



catalyst



# Asset/Liability Management Service

YOUR FIRST CHOICE FOR BALANCE SHEET INSIGHTS



## Your first choice for ALM solutions.

Dealing with uncertainty is a given for most credit unions. It happens when trying to anticipate the flow of funds into and out of your credit union. It accompanies every economic prediction for the future. That's why it's important to make Asset/Liability Management (ALM) a critical component of your risk management program.

Understanding current risk exposures allows you to fully identify challenges. More importantly, it highlights strategic opportunities available at your credit union. Are you maximizing the value of your ALM process with actionable intelligence? If not, let Catalyst Strategic Solutions help you turn a required regulatory report into a valuable strategic tool.



## What is Asset/Liability Management?

Credit unions are entrusted with the safety and soundness of their members' deposits. As financial cooperatives, in order to grow, credit unions must continue to increase net worth to remain healthy and strong. This calls for effective, efficient deployment of funds into a variety of asset classes to achieve sufficient earnings.

However, the rates credit unions pay their members for deposits or charge for loans vary almost daily with the ebbs and flows of the economic environment. Ensuring that earnings remain stable and strong enough to cover all operating expenses and loan losses, while still building capital, can be challenging in today's market. How can credit unions – in the midst of uncertainty – improve their balance sheet composition, meet member needs and still ensure future capital contributions that are necessary for growth? The answer is by deploying an effective Asset/Liability Management program.

# How can Catalyst's ALM Service benefit your credit union and its members?

Asset/Liability Management reporting is a process that identifies how much a credit union's net interest income stream may change as market interest rates change. This is accomplished through a complex evaluation of all earning assets and cost liabilities on the balance sheet under multiple interest rate environments. The insights gained from this process can help a credit union in several ways:

1

Identify the origins of risk: A rigorous analysis of the balance sheet will enable you to understand not only the credit union's exposure to aggregate earnings risk, but also the specific products driving that risk and why. This helps improve concentration risk management and balance sheet strategy to maintain a strong balance sheet composition that is capable of delivering consistent results for your members.

2

Set strategic direction: Positioning your balance sheet appropriately for current and future economic environments is critical to managing risk. Asset/Liability Management provides valuable insight that helps establish a balance sheet that capitalizes on expectations for the future.

3

Prepare for the worst through stress testing and sensitivity analysis: Understanding situations and environments that place high levels of strain on your credit union's earnings or capital position is key. Armed with this information, you can establish viable contingency response plans that can be enacted when certain events begin to unfold – before significant harm occurs to your credit union.

Trusted guidance from a seasoned team of experts.

Solutions tailored to fit your credit unions' specific needs.

Comprehensive ALM service offerings for credit unions of any size.

Robust ALM analytic capabilities & customized balance sheet management strategies.

# Does Catalyst Strategic Solutions offer risk management services beyond risk reporting?

Catalyst Strategic Solutions offers credit unions a full suite of risk analytics and consulting services. Regardless of your asset size or complexity, Catalyst will work with you to build the perfect mix of services to meet your credit union's size, complexity and unique needs. Beyond the traditional interest rate risk analysis, Catalyst Strategic Solutions offers supplemental solutions that include:

- NON-MATURITY DEPOSIT BEHAVIOR ANALYSIS
- MORTGAGE SERVICING RIGHTS VALUATIONS
- LIQUIDITY FORECASTING AND STRESS TESTING
- ONLINE "WHAT-IF" ANALYTIC CAPABILITIES
- POLICY DEVELOPMENT AND REVIEW ASSISTANCE
- PHONE CONSULTATION
- ON-SITE EDUCATION AND TRAINING SESSIONS

## LEARN MORE.

Catalyst Strategic Solutions has been providing balance sheet advisory, consultation, risk management and strategy services to credit unions for more than 30 years. Catalyst's Asset/Liability Management Service can also assist you with the resources necessary to make your secondary capital strategy a success.

Catalyst's seasoned team provides a tailored risk management solution to help your credit union every step of the way. Let them help you turn a regulatory report into an actionable balance sheet strategy tool.

For more information on how your credit union can benefit from Catalyst Strategic Solutions' Asset/Liability Management Service, contact your financial solutions consultant at [contactis@catalystcorp.org](mailto:contactis@catalystcorp.org) or 800.301.6196.

## CONTACT US.

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