

PRESIDENT'S ADDRESS



2018 was an eventful year for Palo Seco Credit Union Co-operative Society Limited. It was a year in which we celebrated our 70th anniversary and also witnessed the termination of operations at the Petroleum Company of Trinidad and Tobago Limited (PETROTRIN).

We celebrated our 70th anniversary with a Family Fun Day held at the Petrotrin, Palo Seco Sporting Club on Sunday 26th August, 2018. The day's activities commenced with an Interfaith Service, continued with Novelty Games hosted by the Trinidad and Tobago Fire Services and culminated with a Cultural Show which featured our local artists, Calypsonian, Weston Rawlins (Cro Cro) and the Diatonics Steel Orchestra.

On Saturday 24th November, 2018 we recognized our long serving employees at a Gala evening of celebration and distribution of awards.

As we are all aware, PETROTRIN terminated all its employees, shut down the operations of its Refinery at Pointe a Pierre and transferred its Exploration and

Production Assets to Heritage Petroleum Company Limited, effective November 30th 2018. This decision created a major change which adversely affected the way of life within our fence line communities.

The following is a breakdown of Accounts of the former Petrotrin employees who are members of Palo Seco Credit Union:

- **748 Members (Total), Shares - \$ 29,368,692.57, Loans - \$ 23,303,967.51.**
- **467 Members paid off their Loans.**
- **140 Members' Loans are within their Shares**
- **141 Members' Loans are more than their Shares**

Palo Seco Credit Union facilitated two (2) Education Seminars with facilitators, Anthony Watkins of Odyssey Consulting Incorporated Limited, and Bourse Securities Limited, to advise our members around, "Coping with Change and Investing in the Current Environment". Those education programs facilitated by the Credit Union were designed to assist our members with their personal development. I take this opportunity to encourage our members to attend similar programs when they are arranged in the future.

Consequent on the changes at Petrotrin and the reduction of activity around our fence-line communities, the Credit Union experienced a reduction in Loan Interest Income of \$2,862,310.00. However, we have also experienced an increase in Investment Income of \$1,170,918.00.

The following is a listing of our key performance indicators:

- Membership Increased by **501 or 3.23%**
- Assets Increased by **\$79,526,874 or 16.95%**
- Shares Increased by **\$29,120,246 or 7.76%**
- Loans Decreased by **\$43,138,232 or 21.46%**
- Surplus Decreased by **\$1,445,865 or 6.98%**

The decrease in Surplus, together with the increase in Shares have, caused the Board of Directors to propose a dividend of 4.25%, which is slightly below our budgeted dividend of 4.5%.

These results were achieved notwithstanding, the reduction of Loan Interest Income and the contraction of our Loan portfolio.

The Board of Directors has implemented strategies to increase our investment income, while prudently managing our risks.

ACHIEVEMENTS

We have completed the furnishing of our Guest House in Tobago; however, we await the final approval by the Commissioner for Co-operative Development, prior to commencement of the rental of the facility to our members and the public.

The Board of Directors has completed the evaluation and upgrade of our Electrical System at our Main Office. We have also awarded a contract to complete the procurement and installation of a Standby Generator, to minimize the disruption of our office operations during power outages.

Palo Seco Credit Union was again in winners' row at the Co-operative Credit Union League of Trinidad and Tobago Annual Award Ceremony. We received the awards for, the Best Financial Performance (Very Large) and the Most Outstanding Credit Union (Overall). Palo Seco Credit Union also received a Special Award from Sugar Pay, the provider of the ATMs for our advancement of the ATM Project.

OUTLOOK

According to the IMF's outlook contained in the Economic Bulletin of the Central Bank of Trinidad and Tobago, January 2019, the IMF posits that the Global economy is anticipated to slow further in 2019.

The Central Bank of Trinidad and Tobago has advised that, the domestic economy is expected to receive a boost in 2019 from the anticipated startup of the Angelin gas platform during the first quarter and other energy projects in the pipeline. However, the changes at Petrotrin and the formation of the new company Heritage Petroleum Company Limited, has resulted in a reduction in crude oil production, which is likely to have a negative impact on the revenue derived from crude oil and the economic activity within the fence line communities.

Palo Seco Credit Union has adjusted to the changes at Petrotrin and has implemented strategies to mitigate the impact of these changes on the performance of the Credit Union.

The local equity market is expected to remain flat or experience slight decline, the fixed income market is also expected to remain flat. However, the Board of Directors will continue to explore the opportunities available, while managing the risks to allow for the preservation of our capital.

ACKNOWLEDGEMENT

As we would have concluded an eventful year, in which we celebrated our 70th Anniversary and experienced the changes at Petrotrin, I would like to thank the membership for your support over the last 70 years. To the members of the Board of Directors, thank you for the mature conversations, which have guided the success of this well-managed, Credit Union. To the Credit and Supervisory Committees, thank you for your commitment and service to Palo Seco Credit Union. I take this opportunity to thank all other Committees, for your contribution, without you all, the Credit Union could not have achieved the success which we have over the past 70 years.

The Board of Directors extends our appreciation to the Manager and Staff, for your loyalty and steadfast dedication to duty.

To all our Stakeholders, we thank you for your support and advice over the years and look forward to your continued input in guiding our future considerations.

Respectfully submitted,

**ALVIN STEPHENSON
PRESIDENT**