



**TWENTY SECOND ANNUAL REPORT**

**OF THE**

**DIRECTOR OF BANKING**

**FOR CALENDAR YEAR**

**ENDING DECEMBER 31, 2009**

**Prepared by the Banking and Insurance Staff  
Economic Development Division  
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 2009 Annual Report of the Director of Banking as required by 4 CMC Division 6 Section 6116.


This report contains 2009 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  
Acting Secretary of Commerce /  
Acting Director of Banking

2009 DIRECTORY OF FINANCIAL INSTITUTIONS

**BANKS**

**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)

Insurance  
Commencement  
Auditor

FDIC  
1980  
Deloitte Touche Tohmatsu

**2. Bank of Hawaii**

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

Vice President/District Manager  
Telephone  
Location

Mr. Jon 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

Branch Manager  
Telephone  
Location

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)

Insurance  
Commencement  
Auditor

Uninsured  
1981  
Grant Thornton LLP

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

AVP/Acting Manager  
Telephone  
Location

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

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<br/>Banks in<br/>Operation</u> | <u>Amount of<br/>Deposits</u> | <u>Increase/<br/>(Decrease) in<br/>Deposits</u> | <u>Amount of<br/>Loans</u> | <u>Increase/<br/>(Decrease) in<br/>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)   |

**CONSOLIDATED FIGURES OF RETAIL BANKS**  
**FROM 2000 TO 2009**  
**(IN MILLIONS)**

|                                       | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>DEPOSITS</b>                       |              |              |              |              |              |              |              |              |              |              |
| Demand                                | 144.0        | 146.6        | 133.2        | 157.8        | 177.6        | 178.3        | 143.0        | 156.8        | 135.6        | 144.4        |
| Regular Savings                       | 176.2        | 195.6        | 223.4        | 217.1        | 224.9        | 175.4        | 159.8        | 143.2        | 117.9        | 151.8        |
| Time Certificates of Deposit          | 275.5        | 257.7        | 192.4        | 178.8        | 157.2        | 169.7        | 215.1        | 231.1        | 197.1        | 149.2        |
| <b>TOTAL</b>                          | <b>595.7</b> | <b>599.8</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>LOANS</b>                          |              |              |              |              |              |              |              |              |              |              |
| Consumer                              | 70.8         | 75.8         | 60.9         | 67.2         | 82.7         | 81.6         | 74.1         | 65.3         | 56.1         | 50           |
| Commercial                            | 209.6        | 119.4        | 126.4        | 45.7         | 75.3         | 65.0         | 60.8         | 54.0         | 39.5         | 36.5         |
| Real Estate                           | 41.9         | 46.6         | 65.8         | 99.1         | 45.8         | 47.3         | 45.9         | 42.3         | 45.6         | 41.2         |
| Non-Local                             |              |              |              |              |              |              |              |              |              |              |
| Government Agencies                   | 2.8          | 2.9          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>TOTAL</b>                          | <b>325.0</b> | <b>244.6</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> |
| Loan to Deposit Ratio                 | 54.6%        | 40.8%        | 46.1%        | 38.3%        | 36.4%        | 37.0%        | 34.9%        | 30.4%        | 31.3%        | 28.7%        |
| Interest paid on all deposit accounts | 18.6         | 13.9         | 6.6          | 4.2          | 3.0          | 5.0          | 8.2          | 10.6         | 6.0          | 3.7          |
| Interest received from loans          | 25.7         | 21.2         | 16.8         | 15.1         | 13.6         | 14.4         | 14.5         | 13.6         | 10.5         | 7.2          |

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

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL BANKS**  
**COMPARISON FROM 2000 - 2009**  
(IN THOUSANDS)

| ASSETS                                       | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cash & cash items in process of collection   | 17,946  | 12,075  | 8,552   | 8,932   | 8,108   | 11,099  | 11,303  | 10,102  | 8,696   | 9,242   |
| Securities:                                  |         |         |         |         |         |         |         |         |         |         |
| a) U.S. Treasury                             | 5,240   | 8,510   | 1,989   | 6,234   | 5,606   | 4,960   | 3,626   | 2,495   | 955     | 1,019   |
| b) U.S. Government Agencies                  | -       | -       | 106     | 1,239   | 448     | 492     | 291     | 490     | 1,448   | 1,132   |
| c) Other                                     | 2,270   | 106     | 106     | 7,468   | 8,948   | 6,232   | 4,716   | 6,774   | 4,994   | 6,204   |
| Balances with other banks                    | 11,197  | 14,916  | 10,619  |         |         |         |         |         |         |         |
| Loans  |         |         |         |         |         |         |         |         |         |         |
| a) Government                                | 2,769   | 2,883   |         |         |         |         |         |         |         |         |
| b) Commercial                                | 209,570 | 119,355 | 126,391 | 99,049  | 75,281  | 64,972  | 60,801  | 53,972  | 45,643  | 41,166  |
| c) Consumer                                  | 70,790  | 75,815  | 60,864  | 67,197  | 82,699  | 81,540  | 74,075  | 65,616  | 56,286  | 50,253  |
| d) Real Estate                               | 41,903  | 46,591  | 65,848  | 45,743  | 45,781  | 47,328  | 45,922  | 42,334  | 39,547  | 36,476  |
| e) Other                                     | -       | -       | -       | -       | -       | -       | -       | (313)   | (227)   | (216)   |
| Premises and Equipment                       | 8,037   | 7,369   | 5,895   | 5,310   | 4,815   | 4,417   | 4,949   | 4,690   | 4,425   | 4,163   |
| Due from banks: Head Office or Branch        | 299,603 | 331,054 | 324,820 | 334,850 | 349,320 | 314,646 | 319,769 | 354,190 | 299,044 | 305,726 |
| Other  | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Other Real Estate Owned                      | 410     | 320     | 544     | 296     | 248     | 299     | 127     | 219     | 175     | 179     |
| Provision for losses/unearned income         | (4,761) | (4,238) | (7,800) | (5,744) | (4,728) | (3,560) | (3,197) | (2,684) | (2,585) | (2,617) |
| Other Assets                                 | 7,640   | 6,087   | 9,904   | 6,206   | 5,707   | 5,625   | 5,320   | 3,787   | 4,352   | 3,713   |
| Total Assets                                 | 672,459 | 620,843 | 607,732 | 576,780 | 582,233 | 538,050 | 527,702 | 541,672 | 462,753 | 456,460 |
| Interest received from borrowers             | 25,652  | 21,222  | 16,755  | 15,110  | 13,565  | 14,446  | 14,516  | 13,640  | 10,593  | 7,208   |
| LIABILITIES AND CAPITAL                      |         |         |         |         |         |         |         |         |         |         |
| Deposits:                                    |         |         |         |         |         |         |         |         |         |         |
| a) Demand deposits--Gov't. & Agencies        | 18,316  | 13,528  | 15,870  | 15,201  | 21,861  | 15,386  | 18,092  | 26,660  | 19,534  | 20,093  |
| b) Other                                     | 125,634 | 133,069 | 117,332 | 142,560 | 155,704 | 162,893 | 125,013 | 130,048 | 115,993 | 124,291 |
| c) Regular savings--Gov't. & Agencies        | 33,292  | 18,529  | 23,428  | 20,632  | 34,353  | 35,196  | 45,199  | 32,844  | 13,460  | 13,616  |
| d) Other                                     | 142,909 | 177,033 | 200,335 | 196,493 | 190,581 | 140,181 | 114,584 | 110,405 | 104,398 | 138,232 |
| e) TCD--Gov't. & Agencies                    | 57,237  | 59,268  | 60,500  | 54,665  | 34,868  | 39,375  | 34,709  | 37,392  | 49,508  | 35,390  |
| f) Other                                     | 218,272 | 198,395 | 131,853 | 124,111 | 122,337 | 130,302 | 180,429 | 193,709 | 147,676 | 113,766 |
| Cashier's checks, BEC & PMO                  |         |         |         |         | 427     | 334     | 104     | 140     | 32      | 31      |
| Due to other banks: Head Office or Branch    | 8,016   | 8,040   | 48,532  | 18,573  | 13,918  | 5,154   |         |         | 2,817   | 1,756   |
| Other  | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Liabilities on acceptances executed          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Accrued interest payable & other liabilities | 5,213   | 5,000   | 5,336   | 2,413   | 1,371   | 2,623   | 3,290   | 3,687   | 2,464   | 2,108   |
| CAPITAL                                      |         |         |         |         |         |         |         |         |         |         |
| Capital stock                                | 2,488   | 2,488   | 2,530   | 4,535   | 5,935   | 5,886   | 5,886   | 5,886   | 5,889   | 5,889   |
| Treasury Stock                               |         | (3,044) | (2,556) | (2,556) | (2,556) | (2,556) | (2,556) | (2,556) | (2,556) | (2,556) |
| Capital surplus                              | 6,573   | 7,107   | 5,750   | 5,273   | 5,223   | 5,272   | 4,846   | 4,867   | 4,885   | 4,913   |
| Undivided profits                            | 2,734   | 1,430   | (1,178) | (5,120) | (1,789) | (1,996) | (1,894) | (1,410) | (1,347) | (1,069) |
| Total capital                                | 11,795  | 7,981   | 4,546   | 2,132   | 6,813   | 6,606   | 6,282   | 6,787   | 6,871   | 7,177   |
| Total Liabilities and Capital                | 620,684 | 620,843 | 607,732 | 576,780 | 582,233 | 538,050 | 527,702 | 541,672 | 462,753 | 456,460 |
| Convertible subordinated debts               | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Interest paid to depositors                  | 18,579  | 13,874  | 6,600   | 4,187   | 3,023   | 4,660   | 8,156   | 10,624  | 6,075   | 3,732   |



| 2009 QUARTERLY REPORTS OF BANKS<br>(IN THOUSANDS) |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | 1ST QTR        | 2ND QTR        | 3RD QTR        | 4TH QTR        |
| <b>Deposits</b>                                   |                |                |                |                |
| Demand--Gov't & Agencies                          | 21,897         | 19,888         | 16,293         | 20,124         |
| Demand--Private                                   | 113,087        | 111,904        | 114,348        | 124,291        |
| Total demand                                      | 134,984        | 131,792        | 130,641        | 144,415        |
| Savings--Gov't & Agencies                         | 10,970         | 12,519         | 14,343         | 13,616         |
| Savings--Private                                  | 118,129        | 126,882        | 133,889        | 138,232        |
| Total savings                                     | 129,099        | 139,401        | 148,232        | 151,848        |
| TCD--Gov't & Agencies                             | 52,843         | 68,209         | 55,730         | 35,390         |
| TCD--Private                                      | 133,307        | 128,339        | 126,517        | 113,766        |
| Total TCDs  | 186,150        | 196,548        | 182,247        | 149,156        |
| <b>Total Deposits</b>                             | <b>450,233</b> | <b>467,741</b> | <b>461,120</b> | <b>445,419</b> |
| <b>Loans</b>                                      |                |                |                |                |
| Government  |                | -              | -              |                |
| Consumer  | 53,770         | 51,934         | 50,292         | 50,037         |
| Real Estate                                       | 38,584         | 37,987         | 36,694         | 36,476         |
| Commercial  | 44,064         | 44,116         | 42,077         | 41,186         |
| Total Loans                                       | 136,418        | 134,037        | 129,063        | 127,699        |
| Loan to deposit ratio                             | 30.3%          | 28.7%          | 28.0%          | 28.7%          |
| Interest income                                   | 2,740          | 4,261          | 6,618          | 7,208          |
| Interest expense                                  | 1,285          | 1,938          | 3,064          | 3,732          |
| <b>TOTAL ASSETS</b>                               | <b>462,678</b> | <b>480,407</b> | <b>473,004</b> | <b>456,460</b> |

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

|  | 2009    | 2008    | 2007    | 2006    | 2005    |
|--|---------|---------|---------|---------|---------|
| <b>ASSETS</b>                                |         |         |         |         |         |
| Cash and due from banks                      | 6,727   | 7,107   | 7,769   | 9,194   | 9,059   |
| Loans  |         |         |         |         |         |
| a) Commercial                                | 35,206  | 39,574  | 43,287  | 47,778  | 47,430  |
| b) Consumer                                  | 40,051  | 46,087  | 55,595  | 65,306  | 73,168  |
| c) Real Estate                               | 36,379  | 39,439  | 42,205  | 45,726  | 46,661  |
| d) Government                                |         |         |         |         |         |
| e) Other                                     |         |         |         |         |         |
| Total Loans                                  | 111,636 | 125,100 | 141,087 | 158,810 | 167,259 |
| Premises and equipment                       | 3,819   | 4,135   | 4,327   | 4,545   | 4,164   |
| Due from Head Office                         | 305,726 | 299,044 | 354,190 | 319,769 | 314,646 |
| Provision for loan losses/Unearned discount  | (668)   | (699)   | (610)   | (653)   | (480)   |
| Other assets                                 | 2,109   | 2,491   | 2,641   | 4,241   | 4,557   |
| Total Assets                                 | 429,349 | 437,178 | 509,404 | 495,906 | 499,205 |
| <b>LIABILITIES</b>                           |         |         |         |         |         |
| Deposits                                     |         |         |         |         |         |
| Demand - Gov't. & Agencies                   | 20,093  | 19,534  | 26,643  | 18,058  | 15,361  |
| Demand - Other                               | 119,047 | 111,175 | 124,254 | 120,193 | 157,793 |
| Savings - Gov't. & Agencies                  | 10,067  | 10,137  | 27,045  | 35,941  | 22,903  |
| Savings - Other                              | 133,532 | 99,881  | 104,368 | 109,424 | 133,897 |
| TCD - Gov't. & Agencies                      | 35,390  | 49,508  | 37,392  | 34,709  | 39,375  |
| TCD - Other                                  | 107,666 | 142,129 | 186,729 | 174,672 | 124,912 |
| Total Deposits                               | 425,795 | 432,364 | 506,431 | 492,997 | 494,241 |
| Due to other Head Office/other banks         | 1,756   | 2,817   |         | 2,647   | 2,542   |
| Accrued interest payable & other liabilities | 1,582   | 1,846   |         |         | 2,046   |
| Capital Stock                                |         |         |         |         |         |
| Capital Surplus                              |         |         |         |         |         |
| Undivided profits                            | 216     | 151     | 214     | 262     | 376     |
| Total Liabilities & Stockholder's Equity     | 429,349 | 437,178 | 509,404 | 495,906 | 499,205 |
| Interest received from borrowers             | 6,397   | 9,762   | 12,613  | 13,499  | 12,802  |
| Interest paid to depositors                  | 3,565   | 5,926   | 10,448  | 7,969   | 4,515   |