



TWENTY FIFTH ANNUAL REPORT

OF THE

DIRECTOR OF BANKING

FOR CALENDAR YEAR

ENDING DECEMBER 31, 2012

**Prepared by the Banking Staff
DEPARTMENT OF COMMERCE**

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The Honorable Benigno R. Fitial
and
The Honorable Members of the Legislature

I am pleased to present the 2012 Annual Report of the Director of Banking as required by 4 CMC Division 6 Section 6116.

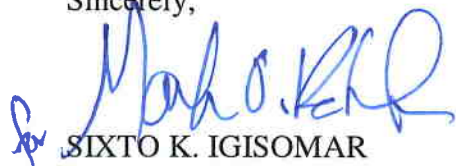
This report contains 2012 balance sheets of all licensed banks, quarterly reports of banks, remittance companies and currency exchange dealers, and a directory of all of the Banking Section's licensees.

As we have mentioned in prior reports, the CNMI's Banking Code needs to be updated since it has remained relatively unchanged since 1992. We continue to appeal to the Legislature for their support in helping the department draft a comprehensive banking bill. To ensure a truly comprehensive legislation is drafted, we recommend acquiring the services of a financial regulation expert. The continuing decline in resources has made it ever more difficult to accomplish this task. We are hopeful that we will soon be able to source the funds required to fulfill this very important task.

Likewise, we aim to see the enactment of laws that allow for stricter licensing and regulation of money transmitters and currency exchangers to ensure consistency and compliance with the Bank Secrecy Act.

As a final note, in order to properly carry out the duties and responsibilities of the office as mandated by statute, the Department continues to request for the necessary funding to hire and retain qualified examiners. The Office of the Director of Banking has yet to have adequate staffing to fully carry out the mandates of the banking code.

Sincerely,



SIXTO K. IGISOMAR
Secretary of Commerce /
Director of Banking

2012 DIRECTORY OF FINANCIAL INSTITUTIONS

BANK

1. **Bank of Guam**

Saipan Branch
P.O. Box 500678
Saipan, MP 96950

VP/CNMI Regional Manager
Telephone
Location

Ms. Marcie Tomokane
236-2700
San Jose, Garapan, Afetnas
Songsong(Rota), San Jose(Tinian)

Email: marci.tomokane@bankofguam.com

Insurance
Commencement
Auditor

FDIC
1980
Squar Milner LLP

2. **Bank of Hawaii**

Saipan, Branch
P.O. Box 500566
Saipan, MP 96950

Senior Vice President &
Deputy Division Manager
Telephone
Location
Email: john.sheather@boh.com

Mr. John Sheather
322-4200
Garapan, Chalan Kanoa

Insurance
Commencement
Auditor

FDIC
1968
Ernst & Young

3. **Bank Pacific, Ltd.**

Saipan, Branch
P.O. Box 503201
Saipan, MP 96950

VP/Senior CNMI Officer
Telephone
Location
Email: fredc@bankpacific.com

Mr. Fred F. Camacho
233-4752
Garapan

Insurance
Commencement
Auditor

FDIC
1990
Deloitte Touche Tohmatsu

4. Bank of Saipan
P.O. Box 500690
Saipan, MP 96950

President/CEO
Telephone
Location

Mr. Jon Bargfrede
235-6260
Garapan, Chalan Kanoa
San Jose(Tinian), Songsong(Rota)

Email: jon.bargfrede@bankofsaipan.com

Insurance
Commencement
Auditor

Uninsured
1981
Grant Thornton LLP

5. City Trust Bank
P.O. Box 501867
Saipan, MP 96950

AVP/Acting Manager
Telephone
Location
Email: mljsaipan@gmail.com

Ms. Maria Lourdes Johnson
235-7701/4 235-7903/5
Gualo Rai, Afetnas

Insurance
Commencement
Auditor

Uninsured
1981
Lourdes S. Tiongson, CPA

6. First Hawaiian Bank
Saipan Branch
P.O. Box 500625
Saipan, MP 96950

VP/Saipan Area Manager
Telephone
Location
Email: jlizama@fhb.com

Mr. Juan SN. Lizama
235-3090 234-6559
Gualo Rai, Oleai

Insurance
Commencement
Auditor

FDIC
1996
Price Waterhouse Coopers

**DEPOSIT AND LOAN TRENDS OF LICENSED CNMI FINANCIAL INSTITUTIONS
SINCE 1985
(IN MILLIONS)**

<u>Year</u>	<u>Number of Banks in Operation</u>	<u>Amount of Deposits</u>	<u>Increase/ (Decrease) in Deposits</u>	<u>Amount of Loans</u>	<u>Increase/ (Decrease) in Loans</u>
1985	7	112.5		59.9	
1986	7	124.3	12	65.1	5
1987	7	161.4	37	78.2	13
1988	7	223.1	62	88.0	10
1989	7	326.8	104	106.6	19
1990	7	473.0	146	121.5	15
1991	7	480.4	7	147.7	26
1992	7	429.5	(51)	160.6	13
1993	7	386.1	(43)	186.7	26
1994	7	411.2	25	200.2	14
1995	7	425.2	14	216.3	16
1996	8	463.0	38	280.2	64
1997	9	481.0	18	279.9	(0)
1998	9	522.8	42	304.7	25
1999	8	570.4	48	288.4	(16)
2000	8	595.7	25	325.0	37
2001	7	599.8	4	276.2	(49)
2002	6	549.3	(51)	253.1	(23)
2003	6	553.7	4	212.0	(41)
2004	6	559.7	6	203.8	(8)
2005	6	523.7	(36)	193.8	(10)
2006	6	518.1	(6)	180.8	(13)
2007	6	531.2	13	161.6	(19)
2008	6	450.6	(81)	141.2	(20)
2009	6	445.4	(5)	127.7	(14)
2010	6	454.5	9	117.0	(11)
2011	6	461.8	7	137.2	20
2012	6	512.3	50	142.7	6

**CONSOLIDATED FIGURES OF RETAIL BANKS
FROM 2002 TO 2012
(IN MILLIONS)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
DEPOSITS											
Demand	133.2	157.8	177.6	178.3	143.0	156.8	135.6	144.4	174.1	171.2	198.1
Regular Savings	223.4	217.1	224.9	175.4	159.8	143.2	117.9	151.8	157.1	179.7	201.3
Time Certificates of Deposit	192.4	178.8	157.2	169.7	215.1	231.1	197.1	149.2	123.2	110.8	112.9
TOTAL	549.0	553.7	559.7	523.4	517.9	531.1	450.6	445.4	454.4	461.7	512.3
LOANS											
Consumer	60.9	67.2	82.7	81.6	74.1	65.3	56.1	50	44	45	52
Commercial	126.4	45.7	75.3	65.0	60.8	54.0	39.5	36.5	40	36	38
Real Estate	65.8	99.1	45.8	47.3	45.9	42.3	45.6	41.2	33	55	52
Non-Local											
Government Agencies	0.0	0.0	0.0	0.0	0.0	0.0					
TOTAL	253.1	212.0	203.8	193.9	180.8	161.6	141.2	127.7	117.0	136.0	142.8
Loan to Deposit Ratio	46.1%	38.3%	36.4%	37.0%	34.9%	30.4%	31.3%	28.7%	25.7%	29.5%	27.9%
Interest paid on all deposit accounts	6.6	4.2	3.0	5.0	8.2	10.6	6.0	3.7	2.2	1.8	1.9
Interest received from loans	16.8	15.1	13.6	14.4	14.5	13.6	10.5	7.2	7.9	7.2	10.9

Note: Based on quarterly reports submitted to the Director of Banking.

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL BANKS
COMPARISON FROM 2002 - 2012
(IN THOUSANDS)**

ASSETS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cash & cash items in process of collection	8,552	8,932	8,108	11,099	11,303	10,102	8,696	9,242	7,680	9,054	10,253
Securities:											
a) U.S. Treasury	1,989	6,234	5,606	4,960	3,626	2,495	955	1,019	1,392	1,385	955
b) U.S. Government Agencies											
c) Other	106	1,239	448	492	291	490	1,448	1,132		4,706	6,337
Balances with other banks	10,619	7,468	8,948	6,232	4,716	6,774	4,994	6,204	5,992	1,021	1,121
Loans											
a) Government											
b) Commercial	126,391	99,049	75,281	64,972	60,801	53,972	45,643	41,186	40,037	36,142	38,034
c) Consumer	60,864	67,197	82,699	81,540	74,075	65,616	56,286	50,253	48,399	50,814	52,650
d) Real Estate	65,848	45,743	45,781	47,328	45,922	42,334	39,547	36,476	32,974	55,087	52,101
e) Other						(313)	(227)	(216)	(4,384)	(4,823)	
Premises and Equipment	5,895	5,310	4,815	4,417	4,949	4,690	4,425	4,163	3,742	3,575	3,437
Due from banks: Head Office or Branch	324,820	334,850	349,320	314,846	319,769	354,190	299,044	305,726	323,826	340,320	359,876
Other											
Other Real Estate Owned	544	296	248	299	127	219	175	179	162	112	192
Provision for losses/unearned income	(7,800)	(5,744)	(4,728)	(3,560)	(3,197)	(2,684)	(2,585)	(2,617)	(2,651)	(2,351)	(7,168)
Other Assets	9,904	6,206	5,707	5,625	5,320	3,787	4,352	3,713	3,504	(24,536)	2,533
Total Assets	607,732	576,780	582,233	538,050	527,702	541,672	462,753	456,460	460,673	470,506	520,321
Interest received from borrowers	16,755	15,110	13,565	14,446	14,516	13,640	10,593	7,208	7,898	7,261	10,929
LIABILITIES AND CAPITAL											
Deposits:											
a) Demand deposits--Gov't. & Agencies	15,870	15,201	21,861	15,386	18,092	26,660	19,534	20,093	25,030	32,165	37,032
b) Other	117,332	142,560	155,704	162,893	125,013	130,048	115,993	124,291	149,040	139,074	161,043
c) Regular savings--Gov't. & Agencies	23,428	20,632	34,353	35,196	45,199	32,844	13,460	13,616	16,399	18,996	21,427
d) Other	200,335	196,493	190,581	140,181	114,584	110,405	104,398	138,232	140,774	160,791	179,921
e) TCD--Gov't. & Agencies	60,500	54,665	34,868	39,375	34,709	37,392	49,508	35,390	25,003	20,237	30,554
f) Other	131,853	124,111	122,337	130,302	180,429	193,709	147,676	113,766	98,245	90,618	82,315
Cashier's checks, BEC & PMO			427	334	104	140	32	31	53	16	27
Due to other banks: Head Office or Branch	48,532	18,573	13,918	5,154			2,817	1,756	1,970		
Other											
Liabilities on acceptances executed											
Accrued interest payable & other liabilities											
CAPITAL	5,336	2,413	1,371	2,623	3,290	3,687	2,464	2,108	(2,781)	1,490	942
Capital stock	2,530	4,535	5,935	5,886	5,886	5,886	5,889	5,889	5,802	5,802	5,802
Treasury Stock	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)
Capital surplus	5,750	5,273	5,223	5,272	4,846	4,867	4,885	4,913	4,937	4,947	4,944
Undivided profits	(1,178)	(5,120)	(1,789)	(1,996)	(1,894)	(1,410)	(1,347)	(1,069)	(1,227)	(1,064)	(1,130)
Total capital	4,546	2,132	6,813	6,606	6,282	6,787	6,871	7,177	6,940	7,119	7,060
Total Liabilities and Capital	607,732	576,780	582,233	538,050	527,702	541,672	462,753	456,460	460,673	470,506	520,321
Convertible subordinated debts											
Interest paid to depositors	6,600	4,187	3,023	4,680	8,156	10,624	6,075	3,732	2,238	1,862	1,971

NOTE: BASED ON 4TH QUARTER REPORTS SUBMITTED TO THE DIRECTOR OF BANKING.

2012 QUARTERLY REPORTS OF BANKS				
(IN THOUSANDS)				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Deposits				
Demand--Gov't & Agencies	35,767	28,166	31,372	37,059
Demand--Private	153,141	162,580	167,608	161,043
Total demand	188,908	190,746	198,980	198,102
Savings--Gov't & Agencies	20,285	21,885	22,087	21,427
Savings--Private	166,702	165,510	172,257	179,921
Total savings	186,987	187,395	194,344	201,348
TCD--Gov't & Agencies	24,976	27,370	32,612	30,554
TCD--Private	90,645	88,170	83,177	82,315
Total TCDs	115,621	115,540	115,789	112,869
Total Deposits	491,516	493,681	509,113	512,319
Loans				
Government		-	-	
Consumer	49,899	50,128	50,648	52,650
Real Estate	56,318	54,704	53,330	52,101
Commercial	37,418	36,884	38,022	38,034
Total Loans	143,635	141,716	142,000	142,785
Loan to deposit ratio	29.2%	28.7%	27.9%	27.9%
Interest income	2,500	5,255	8,041	10,929
Interest expense	500	948	1,454	1,971
TOTAL ASSETS	500,860	502,260	518,632	520,321

CONSOLIDATED REPORTS OF CONDITION STATE BANK BRANCHES DOING BUSINESS IN THE CNMI IN THOUSANDS									
ASSETS	2012	2011	2010	2009	2008	2007	2006		
Cash and due from banks	8,321	6,618	5,424	6,727	7,107	7,769	9,194		
Loans									
a) Commercial	33,445	30,912	34,285	35,206	39,574	43,287	47,778		
b) Consumer	42,314	40,506	37,967	40,051	46,087	55,595	65,306		
c) Real Estate	52,040	55,015	32,890	36,379	39,439	42,205	45,726		
d) Government									
e) Other		(4,773)	(4,247)						
Total Loans	127,799	121,660	100,895	111,636	125,100	141,087	158,810		
Premises and equipment	3,096	3,184	3,431	3,819	4,135	4,327	4,545		
Due from Head Office	359,876	340,320	323,826	305,726	299,044	354,190	319,769		
Provision for loan losses/Unearned discount	(5,222)	(300)	(323)	(668)	(699)	(610)	(653)		
Other assets	1,260	(25,823)	1,982	2,109	2,491	2,641	4,241		
Total Assets	495,130	445,659	435,235	429,349	437,178	509,404	495,906		
LIABILITIES									
Deposits									
Demand - Gov't. & Agencies	37,032	32,165	25,030	20,093	19,534	26,643	18,058		
Demand - Other	154,228	132,990	143,595	119,047	111,175	124,254	120,193		
Savings - Gov't. & Agencies	19,557	17,130	13,809	10,057	10,137	27,045	35,941		
Savings - Other	175,819	156,511	136,304	133,532	99,881	104,368	109,424		
TCD - Gov't. & Agencies	30,554	20,237	25,003	35,390	49,508	37,392	34,709		
TCD - Other	77,197	85,385	92,802	107,666	142,129	186,729	174,672		
Total Deposits	494,387	444,418	436,543	425,795	432,364	506,431	492,997		
Due to other Head Office/other banks			1,970	1,756	2,817				
Accrued interest payable & other liabilities	696	1,164	(3,460)	1,582	1,846	2,759	2,647		
Capital Stock									
Capital Surplus									
Undivided profits	47	77	182	216	151	214	262		
Total Liabilities & Stockholder's Equity	495,130	445,659	435,235	429,349	437,178	509,404	495,906		
Interest received from borrowers	10,258	6,544	7,151	6,397	9,762	12,613	13,499		
Interest paid to depositors	1,881	1,759	2,109	3,565	5,926	10,448	7,969		

Note: Based on 4th Quarter Reports submitted to the Director of Banking.