



**TWENTY FIFTH ANNUAL REPORT**

**OF THE**

**DIRECTOR OF BANKING**

**FOR CALENDAR YEAR**

**ENDING DECEMBER 31, 2013**

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

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The Honorable Eloy S. Inos  
and  
The Honorable Members of the Legislature

I am pleased to present the 2013 Annual Report of the Director of Banking as required by 4 CMC Division 6 Section 6116.

This report contains 2013 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.

During the year, the Department of Commerce together with the Legislature worked towards a workable legislation, addressing the concerns of the banking industry on the Dormant, Inactive and Unclaimed Funds. This piece of legislation repeals Public Law 17-69, and will be re-enacting as "The Escheat Act of 2013."

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,



MARK O. RABAULIMAN  
Acting Secretary of Commerce /  
Acting Director of Banking

## 2013 DIRECTORY OF FINANCIAL INSTITUTIONS

### BANK

#### 1. **Bank of Guam**

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

VP/CNMI Regional Manager  
Telephone  
Location

Email: marci.tomokane@bankofguam.com

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

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
2013	6	583.3	71	151.9	9

**CONSOLIDATED FIGURES OF RETAIL BANKS  
FROM 2002 TO 2013  
(IN MILLIONS)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>DEPOSITS</b>												
Demand	133.2	157.8	177.6	178.3	143.0	156.8	135.6	144.4	174.1	171.2	198.1	227.5
Regular Savings	223.4	217.1	224.9	175.4	159.8	143.2	117.9	151.8	157.1	179.7	201.3	227.4
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	128.4
<b>TOTAL</b>	<b>549.0</b>	<b>553.7</b>	<b>559.7</b>	<b>523.4</b>	<b>517.9</b>	<b>531.1</b>	<b>450.6</b>	<b>445.4</b>	<b>454.4</b>	<b>461.7</b>	<b>512.3</b>	<b>583.3</b>
<b>LOANS</b>												
Consumer	60.9	67.2	82.7	81.6	74.1	65.3	56.1	50	44	45	52	64
Commercial	126.4	45.7	75.3	65.0	60.8	54.0	39.5	36.5	40	36	38	41
Real Estate	65.8	99.1	45.8	47.3	45.9	42.3	45.6	41.2	33	55	52	46
Non-Local												
Government Agencies	0.0	0.0	0.0	0.0	0.0	0.0						
<b>TOTAL</b>	<b>253.1</b>	<b>212.0</b>	<b>203.8</b>	<b>193.9</b>	<b>180.8</b>	<b>161.6</b>	<b>141.2</b>	<b>127.7</b>	<b>117.0</b>	<b>136.0</b>	<b>142.0</b>	<b>151.0</b>
Loan to Deposit Ratio	46.1%	38.3%	36.4%	37.0%	34.9%	30.4%	31.3%	28.7%	25.7%	29.5%	27.7%	25.9%
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	1.4
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	9.3

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

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL BANKS  
COMPARISON FROM 2002 - 2013  
(IN THOUSANDS)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>ASSETS</b>												
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	9,564
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	804
b) U.S. Government Agencies												
c) Other	106	1,239	448	492	291	490	1,448	1,132		4,706	6,337	6,900
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	1,509
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	41,231
c) Consumer	60,864	67,197	82,699	81,540	74,075	65,616	56,286	50,253	48,399	50,814	52,650	64,029
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	46,644
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	3,199
Due from banks: Head Office or Branch	324,820	334,850	349,320	314,646	319,769	354,190	299,044	305,726	323,826	340,320	359,876	421,488
Other												
Other Real Estate Owned	544	296	248	299	127	219	175	179	162	112	192	385
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)	(7,072)
Other Assets	9,904	6,206	5,707	5,625	5,320	3,787	4,352	3,713	3,504	(24,536)	2,533	2,459
Total Assets	607,732	576,780	582,233	538,050	527,702	541,672	462,753	456,460	460,673	470,506	520,321	591,140
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	9,369
<b>LIABILITIES AND CAPITAL</b>												
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	39,132
b) Other	117,332	142,560	155,704	162,893	125,013	130,048	115,993	124,291	149,040	139,074	161,043	188,414
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	26,251
d) Other	200,335	196,493	190,581	140,181	114,584	110,405	104,398	138,232	140,774	160,791	179,921	201,128
e) TCD--Gov't. & Agencies	60,500	54,665	34,868	39,375	34,709	37,392	49,508	35,990	25,003	20,237	30,554	31,950
f) Other	131,853	124,111	122,337	130,302	180,429	193,709	147,676	113,766	98,245	90,618	82,315	96,417
Cashier's checks, BEC & PMO			427	334	104	140	32	31	53	16	27	32
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	5,336	2,413	1,371	2,623	3,290	3,687	2,464	2,108	(2,781)	1,490	942	485
<b>CAPITAL</b>												
Capital stock	2,530	4,535	5,935	5,886	5,886	5,886	5,889	5,889	5,802	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)	(2,556)
Capital surplus	5,750	5,273	5,223	5,272	4,846	4,867	4,885	4,913	4,921	4,937	4,944	4,898
Undivided profits	(1,178)	(5,120)	(1,789)	(1,996)	(1,894)	(1,410)	(1,347)	(1,069)	(1,227)	(1,064)	(1,130)	(971)
Total capital	4,546	2,132	6,813	6,606	6,282	6,787	6,871	7,177	6,940	7,119	7,060	7,173
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	591,140
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	1,429

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



**2013 QUARTERLY REPORTS OF BANKS  
(IN THOUSANDS)**

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
<b>Deposits</b>				
Demand--Gov't & Agencies	41,136	42,024	37,766	39,132
Demand--Private	166,258	168,110	173,045	188,446
Total demand	207,394	210,134	210,811	227,578
Savings--Gov't & Agencies	22,962	24,250	24,461	26,251
Savings--Private	183,444	190,335	199,999	201,128
Total savings	206,406	214,585	224,460	227,379
TCD--Gov't & Agencies	34,968	33,834	61,410	31,950
TCD--Private	81,065	93,313	93,397	96,417
Total TCDs	116,033	127,147	154,807	128,367
<b>Total Deposits</b>	<b>529,833</b>	<b>551,866</b>	<b>590,078</b>	<b>583,324</b>
<b>Loans</b>				
Government		-	-	
Consumer	54,292	57,631	60,442	64,029
Real Estate	50,487	49,316	47,863	46,644
Commercial	36,982	36,439	35,745	41,231
Total Loans	141,761	143,386	144,050	151,904
<b>Loan to deposit ratio</b>	<b>26.8%</b>	<b>26.0%</b>	<b>24.4%</b>	<b>26.0%</b>
Interest income	2,610	4,759	6,996	9,369
Interest expense	391	718	1,063	1,429
<b>TOTAL ASSETS</b>	<b>537,781</b>	<b>559,912</b>	<b>598,209</b>	<b>591,140</b>

**CONSOLIDATED REPORTS OF CONDITION  
STATE BANK BRANCHES DOING BUSINESS IN THE CNMI  
IN THOUSANDS**

ASSETS	2013	2012	2011	2010	2009	2008	2007	2006
Cash and due from banks	6,459	8,321	6,618	5,424	6,727	7,107	7,769	9,194
Loans								
a) Commercial	36,660	33,445	30,912	34,285	35,206	39,574	43,287	47,778
b) Consumer	53,352	42,314	40,506	37,967	40,051	46,087	55,595	65,306
c) Real Estate	46,615	52,040	55,015	32,890	36,379	39,439	42,205	45,726
d) Government								
e) Other			(4,773)	(4,247)				
Total Loans	136,627	127,799	121,660	100,895	111,636	125,100	141,087	158,810
Premises and equipment	2,875	3,096	3,184	3,431	3,819	4,135	4,327	4,545
Other real estate owned	228							
Due from Head Office	421,488	359,876	340,320	323,826	305,726	299,044	354,190	319,769
Provision for loan losses/Unearned discount	(5,431)	(5,222)	(300)	(323)	(668)	(699)	(610)	(653)
Other assets	1,259	1,260	(25,823)	1982	2,109	2,491	2,641	4,241
Total Assets	563,505	495,130	445,659	435,235	429,349	437,178	509,404	495,906
LIABILITIES								
Deposits								
Demand - Gov't. & Agencies	39,132	37,032	32,165	25,030	20,093	19,534	26,643	18,058
Demand - Other	179,768	154,228	132,990	143,595	119,047	111,175	124,254	120,193
Savings - Gov't. & Agencies	24,465	19,557	17,130	13,809	10,067	10,137	27,045	35,941
Savings - Other	196,787	175,819	156,511	136,304	133,532	99,881	104,368	109,424
TCD - Gov't. & Agencies	31,950	30,554	20,237	25,003	35,390	49,508	37,392	34,709
TCD - Other	90,956	77,197	85,385	92,802	107,666	142,129	186,729	174,672
Total Deposits	563,058	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	368	696	1,164	(3,460)	1,582	1,846	2,759	2,647
Capital Stock								
Capital Surplus								
Undivided profits	79	47	77	182	216	151	214	262
Total Liabilities & Stockholder's Equity	563,505	495,130	445,659	435,235	429,349	437,178	509,404	495,906
Interest received from borrowers	8,678	10,258	6,544	7,151	6,397	9,762	12,613	13,499
Interest paid to depositors	1,364	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.