THE VALUE OF VISION

May 2026

Financial Statements and Management's Discussion & Analysis

catalyst

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Management's Discussion and Analysis

RESULTS OF OPERATIONS

Catalyst's net income for the five months ended May 31, 2026 and 2025 totaled $32,428,312 and $33,833,570, respectively. In April 2026, Catalyst waived all recurring monthly services fees for its member credit unions, leagues and CUSOs reducing net income by $2,899,095. May year-to-date operations resulted in an operating efficiency ratio (net fee income, including fee waiver, divided by operating expenses) for 2026 and 2025 of 63.1% and 70.2%, respectively.

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

	YTD May 2026	YTD May 2025
Net interest income	**$42,598,435**	$40,999,516
Net fee income	**18,020,147**	19,874,653
Operating expenses	**(28,659,018)**	(28,303,550)
Non controlling interest	**468,748**	1,262,951
Net income	**$32,428,312**	$33,833,570

Key Information:		
Net operating expense (including April 2026 fee waiver)	**$10,638,871**	$8,428,897
PCC	**$169,706,737**	$169,050,487
Retained earnings	**$401,105,966**	$330,143,252
Operating efficiency ratio (including April 2026 fee waiver)	**63.1%**	70.2%
Return on assets	**1.16%**	1.52%
Leverage / Tier 1 capital ratio	**8.73%**	9.39%
Retained earnings ratio	**6.26%**	6.33%
Daily average net assets – 12 month rolling	**$6,411,135,902**	$5,211,838,921
Monthly average EBA balance transfer to FRB	**$5,844,878,572**	$5,955,062,198

CREDIT RISK

The weighted average life of assets is 1.06 years. All investment securities are classified as available-for-sale investments and have a weighted average life of 1.29 years. As of May 31, 2026, Catalyst's investments are comprised as follows:

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Asset-backed securities	$2,950,159,936	$2,948,835,635	($1,324,301)
Agency commercial mortgage-backed securities	810,927,937	806,334,603	(4,593,334)
Agency mortgage-backed securities	416,287,333	412,546,042	(3,741,291)
Federal agency securities	212,089,214	210,553,968	(1,535,246)
U.S. Treasury securities	60,275,822	60,483,209	207,387
Total	$4,449,740,242	$4,438,753,457	($10,986,785)

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

	Amortized Cost	Estimated Fair Value	Net Unrealized Gain/(Loss)
Credit card	$1,310,983,063	$1,311,279,355	$296,292
Automobile	938,442,309	938,560,099	117,790
FFELP student loan	335,289,140	333,560,855	(1,728,285)
Equipment	303,044,222	302,962,289	(81,933)
Other	62,401,202	62,473,037	71,835
Total	$2,950,159,936	$2,948,835,635	($1,324,301)

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 May 31, 2026 is as follows (in thousands):

	Fair Value	Fair Value +300 Basis Points	Fair Value -300 Basis Points
NEV	$563,200	$461,500	$659,100
% Change in NEV	-	(18.1%)	17.0%

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 May 31, 2026, Catalyst has $1,754,743,855 in cash and cash equivalents. In addition, Catalyst has access to a $2,652,469,134 borrowing capacity at the Federal Reserve Bank (FRB) based on available collateral. Catalyst also has access to a $1,256,591,200 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 May 31, 2026.

Catalyst continues to meet members' liquidity needs. Catalyst has outstanding loans of $281,902,230 and additional uncommitted LOCs to members of $12,523,727,345 as of May 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 May 31, 2026. The table below presents Catalyst's actual and required capital ratios as of May 31, 2026:

Capital Ratio	Ratio	Minimum level to be classified as adequately capitalized	Minimum level to be classified as well capitalized
Retained earnings ratio	**6.26%**	N/A	N/A
Leverage / Tier 1 capital ratio	**8.73%**	4.00%	5.00%
Tier 1 risk-based capital ratio	**19.90%**	4.00%	6.00%
Total risk-based capital ratio	**19.90%**	8.00%	10.00%

Consolidated Statements of Financial Condition

(Unaudited)

As of May 31,	2026	2025
Assets		
Cash and cash equivalents	**$1,754,743,855**	$2,493,717,000
Investments:		
Available-for-sale	**4,438,753,457**	3,173,549,543
Other investments	**27,262,983**	36,304,151
Loans	**281,902,230**	303,177,757
Accrued receivables and other assets	**53,740,354**	49,441,529
Property and equipment, net	**17,800,740**	14,127,168
Goodwill and other intangible assets	**5,876,719**	6,286,720
National Credit Union Share Insurance Fund (NCUSIF)	**2,333,951**	2,328,782
Total assets	**$6,582,414,289**	$6,078,932,650
Liabilities		
Members' shares and certificates	**$5,994,719,289**	$5,558,146,755
Accrued expenses and other liabilities	**21,389,301**	17,879,746
Total liabilities	**6,016,108,590**	5,576,026,501
Members' Equity		
PCC	**169,706,737**	169,050,487
Retained earnings	**401,105,966**	330,143,252
Non controlling interest	**6,410,387**	8,154,287
Accumulated other comprehensive loss	**(10,917,391)**	(4,441,877)
Total members' equity	**566,305,699**	502,906,149
Total liabilities and members' equity	**$6,582,414,289**	$6,078,932,650

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

Consolidated Statements of Income

(Unaudited)

	For the five months ended May 31,	
	2026	**2025**
Interest income		
Available-for-sale investments	**$73,800,078**	$64,739,497
Federal Reserve Bank	**32,488,241**	30,974,481
Loans	**5,519,632**	6,730,268
Other	**728,951**	803,747
Total interest income	**112,536,902**	103,247,993
Interest expense		
Members' shares and certificates	**67,490,185**	61,567,144
Borrowed funds	**2,448,282**	681,333
Total interest expense	**69,938,467**	62,248,477
Net interest income	**42,598,435**	40,999,516
Net fee income		
Share draft and depository processing fees	**9,908,556**	9,508,284
Off-balance-sheet income	**4,792,737**	4,611,520
Other fee income	**6,217,949**	5,754,849
April 2026 fee waiver	**(2,899,095)**	-
Total net fee income	**18,020,147**	19,874,653
Operating expenses		
Compensation and benefits	**20,353,344**	20,479,218
Information technology	**5,630,304**	5,073,310
Professional fees	**541,484**	731,531
Office occupancy	**508,073**	508,526
Other operating expense	**1,625,813**	1,510,965
Total operating expenses	**28,659,018**	28,303,550
Non controlling interest	**468,748**	1,262,951
Net income	**$32,428,312**	$33,833,570

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

Consolidated Statement of Comprehensive Income

(Unaudited)

For the five months ended May 31,	2026
Net income	**$32,428,312**
Other comprehensive loss	
Net unrealized holding losses on investments classified as available-for-sale	**(19,444,157)**
Net unrealized holding losses on derivatives designated as cash flow hedges	**(80,639)**
Total other comprehensive loss	**(19,524,796)**
Comprehensive income	**$12,903,516**

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

Consolidated Statement of Members' Equity

(Unaudited)

For the five months ended May 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)	-	**32,428,312**	**(468,748)**	-	**31,959,564**
Dividends paid on PCC	-	**(3,809,774)**	-	-	**(3,809,774)**
Other comprehensive loss	-	-	-	**(19,524,796)**	**(19,524,796)**
Balance at May 31, 2026	**$169,706,737**	**$401,105,966**	**$6,410,387**	**($10,917,391)**	**$566,305,699**

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

Notes to the 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 May 31, 2026 are as follows:

	Amortized Cost	**Estimated Fair Value**	**Net Unrealized Gain/(Loss)**
Asset-backed securities	$2,950,159,936	$2,948,835,635	($1,324,301)
Agency commercial mortgage-backed securities	810,927,937	806,334,603	(4,593,334)
Agency mortgage-backed securities	416,287,333	412,546,042	(3,741,291)
Federal agency securities	212,089,214	210,553,968	(1,535,246)
U.S. Treasury securities	60,275,822	60,483,209	207,387
Total	$4,449,740,242	$4,438,753,457	($10,986,785)

3. Other Investments

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

Interest-bearing certificates of deposit	$7,676,000
Investments in credit union service organizations (CUSOs)	8,869,883
FHLB capital stock	8,717,100
Other	2,000,000
Total	$27,262,983

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 May 31, 2026:

Term loans	$276,305,611
Open-end credit lines	5,596,619
Total	$281,902,230

5. Members' Shares and Certificates

Members' shares and certificates are summarized as follows as of May 3, 2026:

Members' shares	$5,377,283,289
Members' certificates	617,436,000
Total	$5,994,719,289

Catalyst members transferred $5,697,823,044 to the Excess Balance Account at the FRB as of May 31, 2026.