
Corporate debt obligations	-	42,620	-	42,620
Federal agency securities	-	628	-	628
Hedged term loans	-	157,571	-	157,571
Interest rate derivatives	-	10,102	-	10,102
Total assets at fair value	\$80,105	\$3,114,998	\$-	\$3,195,103

	Liabilities at Fair Value			
	Level 1	Level 2	Level 3	Total
Interest rate derivatives	\$-	\$50	\$-	\$50
Hedged members' certificates	-	9,195	-	9,195
Total liabilities at fair value	\$-	\$9,245	\$-	\$9,245

Catalyst Corporate Federal Credit Union Notes to the Consolidated Financial Statements

Note: 17 (continued)

2023

	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Asset-backed securities	\$-	\$1,621,774	\$-	\$1,621,774
Agency commercial mortgage-backed securities	-	586,149	-	586,149
Agency mortgage-backed securities	-	75,065	-	75,065
U.S. Treasury securities	48,209	-	-	48,209
Corporate debt obligations	-	21,778	-	21,778
Federal agency securities	-	800	-	800
Hedged term loans	-	120,045	-	120,045
Interest rate derivatives	-	6,439	-	6,439
Total assets at fair value	\$48,209	\$2,432,050	\$-	\$2,480,259

	Liabilities at Fair Value			Total
	Level 1	Level 2	Level 3	
Interest rate derivatives	\$-	\$817	\$-	\$817
Hedged members' certificates	-	61,046	-	61,046
Total liabilities at fair value	\$-	\$61,863	\$-	\$61,863

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.

18. U.S. CENTRAL ESTATE SETTLEMENT

On March 18, 2021, the NCUA announced an interim distribution representing a partial recovery to capital holders of the U.S. Central Asset Management Estate (USC AME). Catalyst holds an interest in the USC AME related to claims from Georgia Corporate Federal Credit Union (Georgia Corporate) and First Corporate Credit Union (First Corporate), which resulted in receipt of cash distributions in 2021 and 2022 totaling approximately \$91,366,000. For the year ended December 31, 2023, Catalyst received distributions totaling approximately \$15,194,000, which is reflected on the consolidated statements of income in other income on U.S. Central Estate settlement. Catalyst expects additional recoveries of approximately \$4,715,000 in 2025.

In 2022 a portion of the funds received from the USC AME was distributed to former member credit unions of Georgia Corporate and First Corporate that are capitalized PCC members of Catalyst. The amount distributed in 2022 totaled approximately \$53,014,000 and was equal to the capital that these member credit unions lost at either Georgia Corporate or First Corporate. Catalyst's Board of Directors also approved a fee waiver of all recurring monthly member services fees on the April 2022 billing invoice totaling approximately \$2,836,000.



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2024 Management Report

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The management of Catalyst Corporate Federal Credit Union ("Catalyst") is responsible for preparing Catalyst'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 has assessed the 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, 2024. Based upon its assessment, management has concluded that Catalyst 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, 2024.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Catalyst'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 are being made only in accordance with authorizations of management and directors of Catalyst; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of Catalyst's assets that could have a material effect on the financial statements.

THE VALUE OF VISION

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'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, 2024, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*.

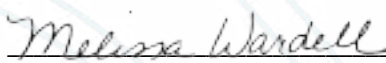
Based upon its assessment, management has concluded that, as of December 31, 2024, Catalyst's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions for the NCUA 5310 – Corporate Credit Union Call Report, is effective based on the criteria established in *Internal Control-Integrated Framework (2013)*.

Catalyst's internal control over financial reporting as of December 31, 2024, has been audited by Doeren Mayhew, CPAs and Advisors, an independent registered public accounting firm, as stated in their accompanying report which expresses an unmodified opinion on the effectiveness of Catalyst's internal control over financial reporting as of December 31, 2024.

Catalyst Corporate Federal Credit Union

Date: April 7, 2025


Bruce Fox, Chief Executive Officer


Melissa Wardell, Chief Financial Officer

Salute to Volunteers

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Associated CU
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Eric Mangham
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Visit the Strategic Summit site for full details including conference agenda, speakers, venue and registration.

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