



TWENTY FOURTH ANNUAL REPORT

OF THE

DIRECTOR OF BANKING

FOR CALENDAR YEAR

ENDING DECEMBER 31, 2011

DEPARTMENT OF COMMERCE
Prepared by Banking Staff

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The Honorable Benigno R. Fitial

And

The Honorable Members of the Legislature

I am pleased to present the 2011 Annual Report of the Director of Banking as required by 4 CMC Division 6 Section 6116.

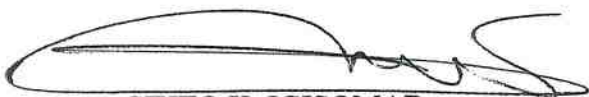
This report contains 2011 balance sheets of all licensed banks, quarterly reports of banks, remittance companies and currency exchange dealers, and a directory of all of the Banking Section's licensees.

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

2011 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 (Saipan)
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 (Saipan)

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 (Saipan)

Insurance
Commencement
Auditor

FDIC
1990
Deloitte Touche Tohmatsu

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

President/CEO
Telephone
Location

Email: jon.bargfrede@bankofsaipan.com

Mr. Jon Bargfrede
235-6260
Garapan, Chalan Kanoa (Saipan)
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
Email: mljsaipan@gmail.com

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

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 (Saipan)

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 |

**CONSOLIDATED FIGURES OF RETAIL BANKS
FROM 2002 TO 2011
(IN MILLIONS)**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| DEPOSITS | | | | | | | | | | |
| Demand | 133.2 | 157.8 | 177.6 | 178.3 | 143.0 | 156.8 | 135.6 | 144.4 | 174.1 | 171.2 |
| Regular Savings | 223.4 | 217.1 | 224.9 | 175.4 | 159.8 | 143.2 | 117.9 | 151.8 | 157.1 | 179.7 |
| Time Certificates of Deposit | 192.4 | 178.8 | 157.2 | 169.7 | 215.1 | 231.1 | 197.1 | 149.2 | 123.2 | 110.8 |
| TOTAL | 549.0 | 553.7 | 559.7 | 523.4 | 517.9 | 531.1 | 450.6 | 445.4 | 454.4 | 461.7 |
| LOANS | | | | | | | | | | |
| Consumer | 60.9 | 67.2 | 82.7 | 81.6 | 74.1 | 65.3 | 56.1 | 50 | 44 | 45 |
| Commercial | 126.4 | 45.7 | 75.3 | 65.0 | 60.8 | 54.0 | 39.5 | 36.5 | 40 | 36 |
| Real Estate | 65.8 | 99.1 | 45.8 | 47.3 | 45.9 | 42.3 | 45.6 | 41.2 | 33 | 55 |
| 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 |
| Loan to Deposit Ratio | 46.1% | 38.3% | 36.4% | 37.0% | 34.9% | 30.4% | 31.3% | 28.7% | 25.7% | 29.5% |
| 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 |
| Interest received from loans | 16.8 | 15.1 | 13.6 | 14.4 | 14.5 | 13.6 | 10.5 | 7.2 | 7.9 | 7.2 |

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

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL BANKS
COMPARISON FROM 2002 - 2011
(IN THOUSANDS)**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| ASSETS | | | | | | | | | | |
| 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 |
| Securities: | | | | | | | | | | |
| a) U.S. Treasury | 1,989 | 6,234 | 5,606 | 4,960 | 3,626 | 2,495 | 955 | 1,019 | 1,392 | 1,385 |
| b) U.S. Government Agencies | | | | | | | | | | |
| c) Other | 106 | 1,239 | 448 | 492 | 291 | 490 | 1,448 | 1,132 | | 4,706 |
| Balances with other banks | 10,619 | 7,468 | 8,948 | 6,232 | 4,716 | 6,774 | 4,994 | 6,204 | 5,992 | 1,021 |
| 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 |
| c) Consumer | 60,864 | 67,197 | 82,699 | 81,540 | 74,075 | 65,616 | 56,286 | 50,253 | 48,399 | 50,814 |
| d) Real Estate | 65,848 | 45,743 | 45,781 | 47,328 | 45,922 | 42,334 | 39,547 | 36,476 | 32,974 | 55,087 |
| 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 |
| 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 |
| Other | | | | | | | | | | |
| Other Real Estate Owned | 544 | 296 | 248 | 299 | 127 | 219 | 175 | 179 | 162 | 112 |
| Provision for losses/unearned income | (7,800) | (5,744) | (4,728) | (3,560) | (3,197) | (2,684) | (2,585) | -2617 | (2,651) | (2,351) |
| Other Assets | 9,904 | 6,206 | 5,707 | 5,625 | 5,320 | 3,787 | 4,352 | 3,713 | 3,504 | (24,536) |
| Total Assets | 607,732 | 576,780 | 582,233 | 538,050 | 527,702 | 541,672 | 462,753 | 456,460 | 460,673 | 470,506 |
| Interest received from borrowers | 16,755 | 15,110 | 13,565 | 14,446 | 14,516 | 13,640 | 10,593 | 7,208 | 7,898 | 7,261 |
| 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 |
| b) Other | 117,332 | 142,560 | 155,704 | 162,893 | 125,013 | 130,048 | 115,993 | 124,291 | 149,040 | 139,074 |
| 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 |
| d) Other | 200,335 | 196,493 | 190,581 | 140,181 | 114,584 | 110,405 | 104,398 | 138,232 | 140,774 | 160,791 |
| 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 |
| f) Other | 131,853 | 124,111 | 122,337 | 130,302 | 180,429 | 193,709 | 147,676 | 113,766 | 98,245 | 90,618 |
| Cashier's checks, BEC & PMO | 48,532 | 18,573 | 13,918 | 334 | 104 | 140 | 32 | 31 | 53 | 16 |
| Due to other banks: Head Office or Branch | | | | | | | | | | |
| 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 |
| CAPITAL | | | | | | | | | | |
| Capital stock | 2,530 | 4,535 | 5,935 | 5,886 | 5,886 | 5,886 | 5,889 | 5,889 | 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) |
| Capital surplus | 5,750 | 5,273 | 5,223 | 5,272 | 4,846 | 4,867 | 4,885 | 4,913 | 4,921 | 4,937 |
| Undivided profits | (1,178) | (5,120) | (1,789) | (1,996) | (1,894) | (1,410) | (1,347) | (1,069) | (1,227) | (1,064) |
| Total capital | 4,546 | 2,132 | 6,813 | 6,606 | 6,282 | 6,787 | 6,871 | 7,177 | 6,940 | 7,119 |
| Total Liabilities and Capital | 607,732 | 576,780 | 582,233 | 538,050 | 527,702 | 541,672 | 462,753 | 456,460 | 460,673 | 470,506 |
| 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 |

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

| 2011 QUARTERLY REPORTS OF BANKS | | | | |
|--|----------------|----------------|----------------|----------------|
| (IN THOUSANDS) | | | | |
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR |
| Deposits | | | | |
| Demand--Gov't & Agencies | 28,597 | 28,258 | 34,106 | 32,181 |
| Demand--Private | 149,016 | 140,313 | 142,006 | 139,074 |
| Total demand | 177,613 | 168,571 | 176,112 | 171,255 |
| | | | | |
| Savings--Gov't & Agencies | 19,000 | 19,346 | 18,383 | 18,996 |
| Savings--Private | 142,527 | 140,056 | 158,519 | 160,791 |
| Total savings | 161,527 | 159,402 | 176,902 | 179,787 |
| | | | | |
| TCD--Gov't & Agencies | 26,435 | 23,589 | 24,714 | 20,237 |
| TCD--Private | 98,852 | 95,250 | 96,179 | 90,618 |
| Total TCDs | 125,287 | 118,839 | 120,893 | 110,855 |
| | | | | |
| Total Deposits | 464,427 | 446,812 | 473,907 | 461,897 |
| | | | | |
| Loans | | | | |
| Government | | - | - | |
| Consumer | 43,379 | 41,851 | 41,890 | 45,991 |
| Real Estate | 32,333 | 31,319 | 30,486 | 55,087 |
| Commercial | 39,583 | 38,517 | 38,390 | 36,142 |
| Total Loans | 115,295 | 111,687 | 110,766 | 137,220 |
| | | | | |
| Loan to deposit ratio | 24.8% | 25.0% | 23.4% | 29.7% |
| | | | | |
| Interest income | 1,896 | 3,910 | 5,621 | 7,261 |
| Interest expense | 453 | 959 | 1,408 | 1,862 |
| | | | | |
| TOTAL ASSETS | 474,725 | 456,249 | 484,040 | 470,506 |

| CONSOLIDATED REPORTS OF CONDITION STATE BANK BRANCHES DOING BUSINESS IN THE CNMI IN THOUSANDS | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| ASSETS | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Cash and due from banks | 6,618 | 5,424 | 6,727 | 7,107 | 7,769 | 9,194 |
| Loans | | | | | | |
| a) Commercial | 30,912 | 34,285 | 34,346 | 39,574 | 43,287 | 47,778 |
| b) Consumer | 40,506 | 37,967 | 40,051 | 46,087 | 55,595 | 65,306 |
| c) Real Estate | 55,015 | 32,890 | 36,379 | 39,439 | 42,205 | 45,726 |
| d) Government | | | | | | |
| e) Other | (4,773) | (4,247) | | | | |
| Total Loans | 121,660 | 100,895 | 110,776 | 125,100 | 141,087 | 158,810 |
| Premises and equipment | 3,184 | 3,431 | 3,819 | 4,135 | 4,327 | 4,545 |
| Due from Head Office | 340,320 | 323,826 | 305,726 | 299,044 | 354,190 | 319,769 |
| Provision for loan losses/Unearned discount | (300) | (323) | (668) | (699) | (610) | (653) |
| Other assets | | | 2,109 | 2,491 | 2,641 | 4,241 |
| Total Assets | 471,482 | 433,253 | 428,489 | 437,178 | 509,404 | 495,906 |
| LIABILITIES | | | | | | |
| Deposits | | | | | | |
| Demand - Gov't. & Agencies | 32,165 | 25,030 | 20,093 | 19,534 | 26,643 | 18,058 |
| Demand - Other | 132,990 | 143,595 | 119,047 | 111,175 | 124,254 | 120,193 |
| Savings - Gov't. & Agencies | 17,130 | 13,809 | 10,067 | 10,137 | 27,045 | 35,941 |
| Savings - Other | 156,511 | 136,304 | 133,532 | 99,881 | 104,368 | 109,424 |
| TCD - Gov't. & Agencies | 20,237 | 25,003 | 35,390 | 49,508 | 37,392 | 34,709 |
| TCD - Other | 85,385 | 92,802 | 107,666 | 142,129 | 186,729 | 174,672 |
| Total Deposits | 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 | 1,164 | (3,460) | 1,582 | 1,846 | 2,759 | 2,647 |
| Capital Stock | | | | | | |
| Capital Surplus | | | | | | |
| Undivided profits | 77 | 182 | 216 | 151 | 214 | 262 |
| Total Liabilities & Stockholder's Equity | 445,659 | 435,235 | 429,349 | 437,178 | 509,404 | 495,906 |
| Interest received from borrowers | 6,544 | 7,151 | 6,397 | 9,762 | 12,613 | 13,499 |
| Interest paid to depositors | 1,759 | 2,109 | 3,565 | 5,926 | 10,448 | 7,969 |

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