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Catalyst Corporate Is Successful Bidder for Western Bridge Assets

Today the National Credit Union Administration announced that Catalyst Corporate Federal Credit Union has been selected to participate in a purchase and acquisition of the assets of Western Bridge Corporate Federal Credit Union.

After announcing in September that Western Bridge Corporate was unable to raise enough capital in order to charter United Resources Corporate, the NCUA began immediately to deploy a contingency plan—one that would provide for a non-disruptive, low-cost transition of Western Bridge member credit unions.

“We had partnered with Wescorp on a variety of projects over the years, and as a result we were already familiar with many of their systems and processes,” said Brad Ganey, senior vice president/chief operating officer of Catalyst Corporate. “After performing due diligence, we feel confident that Catalyst can provide a compatible, cost effective option for Western Bridge members.”

Ganey notes that there are numerous operational similarities and shared platforms—not to mention that both corporates offer many of the same products—that will ensure a smooth migration for credit unions moving from Western Bridge. All in all, he said, credit unions will experience minimal changes to the way they do business with their corporate: “Wescorp, and its successor Western Bridge, have offered members high value products and services for many years. We want to assure these credit unions that Catalyst will continue to provide everything they have come to expect, and perhaps even offer some enhancements.”

“Catalyst not only offers every product and service provided by Western Bridge—we offer about a dozen more,” said Dianne Addington, president/chief executive officer of Catalyst. “Right out of the gate credit unions will experience an improved value proposition—not just a replacement of their services. Credit unions deserve that after the challenges of recent years.”

Though the benefit of having a replacement cannot be overstated, Addington continued. “We are hopeful that many credit unions will be relieved as they learn more about our transition plans—especially the shared platforms and systems that will allow for very smooth conversions.”

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Catalyst Is Successful Bidder—ad one

For those credit unions that had committed to recapitalize Western Bridge (as United Resources Corporate Federal Credit Union), Catalyst has a capitalization requirement that is the same or lower—another immediate benefit for many Western Bridge members. “We also believe that credit unions that had been on the sidelines will be attracted to what Catalyst has to offer, especially when they realize how much value is available to them with a *maximum* capital investment of just 25 basis points.” Catalyst’s capitalization methodology has dollar amount caps and a proportional scale-back feature for credit unions with under \$50 million in assets.

Addington said that the same rules for capitalization will apply to future members as what was established for Catalyst’s “charter” members. “Perpetual contributed capital is essential for Catalyst to be well-capitalized,” she said. “Because we incur a degree of risk by offering our on-balance sheet services, any credit union that uses them must make a capital commitment. It’s what’s fair to the membership as a whole.” So far, Catalyst’s low capitalization requirement hurdle has not been an obstacle for nearly 900 capitalizing members.

Catalyst management is also pleased to note that the combination with Western Bridge will be beneficial to existing member-owners. “With the increased efficiencies we will be able to achieve our income targets more rapidly, which means we can invest more heavily in new services and product enhancements that help our credit unions remain relevant to their own members,” said Ganey. He said that this improved performance is clearly demonstrated in the updated financial projections included in Catalyst’s business plan.

In the coming weeks Catalyst will contact its prospective new members to ensure they are fully informed of the benefits of transitioning to Catalyst as well as what to expect with regard to the transition. Communication will include a December webinar and a special “Welcome Western Bridge Members” micro-site on the Catalyst website. Plans are already underway to begin Town Hall meetings in January, and then the transition will be in full swing through the middle of 2012.

“We had an extremely smooth consolidation just a few months ago when Southwest Bridge Corporate and Georgia Corporate merged to become Catalyst, and we are more than ready to do it again. Our team’s experience in this regard cannot be matched,” said Addington. “Nor can their commitment to serving members.”

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