

THE VALUE OF VISION

December
2025

Financial Statements and Management's Discussion & Analysis





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Management's Discussion and Analysis

RESULTS OF OPERATIONS

Catalyst's net income for the years ended December 31, 2025 and 2024 totaled \$80,387,373 and \$66,337,022, respectively. December year-to-date operations resulted in an operating efficiency ratio (net fee income divided by operating expenses) for 2025 and 2024 of 69.9% and 69.4%, respectively.

A summary of the unaudited results of Catalyst's operations for the years ended December 31, 2025 and 2024 is included in the following table.

	YTD Dec 2025	YTD Dec 2024
Net interest income	\$98,921,493	\$84,090,000
Net fee income	48,174,754	44,996,227
Operating expenses	(68,936,166)	(64,836,401)
Other loss	(170,811)	(1,123,599)
Non controlling interest	2,398,103	3,210,795
Net income	\$80,387,373	\$66,337,022

Key Information:		
Net operating expense	\$20,761,412	\$19,840,174
PCC	\$169,706,737	\$168,843,167
Retained earnings	\$372,487,428	\$300,671,796
Operating efficiency ratio	69.9%	69.4%
Return on assets	1.38%	1.30%
Leverage / Tier 1 capital ratio	9.12%	9.04%
Retained earnings ratio	6.38%	5.91%
Daily average net assets – 12 month rolling	\$5,835,790,185	\$5,087,154,284
Monthly average EBA balance transfer to FRB	\$5,484,859,558	\$4,820,472,726

CREDIT RISK

The weighted average life of assets is 1.09 years. All investment securities are classified as available-for-sale investments and have a weighted average life of 1.44 years. As of December 31, 2025, Catalyst's investments are comprised as follows:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Asset-backed securities	\$2,992,068,951	\$2,996,845,236	\$4,776,285
Agency commercial mortgage-backed securities	765,762,548	768,298,784	2,536,236
Agency mortgage-backed securities	117,245,072	118,078,595	833,523
U.S. Treasury securities	50,167,261	50,478,611	311,350
Federal agency securities	548,875	548,853	(22)
Total	\$3,925,792,707	\$3,934,250,079	\$8,457,372

Catalyst's asset-backed securities are collateralized by the following asset types as of December 31, 2025:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Automobile	\$1,293,908,772	\$1,294,882,158	\$973,386
Credit card	1,024,763,143	1,029,115,012	4,351,869
FFELP student loan	377,679,063	376,641,041	(1,038,022)
Equipment	237,698,717	238,098,527	399,810
Other	58,019,256	58,108,498	89,242
Total	\$2,992,068,951	\$2,996,845,236	\$4,776,285

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 December 31, 2025 is as follows (in thousands):

	Fair Value	Fair Value +300 Basis Points	Fair Value -300 Basis Points
NEV	\$550,800	\$460,300	\$648,500
% Change in NEV	-	(16.4%)	17.7%

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

LIQUIDITY RISK

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

As of December 31, 2025, Catalyst has \$2,057,328,324 in cash and cash equivalents. In addition, Catalyst has access to a \$2,716,697,918 borrowing capacity at the Federal Reserve Bank (FRB) based on available collateral. Catalyst also has access to a \$784,942,752 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 December 31, 2025. Catalyst has a \$230,000,000 outstanding advance as of December 31, 2025.

Catalyst continues to meet members' liquidity needs. Catalyst has outstanding loans of \$318,042,948 and additional uncommitted LOCs to members of \$12,351,476,991 as of December 31, 2025. 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 December 31, 2025. The table below presents Catalyst's actual and required capital ratios as of December 31, 2025:

Capital Ratio	Ratio	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Retained earnings ratio	6.38%	N/A	N/A
Leverage / Tier 1 capital ratio	9.12%	4.00%	5.00%
Tier 1 risk-based capital ratio	20.92%	4.00%	6.00%
Total risk-based capital ratio	20.92%	8.00%	10.00%

Consolidated Statements of Financial Condition

(Unaudited)

As of December 31,	2025	2024
Assets		
Cash and cash equivalents	\$2,057,328,324	\$1,605,216,428
Investments:		
Available-for-sale	3,934,250,079	3,027,430,233
Other investments	33,355,308	35,620,544
Loans	318,042,948	374,784,445
Accrued receivables and other assets	51,980,475	49,315,409
Property and equipment, net	14,168,537	14,550,690
Goodwill and other intangible assets	6,047,553	6,457,553
National Credit Union Share Insurance Fund (NCUSIF)	2,334,530	2,359,968
Total assets	\$6,417,507,754	\$5,115,735,270
Liabilities		
Members' shares and certificates	\$5,608,242,299	\$4,627,044,123
Borrowed funds	230,000,000	-
Accrued expenses and other liabilities	21,584,750	19,666,800
Total liabilities	5,859,827,049	4,646,710,923
Members' Equity		
PCC	169,706,737	168,843,167
Retained earnings	372,487,428	300,671,796
Non controlling interest	6,879,135	7,917,238
Accumulated other comprehensive income/(loss)	8,607,405	(8,407,854)
Total members' equity	557,680,705	469,024,347
Total liabilities and members' equity	\$6,417,507,754	\$5,115,735,270

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

Consolidated Statements of Income

(Unaudited)

	For the years ended December 31,	
	2025	2024
Interest income		
Available-for-sale investments	\$161,331,661	\$144,082,960
Federal Reserve Bank	84,428,980	94,944,227
Loans	15,646,174	18,765,893
Other	2,167,086	2,662,572
Total interest income	263,573,901	260,455,652
Interest expense		
Members' shares and certificates	158,542,067	171,824,689
Borrowed funds	6,110,341	4,540,963
Total interest expense	164,652,408	176,365,652
Net interest income	98,921,493	84,090,000
Net fee income		
Share draft and depository processing fees	23,196,807	21,732,922
Off-balance-sheet income	10,794,493	10,227,632
Other fee income	14,183,454	13,035,673
Total net fee income	48,174,754	44,996,227
Operating expenses		
Compensation and benefits	48,896,030	46,683,003
Information technology	12,528,301	10,669,195
Professional fees	1,646,213	1,880,549
Office occupancy	1,276,724	1,262,030
Other operating expense	4,588,898	4,341,624
Total operating expenses	68,936,166	64,836,401
Other loss	(170,811)	(1,123,599)
Non controlling interest	2,398,103	3,210,795
Net income	\$80,387,373	\$66,337,022
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>		

Consolidated Statement of Comprehensive Income

(Unaudited)

For the year ended December 31,	2025
Net income	\$80,387,373
Other comprehensive income	
Net unrealized holding gains on investments classified as available-for-sale	16,938,008
Net unrealized holding gains on derivatives designated as cash flow hedges	77,251
Total other comprehensive income	17,015,259
Comprehensive income	\$97,402,632
<i>The accompanying notes are an integral part of the consolidated financial statements.</i>	

Consolidated Statement of Members' Equity

(Unaudited)

For the year ended December 31, 2025

	Perpetual Contributed Capital	Retained Earnings	Non Controlling Interest	Accumulated Other Comprehensive (Loss)/Income	Total
Balance at December 31, 2024	\$168,843,167	\$300,671,796	\$7,917,238	(\$8,407,854)	\$469,024,347
Net income/(loss)	-	80,387,373	(2,398,103)	-	77,989,270
Capital contributions - additional	-	-	1,670,000	-	1,670,000
TranzCapture, LLC distribution	-	-	(310,000)	-	(310,000)
PCC issued	863,570	-	-	-	863,570
Dividends paid on PCC	-	(8,571,741)	-	-	(8,571,741)
Other comprehensive income	-	-	-	17,015,259	17,015,259
Balance at December 31, 2025	\$169,706,737	\$372,487,428	\$6,879,135	\$8,607,405	\$557,680,705
<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 December 31, 2025 are as follows:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Asset-backed securities	\$2,992,068,951	\$2,996,845,236	\$4,776,285
Agency commercial mortgage-backed securities	765,762,548	768,298,784	2,536,236
Agency mortgage-backed securities	117,245,072	118,078,595	833,523
U.S. Treasury securities	50,167,261	50,478,611	311,350
Federal agency securities	548,875	548,853	(22)
Total	\$3,925,792,707	\$3,934,250,079	\$8,457,372

3. Other Investments

Other investments are comprised of the following as of December 31, 2025:

Interest-bearing certificates of deposit	\$11,896,000
Investments in credit union service organizations (CUSOs)	7,732,608
FHLB capital stock	11,726,700
Other	2,000,000
Total	\$33,355,308

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 December 31, 2025:

Term loans	\$259,382,098
Open-end credit lines	58,660,850
Total	\$318,042,948

5. Members' Shares and Certificates

Members' shares and certificates are summarized as follows as of December 31, 2025:

Members' shares	\$5,145,977,299
Members' certificates	462,265,000
Total	\$5,608,242,299

Catalyst members transferred \$5,327,463,575 to the Excess Balance Account at the FRB as of December 31, 2025.