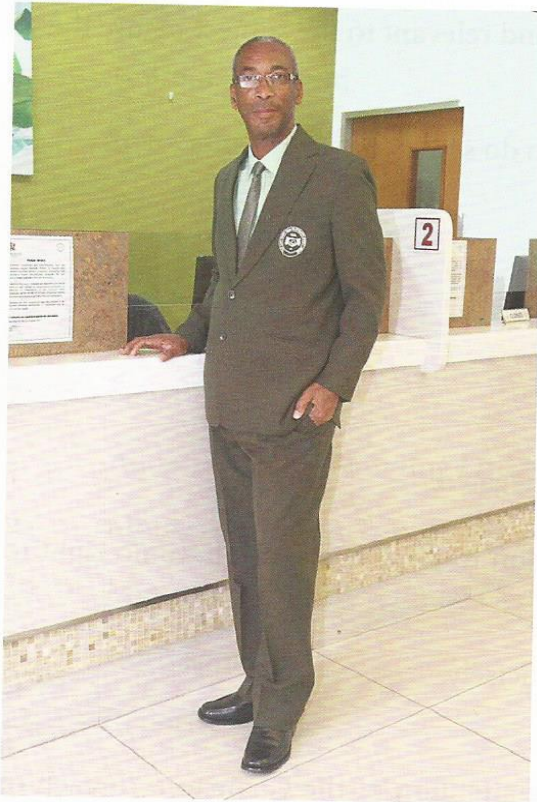


PRESIDENT'S ADDRESS



2015 was another challenging year for most economies. The decline in energy prices experienced during the second half of 2014 continued into 2015. This caused increased volatility in the local, regional and International commodity markets.

In spite of the external challenges Palo Seco Credit completed another commendable year.

The strategy adopted for 2015 was crafted around our outlook for 2015; it was predicated on the following:

- Crude oil price between US \$40 to US \$ 50 per barrel WTI
- Gas price between US \$2.25 to \$2.40 per mmbtu
- Flat or declining Local and International Equity Markets
- Increased Loan Interest Income

The Board met with most of our Investment Advisors and Brokers with the conversation focused around the achievement of our stated goal, '**Providing a rate of return above the Core Inflation Rate**'. A comprehensive review of our investment portfolio was completed and new strategies implemented with capital preservation also a major consideration.

The Core Inflation Rate in Trinidad and Tobago for 2015 as advised by the Central Bank of Trinidad and Tobago was 2% and the dividend being proposed by the Board of Directors for fiscal year ended, December 31, 2015 is 5%.

HIGHLIGHTS

Membership increased by	3.52 %
Members' Shares increased by	10.33 %
Loan Portfolio increased by	5.83 %
Income increased by	8.33 %
Assets increased by	9.09 %

The above mentioned results were achieved in an environment of a contracting local economy, declining fix income and equity markets.

The Management and Board of Directors completed review of our Loans Policy and after consultations with our internal stakeholders approved and implemented the amendments.

We have completed repairs to our property on Milford Road, Bon Accord, Tobago. The Board has considered options for use of the property and a final decision will be made after consultation with the Commissioner for Co-operative Development. We have also completed repairs to the Administration Building including the Auditorium and the Virginia Haynes Fitness Centre and Conference Room

The Co-operative Credit Union League of Trinidad and Tobago with support from Palo Seco Credit Union and other units, continued advocacy and demanded the withdrawal of the Credit Union (Amendment) Bill, 2014 and the Co-operative Societies (Amendment) Bill, 2014 which were tabled in the Senate on November 18, 2014, by the former Administration. These Bills were withdrawn by the new Administration and consultations have commenced with the Co-operative Sectors geared towards the achievement of enhanced Legislation to govern the Co-operative Sectors.

OUTLOOK FOR 2016

The International Monetary Fund (IMF) further to a review of the Trinidad and Tobago economy has advised that; "Trinidad and Tobago's economy is confronting a major shock with the sharp fall in energy prices that accelerated through early 2016. Based on available information they received, including job losses and continued supply-side constraints in the energy sector, the IMF projects gross domestic product (GDP) to decline by 1% in 2016. It further advised that; declines in the energy based revenues will constrain the Government's ability to act as an engine of growth. This would provide further challenges for companies operating in the energy sector. The members of Palo Seco Credit Union are not insulated from these shocks; however, the Officers, Management and Staff are available to work with you, to assist with the restructuring of your portfolios, during these challenging times.

The local, regional and international equity and fixed income markets are projected to experience further declines, as have been predicted by some Financial Analysts. However, the leadership of Palo Seco Credit Union will continue to be prudent and selective in our investment decisions.

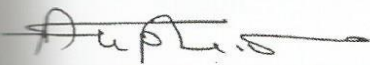
ACKNOWLEDGEMENT

I again take this opportunity to record my appreciation for the matured guidance of the Board of Directors, the support and counsel of the Credit and Supervisory Committees. The Education, Gym, Building and Nomination Committees your hard work is well appreciated. The Manager and Staff for your diligent and assiduous work have assisted the Leadership to navigate the sometimes very turbulent environment.

The Leadership of the Co-operative Credit Union League of Trinidad and Tobago, the representatives from the Office of the Commissioner for Co-operative Development, we extend our appreciation for your support and sound advice.

To our Attorneys and Investment Advisors and Brokers we say a public thank you for your counsel and advice.

Finally to our members without whom Palo Seco Credit Union would not have been able to realize its fullest potential, thank you once again for your unwavering support.



ALVIN STEPHENSON
PRESIDENT