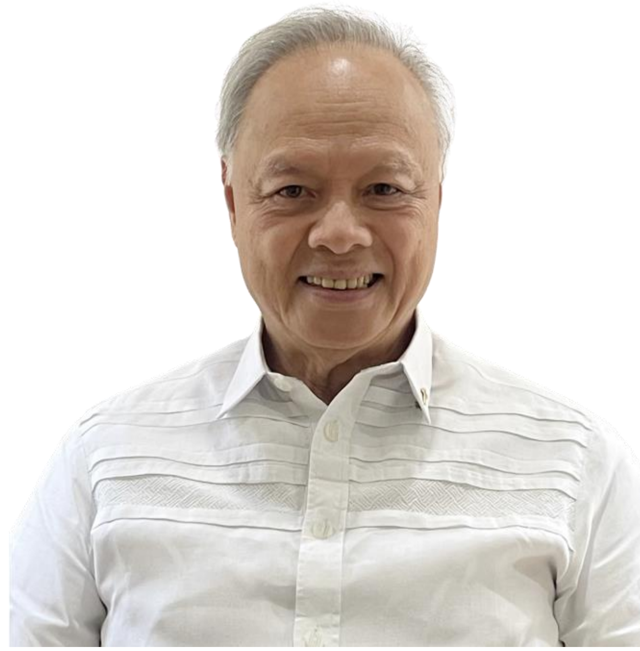
REPORT OF THE CEO

Rev. Fr. Lamberto S. Ramos



This submits to the 26th General Assembly the following performance report of Solidaritas Credit Cooperative for the fiscal year 2023.

During last year's General Assembly, March 13, 2023, we showed you SCC's path forward and the challenges we would be facing as we forged ahead: Focus on core, improve operational efficiency, reduce if not eradicate credit risks, and manage prudently our assets and invest wisely. We are happy to report that your Team Management, under the guidance and direction of our Board of Directors, has satisfactorily met (if not exceeded) those pledges, with the following results:

HIGHLIGHTS at a GLANCE

1. NET SURPLUS after operating expense was Php 146.7 million, giving us a net surplus after statutory reserves of Php 116 million. We attribute this performance to the ff:

1.1 Loans release amounting to Php 332.2 million, 110.6% of 300 million target, 114% vs last year's 289.9 million.
1.2 Prudent and timely investment mix resulting to significant contribution to revenue and profit.
1.3 Membership drive which by end 2023 totals 1,403 an increase of 24% vs 1,130 of year 2022
1.4 Strict Credit and Collection compliance: we have reduced "Portfolio at Risk (PAR) of 2022 from 39.45% to 5%.

2. SHARE CAPITAL increased to Php **607.5** million from previous year's Php 520.9 million, a 16.6% increase.

3. TOTAL ASSETS increased by Php 308.17 million, from Php 2.97 billion to **3.277** billion, 11% increase.

4. RETURN ON EQUITY was 13.5%, computed as net surplus divided by share capital; previous year's ROI was 14.5%.

5. In compliance with CDA (Cooperative Development Authority) policy, 25% of net surplus have been allotted to **statutory reserves**, distributed as follows:

General Fund (10%)	Php 14.68 million
Coop Education Training Fund – Local (2.50%)	3.67 million
Coop Education Training Fund – Apex (2.50%)	3.67 million
Optional Fund (5%)	7.34 million
Community Development Fund (5%)	7.34 million
Total Statutory Reserves:	**Php 36.70 million**

6. DIVIDEND AND PATRONAGE REBATE: with NET SURPLUS after statutory reserves of Php **116** million, your Board of Directors is happy to declare **13.5% dividend** on your share capital and **25% patronage rebate** on your loans.

COMMUNITY AND SOCIAL ACTION INITIATIVES

Your Cooperative has deep-seated social awareness imbedded at the very core of its existence, and continues to put it into action with its Tulungan and Kawanggawa initiatives, i.e., funds have been allocated for and released to the ff:

Catechetical Grants	3.70 million
Priest and Seminary Formation	3.29 million
Community / Advocacy Donation	2.90 million

OUTLOOK: 2024 CHALLENGES AND BEYOND

For 2024: The impetus to grow the existing business has been further enhanced with the approval by the General Assembly last March 13, 2023 TO **GO NATIONWIDE**. And with the recent imprimatur by the Cooperative Development Authority CDA) to go full steam ahead, all wheels have been put into motion. We will develop new markets and new products. Our goal is to achieve a minimum of 2,000 members nationwide, with 2,500 as stretch.

For 2025: We will call it the BIG PUSH: 50% TO 75% OF MARKET SIZE, ROUGHLY 3,000 TO 3,500 MEMBER COOPERATORS.

FOR 2026 – 2027: NEW BUSINESS DEVELOPMENTS.

We will achieve all the above (2024-2027) with massive nationwide campaign, equipped: with the offer to declare all members as regular members (with some exemptions that will be explained during the General Assembly); with rigorous segmentation to determine market participation strategy particularly which product mix to offer to which market segments; with attractive earnings from savings, rebates and dividends; with a robust mix of loans and investments that translate to share capital holders' earnings.

We are also happy to announce that your Board has approved to raise **the cap of share capital from Php 1,000,000.00 to Php 2,000,000.00.**

An Impossible Dream? A dream, yes; impossible, no! It will not be easy, but by God's grace, and with your continued belief that SCC is the most trusted credit cooperative, the authority in providing credit and savings facilities to brother priests and bishops, not to mention your Team Management's guiding motto "FORTUNA FAVET FORTIBUS!", there is no other way but to succeed.

Our indomitable faith in and unshakeable loyalty to each other as brothers in our ministry, and now concretized in our Cooperative, takes its root in Psalm 131:1: ***"ECCE QUAM BONUM ET QUAM JUCUNDUM, HABITARE FRATRES IN UNUM!"***

Rev. Fr. LAMBERTO S. RAMOS
Chief Executive Officer
LSR 3/11/24