

CATALYST CORPORATE FEDERAL CREDIT UNION

TWELFTH ANNUAL MEETING OF THE MEMBERS

May 2, 2023 – 10 a.m. CT

Meeting Transcription

Lin Hodges: Hello. I'm Lin Hodges, President and CEO of Associated Credit Union in Norcross, Georgia, and Catalyst Corporate's Chairman of the Board. The 12th Annual Meeting of the Members is now called to order.

I would like to welcome all of you participating online and in person today. Thank you for joining us.

Before we get started, I'd like to point our online participants to the following information in the Resource List on your console. Items include: 1) today's agenda, 2) the minutes from last year's Annual Meeting – you may want to open and review those now if you have not already, and 3) Catalyst Corporate's 2022 Annual Report, which includes the audited financials.

These documents, as well as monthly financials and the 2022 Due Diligence Report, can also be accessed on Catalyst Corporate's website at any time.

For those joining us in-person, you may make motions during the meeting by raising your hand. Online participants may also make motions using the Meeting Comments feature on the console.

Please note, a digital copy of this presentation will be available on the website by tomorrow.

Okay, according to Catalyst Corporate's bylaws, we are required to have a quorum of 15 registered members participating in this meeting. Prior to the start of the meeting, a quorum was confirmed.

Next, we have Michael Hooper, Secretary of Catalyst Corporate's Board of Directors, to present the minutes from last year's meeting. Michael...

Michael Hooper: Thank you, Mr. Chairman, and good morning, everyone.

As Lin mentioned earlier, a copy of Catalyst Corporate's 2022 Annual Meeting Minutes can be found on the Catalyst website or, for online attendees, in the Resource List on your console. Based on review of that document, I will entertain a motion to dispense with the reading of the minutes and, if there are no changes, to approve them as submitted.

Thank you. I have a motion. I need a second.

I have a second. Last year's minutes are approved as submitted.

Thank you, Chairman Hodges. I'll turn it back over to you for your Chairman's Report.

Lin Hodges: Thank you, Michael.

As the current economic environment continues to evolve, so does the credit union industry, and within that, Catalyst Corporate.

Together, we're committed to finding new ways of helping you respond to member demand and navigate the unknown through cutting-edge solutions and strategic investment planning.

This commitment starts from the inside out, as Catalyst's dedicated team of volunteers, management and staff collaborate to support the individual needs and goals of our member credit unions. Measuring the Corporate's success depends on the collective ability to do just that – and to do it with keen attention to service. Through your trust in us, 2022 proved to be another successful year for Catalyst Corporate.

In a moment, Catalyst Corporate President and CEO Bruce Fox will share a few of the organization's 2022 accomplishments, along with several key initiatives for 2023. But first, I'd like to briefly recognize the credit union volunteers who lead and guide Catalyst Corporate. You can view them on screen or in the back of the Annual Report.

My fellow board members include:

- Trevor Tokishi, Board Vice Chairman, and President/CEO of Valley Isle Community FCU.
- Michael Hooper, Board Secretary, and President/CEO of La Capitol FCU. Michael also serves as Chairman of our Enterprise Risk Management Committee.
- Rick Hein, Board Treasurer, and President/CEO of Oregon State CU. Rick also serves as Chairman of our ALCO.
- Connie Cofer, SVP/CFO of Communication FCU. Connie also serves as Chair of our Technology Steering Committee.
- Steven Devan, President/CEO of East County Schools FCU.
- Syed Dinar, EVP/CFO of Texas Bay CU. Syed also serves on our ALCO.
- Gail Enda, President/CEO of American Airlines FCU.
- Greg Harden, President/CEO of Arizona Central CU. Greg is also a member of our ALCO.
- Jon Hernandez, President/CEO of Calcom FCU; and
- Yvonne Kershner, President/CEO of Brazos Valley Schools CU.

I'd also like to thank the other volunteers who serve on our standing committees. They include:

- Jody Caraccioli – Supervisory Committee Chairman and member of our Enterprise Risk Management Committee
- Dave Preter – Supervisory Committee
- Eric Petracca – Supervisory Committee
- Jenna Lampson – Supervisory Committee
- Merrill Currier – Technology Steering Committee
- Chris Kearney – Technology Steering Committee; and
- Chris Leggett – Enterprise Risk Management Committee

Thank you all for your service, and that concludes my presentation. Next, Bruce Fox will deliver the President's Report.

Bruce Fox: Thank you, Mr. Chairman, and thank you to all who have joined us today.

As Lin mentioned, and you can see from the audited financials, 2022 was another strong year for Catalyst. We ended the year with net income of \$55.3 million, a leverage ratio of 9.75%, and an operating efficiency ratio of 74.9%. The Corporate also successfully completed all 34 initiatives outlined in the 2022 Strategic Plan.

As demand for liquidity reached new heights in 2022, Catalyst Corporate was there to assist with loans and lines of credit, resulting in total loans outstanding of \$841 million at year end – a 300% increase over 2021. At one point, Catalyst was lending to 300 credit unions per day, and our loan balance reached a high of \$1 billion in January of this year. We appreciate the opportunity to serve as a source of liquidity for credit union needs.

With the new CECL accounting standard now in effect, I am pleased to report that Catalyst is assisting more than 170 credit unions with this transition through its innovative online platform, CECLution.

Another of last year's notable accomplishments includes Catalyst's enhanced share certificate offering. In effort to provide credit unions with additional investment opportunities, we expanded our share certificate program, which sold 249 certificates for a total of more than \$140 million.

In 2022, Catalyst experienced considerable growth on the check and deposit processing front. Our TranzCapture CUSO, designed to help bring economies of scale to credit unions of all sizes, now includes a total of 4 corporates – making it the nation's largest payments processor of its kind. Furthermore, our teller capture core integration efforts have proven successful as well. Along with Corelation, we are adding new relationships with Jack Henry Symitar and Sharetec this year.

2022 was also a year of record membership growth. Catalyst had 21 new credit unions capitalize our organization, bringing total membership to 1,311 at year end. We thank our members – both new and longstanding – for their significant contribution to the overall health of the Corporate.

One of the most rewarding aspects of Catalyst's mission is purposeful giving to support credit union industry partners, such as leagues, foundations and trade associations. Since 2015, Catalyst's total contributions are roughly \$2.9 million, including a total of \$351,000 in 2022 alone.

Lastly, we conduct a survey each year to measure member satisfaction. Sentiment remained strong in 2022 as members awarded Catalyst a Net Promoter Score of 86.8%.

Transitioning to 2023, we have several notable initiatives to share in both the financial services and payments arenas.

In addition to traditional payment services, Catalyst is dedicating new resources to ensuring your credit union is prepared for faster payments on all fronts – including P2P, RTP and the upcoming launch of the Federal Reserve's FedNow Service. We recognize the role education plays in industry adoption and are offering a complimentary series of Faster Payments workshops – both in-person and online – to provide a real-time look at where things stand and how you can prepare. Furthermore, Catalyst has developed a state-of-the-art faster payments solution, Moli, designed to offer transactional and settlement services for credit unions. More than just a modern P2P application, Moli will come with integration capabilities to FedNow and RTP – and serves as the connection point for instant payment needs.

Catalyst's new digital loan payment module, CU LoanPay, is now available. The service provides a quick and easy way for members to make loan payments to your credit union with funds from another institution. For members to get started, all it takes is a single click from your credit union website.

Also, I want to make you aware of some of the balance sheet management services that may be useful in the current economic climate. Credit unions facing liquidity challenges are finding answers at Catalyst through interest rate derivatives, loan participations and subordinated debt. Our capital planning and stress testing program is also now available.

Catalyst remains focused on providing innovative, *secure* products and services, and works continuously to ensure they are equipped with the latest technology. This ongoing effort will carry forward throughout 2023 as we bring you new services and enhancements.

I will close with an invitation to our annual Economic & Payments Forum on September 18-20. This year's event will be held in-person again at the Renaissance Plano Legacy West Hotel. We hope you will join us.

That concludes my report. I encourage you to let us know how we can better serve your credit union. Thank you for your time today.

Next is the Supervisory Committee's Report by Supervisory Committee Chairman Jody Caraccioli.

Jody Caraccioli: Thank you, Bruce. Before I begin, I would like to recognize the other members of the Supervisory Committee – Jenna Lampson, Dave Preter and Eric Petracca – for their service. Thank you all.

The Supervisory Committee has met with the external auditors to discuss the results of the 2022 external audit. Catalyst Corporate received an unqualified opinion on the audited 2022 financial statements. The Committee also has reviewed the results of work performed by Catalyst Corporate'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, 2022, are fairly presented and that Catalyst Corporate has maintained effective internal control over financial reporting and has complied with all applicable regulations and laws throughout 2022.

Mr. Chairman, that concludes my report.

Lin Hodges: Thank you, Jody.

The next item on the agenda is Unfinished Business. As there is no Unfinished Business, we will move to New Business.

As there is no New Business today, we can continue with the Nominating Committee report. Steven Devan, Chairman of Catalyst Corporate's Nominating Committee, will give that report.

Steven Devan: Thank you, Mr. Chairman. First, I would like to acknowledge the other members of the Nominating Committee: Jon Hernandez and Syed Dinar. Thank you, gentlemen.

In accordance with the election procedures, Catalyst Corporate's membership was notified of the committee's nominations for the Board of Directors and advised of the petition procedure to add candidates to the ballot.

The Committee's nominees to fill three-year terms were:

- Gail Enda
- Greg Harden
- Yvonne Kershner
- Trevor Tokishi

As there were no candidates by petition, the four candidates presented by the Nominating Committee are elected.

That concludes my report, Chairman Hodges, back to you.

Lin Hodges: Thank you, Steven, and congratulations to our newly elected board members.

The Nominating Committee report was the last item on the agenda, so the Twelfth Annual Meeting of the Members of Catalyst Corporate Federal Credit Union is adjourned. Thank you all for attending today. We hope you'll join us at this year's Economic & Payments Forum September 18-20.

Have a great day, everyone.