

THE VALUE OF VISION

March  
2026

# Financial Statements and Management's Discussion & Analysis





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**For more information, please contact:**

Melissa Wardell, SVP/Chief Financial Officer at 214.703.7890 or [catalystcorp.org/contact](http://catalystcorp.org/contact)

## Management's Discussion and Analysis

### RESULTS OF OPERATIONS

Catalyst's net income for the three months ended March 31, 2026 and 2025 totaled \$21,160,335 and \$20,375,497, respectively. March year-to-date operations resulted in an operating efficiency ratio (net fee income divided by operating expenses) for 2026 and 2025 of 72.1% and 69.6%, respectively.

A summary of the unaudited results of Catalyst's operations for the three months ended March 31, 2026 and 2025 is included in the following table.

	YTD Mar 2026	YTD Mar 2025
Net interest income	\$25,556,492	\$24,695,806
Net fee income	12,188,430	11,718,876
Operating expenses	(16,916,246)	(16,834,470)
Non controlling interest	331,659	795,285
Net income	\$21,160,335	\$20,375,497

Key Information:		
Net operating expense	\$4,727,816	\$5,115,594
PCC	\$169,706,737	\$168,843,721
Retained earnings	\$391,637,331	\$318,758,242
Operating efficiency ratio	72.1%	69.6%
Return on assets	1.27%	1.57%
Leverage / Tier 1 capital ratio	8.87%	9.28%
Retained earnings ratio	6.31%	6.19%
Daily average net assets – 12 month rolling	\$6,208,594,978	\$5,151,970,054
Monthly average EBA balance transfer to FRB	\$6,538,598,564	\$6,408,238,207

## CREDIT RISK

The weighted average life of assets is 1.10 years. All investment securities are classified as available-for-sale investments and have a weighted average life of 1.36 years. As of March 31, 2026, Catalyst's investments are comprised as follows:

	<b>Amortized Cost</b>	<b>Estimated Fair Value</b>	<b>Net Unrealized Gain/(Loss)</b>
Asset-backed securities	\$2,980,387,441	\$2,980,588,991	\$201,550
Agency commercial mortgage-backed securities	813,364,272	811,326,547	(2,037,725)
Agency mortgage-backed securities	332,412,916	331,006,852	(1,406,064)
Federal agency securities	181,339,544	180,048,171	(1,291,373)
U.S. Treasury securities	73,946,574	73,752,324	(194,250)
<b>Total</b>	<b>\$4,381,450,747</b>	<b>\$4,376,722,885</b>	<b>(\$4,727,862)</b>

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

	<b>Amortized Cost</b>	<b>Estimated Fair Value</b>	<b>Net Unrealized Gain/(Loss)</b>
Credit card	\$1,214,285,943	\$1,215,526,878	\$1,240,935
Automobile	1,064,996,573	1,065,357,918	361,345
FFELP student loan	353,508,741	352,002,563	(1,506,178)
Equipment	302,754,021	302,818,596	64,575
Other	44,842,163	44,883,036	40,873
<b>Total</b>	<b>\$2,980,387,441</b>	<b>\$2,980,588,991</b>	<b>\$201,550</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 March 31, 2026 is as follows (in thousands):

	Fair Value	Fair Value +300 Basis Points	Fair Value -300 Basis Points
<b>NEV</b>	\$557,800	\$456,200	\$660,400
<b>% Change in NEV</b>	-	(18.2%)	18.4%

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 March 31, 2026, Catalyst has \$1,840,049,214 in cash and cash equivalents. In addition, Catalyst has access to a \$2,654,012,157 borrowing capacity at the Federal Reserve Bank (FRB) based on available collateral. Catalyst also has access to a \$1,096,989,153 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 March 31, 2026.

Catalyst continues to meet members' liquidity needs. Catalyst has outstanding loans of \$299,614,210 and additional uncommitted LOCs to members of \$12,326,788,014 as of March 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 March 31, 2026. The table below presents Catalyst's actual and required capital ratios as of March 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>6.31%</b>	N/A	N/A
Leverage / Tier 1 capital ratio	<b>8.87%</b>	4.00%	5.00%
Tier 1 risk-based capital ratio	<b>20.36%</b>	4.00%	6.00%
Total risk-based capital ratio	<b>20.36%</b>	8.00%	10.00%

## Consolidated Statements of Financial Condition

(Unaudited)

As of March 31,	2026	2025
<b>Assets</b>		
Cash and cash equivalents	\$1,840,049,214	\$2,094,503,602
Investments:		
Available-for-sale	4,376,722,885	3,246,116,421
Other investments	22,840,822	34,193,402
Loans	299,614,210	305,717,733
Accrued receivables and other assets	59,770,020	58,682,400
Property and equipment, net	14,505,051	14,170,079
Goodwill and other intangible assets	5,945,053	6,355,053
National Credit Union Share Insurance Fund (NCUSIF)	2,334,530	2,359,968
<b>Total assets</b>	<b>\$6,621,781,785</b>	<b>\$5,762,098,658</b>
<b>Liabilities</b>		
Members' shares and certificates	\$5,992,443,859	\$5,250,755,245
Accrued expenses and other liabilities	66,082,203	18,101,102
<b>Total liabilities</b>	<b>6,058,526,062</b>	<b>5,268,856,347</b>
<b>Members' Equity</b>		
PCC	169,706,737	168,843,721
Retained earnings	391,637,331	318,758,242
Non controlling interest	6,547,476	7,121,953
Accumulated other comprehensive loss	(4,635,821)	(1,481,605)
<b>Total members' equity</b>	<b>563,255,723</b>	<b>493,242,311</b>
<b>Total liabilities and members' equity</b>	<b>\$6,621,781,785</b>	<b>\$5,762,098,658</b>
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>		

## Consolidated Statements of Income

(Unaudited)

	For the three months ended March 31,	
	2026	2025
<b>Interest income</b>		
Available-for-sale investments	\$42,517,572	\$38,325,149
Federal Reserve Bank	20,678,590	17,435,983
Loans	3,347,092	4,137,825
Other	474,268	484,892
Total interest income	67,017,522	60,383,849
<b>Interest expense</b>		
Members' shares and certificates	39,708,498	35,688,043
Borrowed funds	1,752,532	-
Total interest expense	41,461,030	35,688,043
Net interest income	25,556,492	24,695,806
<b>Net fee income</b>		
Share draft and depository processing fees	5,845,492	5,636,087
Off-balance-sheet income	2,813,831	2,629,973
Other fee income	3,529,107	3,452,816
Total net fee income	12,188,430	11,718,876
<b>Operating expenses</b>		
Compensation and benefits	12,139,136	12,171,942
Information technology	3,230,006	3,040,107
Professional fees	337,969	431,875
Office occupancy	303,402	305,384
Other operating expense	905,733	885,162
Total operating expenses	16,916,246	16,834,470
<b>Non controlling interest</b>	331,659	795,285
<b>Net income</b>	<b>\$21,160,335</b>	<b>\$20,375,497</b>
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>		

## Consolidated Statement of Comprehensive Income

(Unaudited)

For the three months ended March 31,	2026
<b>Net income</b>	<b>\$21,160,335</b>
<b>Other comprehensive loss</b>	
Net unrealized holding losses on investments classified as available-for-sale	(13,185,235)
Net unrealized holding losses on derivatives designated as cash flow hedges	(57,991)
Total other comprehensive loss	(13,243,226)
<b>Comprehensive income</b>	<b>\$7,917,109</b>
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>	

## Consolidated Statement of Members' Equity

(Unaudited)

For the three months ended March 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)	-	21,160,335	(331,659)	-	20,828,676
Dividends paid on PCC	-	(2,010,432)	-	-	(2,010,432)
Other comprehensive loss	-	-	-	(13,243,226)	(13,243,226)
Balance at March 31, 2026	<b>\$169,706,737</b>	<b>\$391,637,331</b>	<b>\$6,547,476</b>	<b>(\$4,635,821)</b>	<b>\$563,255,723</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 March 31, 2026 are as follows:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Asset-backed securities	\$2,980,387,441	\$2,980,588,991	\$201,550
Agency commercial mortgage-backed securities	813,364,272	811,326,547	(2,037,725)
Agency mortgage-backed securities	332,412,916	331,006,852	(1,406,064)
Federal agency securities	181,339,544	180,048,171	(1,291,373)
U.S. Treasury securities	73,946,574	73,752,324	(194,250)
Total	\$4,381,450,747	\$4,376,722,885	(\$4,727,862)

### 3. Other Investments

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

Interest-bearing certificates of deposit	\$9,664,000
Investments in credit union service organizations (CUSOs)	8,784,522
FHLB capital stock	2,392,300
Other	2,000,000
Total	\$22,840,822

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 March 31, 2026:

Term loans	\$273,877,241
Open-end credit lines	25,736,969
Total	\$299,614,210

#### 5. Members' Shares and Certificates

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

Members' shares	\$5,417,635,859
Members' certificates	574,808,000
Total	\$5,992,443,859

Catalyst members transferred \$5,892,511,862 to the Excess Balance Account at the FRB as of March 31, 2026.