



THIRTIETH ANNUAL REPORT

OF THE

DIRECTOR OF BANKING

FOR CALENDAR YEAR

ENDING DECEMBER 31, 2017

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

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The Honorable Ralph DLG. Torres
and
The Honorable Members of the Legislature

Pursuant to 4 CMC Division 6, Section 6116, I am pleased to present the 2017 Annual Report of the Director of Banking.

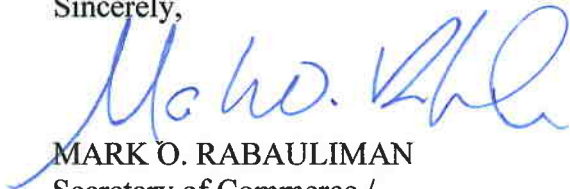
This report contains 2017 consolidated statements of Financial Conditions, quarterly reports, balance sheets of each bank (CNMI branches and consolidated), and the trends of loans from 1985 of all licensed banks in the Commonwealth. The report also includes directories of remittance companies, currency exchange dealers, finance companies, brokers/dealers/agents of securities and investment advisers, and pawnbroker companies which are licensed in the Banking section within the Department of Commerce.

The department realizes the need to update some areas of the Banking Code, including an increase in fees, and we hope to be able to accomplish such during the year 2020. In addition, new regulations are deemed necessary to be promulgated in the licensing of finance companies, foreign currency exchange companies, and remittance companies.

Hence, the Office of the Director of Banking continues to solicit funding in order to acquire the services of a financial regulation expert as well as a legal person, to ensuring comprehensive and appropriate proposed legislation in addressing the needs of the division.

Public Law 18-69 repealed and re-enacted PL17-69, 4 CMC §6453, amended and added a new subsection §6454, and amended §6514 to effectively implement 4 CMC §6513, "The Escheat Act of 2013". The Treasury received over \$3.2M of transferred dormant funds from the banks and refunded about \$563K as of the end of the year 2017.

Sincerely,



MARK O. RABAULIMAN
Secretary of Commerce /
Director of Banking

2017 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
Garapan, Afetnas
Songsong(Rota), San Jose(Tinian)

Insurance
Commencement
Auditor

FDIC
1980
Square Milner LLP

2. Bank of Hawaii

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

Vice President &
Island Manager
Telephone
Location
Email: hobbs.lowson@boh.com

Mr. Hobbs Lowson

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

AVP/Saipan Branch Manager
Telephone
Location
Email: marvindg@bankpacific.com

Mr. Marvin Guerrero
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

Email: jarroyo@bankofsaipan.com

Mr. John Z. Arroyo
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

Email: mljsaipan@gmail.com

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

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
2014	6	632.9	50	164.8	13
2015	6	714.3	81	183.1	18
2016	6	867.8	154	199.7	17
2017	6	928.4	61	211	11

CONSOLIDATED FIGURES OF RETAIL BANKS FROM 2008 TO 2017 (IN MILLIONS)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
DEPOSITS												
Demand	135.6	144.4	174.1	171.2	198.1	227.5	259.1	334.6	411.1			
Regular Savings	117.9	151.8	157.1	179.7	201.3	227.4	253.7	270.9	311			429.9
Time Certificates of Deposit	197.1	149.2	123.2	110.8	112.9	128.4	120.1	108.8	145.7			151
TOTAL	450.6	445.4	454.4	461.7	512.3	583.3	632.9	714.3	867.8			928.4
LOANS												
Consumer	56.1	50	44	45	52	64	81	104	125			140
Commercial	39.5	36.5	40	36	38	41	41	41	40			41
Real Estate	45.6	41.2	33	55	52	46	42	38	34			30
Non-Local												
Government Agencies												
TOTAL	141.2	127.7	117.0	136.0	142.0	151.0	164.0	183.0	199.0			211.0
Loan to Deposit Ratio	31.3%	28.7%	25.7%	29.5%	27.7%	25.9%	25.9%	25.6%	22.9%			22.7%
Interest paid on all deposit accounts	6.0	3.7	2.2	1.8	1.9	1.4	1.2	936	914			1.1
Interest received from loans	10.5	7.2	7.9	7.2	10.9	9.3	9.3	9.9	11.1			11.5

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

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION OF ALL BANKS
COMPARISON FROM 2008 - 2017
(IN THOUSANDS)**

ASSETS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash & cash items in process of collection	8,696	9,242	7,680	9,054	10,253	9,564	11,332	11,303	12,568	20,364
Securities:										
a) U.S. Treasury	955	1,019	1,392	1,385	955	804	853	905	2,025	5,235
b) U.S. Government Agencies										
c) Other	1,448	1,132		4,706	6,337	6,900	12,082	15,870	358	444
Balances with other banks	4,994	6,204	5,992	1,021	1,121	1,509	1,939	3,747	14,939	17,462
Loans										
a) Government										
b) Commercial	45,643	41,186	40,037	36,142	38,034	41,231	41,402	40,795	40,434	41,201
c) Consumer	56,286	50,253	48,399	50,814	52,650	64,029	80,577	103,738	124,716	139,573
d) Real Estate	39,547	36,476	32,974	55,087	52,101	46,644	42,885	38,581	34,516	30,261
e) Other	(227)	(216)	(4,384)	(4,823)						
Premises and Equipment	4,425	4,163	3,742	3,575	3,437	3,199	3,084	3,782	3,548	3,434
Due from banks: Head Office or Branch	299,044	305,726	323,826	340,320	359,876	421,488	450,082	502,776	642,818	682,800
Other									420	277
Other Real Estate Owned	175	179	162	112	192	385	986	1,957	1,909	1,909
Provision for losses/unearned income	(2,585)	(2,617)	(2,651)	(2,351)	(7,168)	(7,072)	(6,566)	(2,912)	(4,227)	(3,578)
Other Assets	4,352	3,713	3,504	(24,536)	2,533	2,459	2,450	2,360	2,362	2,578
Total Assets	462,753	456,460	460,673	470,506	520,321	591,140	641,106	723,322	876,374	941,960
Interest received from borrowers	10,593	7,208	7,898	7,261	10,929	9,369	9,335	9,945	11,069	11,450
LIABILITIES AND CAPITAL										
Deposits:										
a) Demand deposits--Gov't. & Agencies	19,534	20,093	25,030	32,165	37,032	39,132	45,914	40,992	64,241	68,185
b) Other	115,993	124,291	149,040	139,074	161,043	188,414	212,935	293,618	346,670	361,636
c) Regular savings--Gov't. & Agencies	13,460	13,616	16,399	18,996	21,427	26,251	28,265	36,430	55,773	65,008
d) Other	104,398	138,232	140,774	160,791	179,921	201,128	225,440	234,506	255,258	282,501
e) TCD--Gov't. & Agencies	49,508	35,390	25,003	20,237	30,554	31,950	41,326	32,582	63,208	57,743
f) Other	147,676	113,766	98,245	90,618	82,315	96,417	78,869	76,181	82,495	93,235
Cashier's checks, BEC & PMO	32	31	53	16	27	32	222	23	156	78
Due to other banks: Head Office or Branch	2,817	1,756	1,970				17			
Other										
Liabilities on acceptances executed						158				
Accrued interest payable & other liabilities	2,464	2,108	(2,781)	1,490	942	485	799	1,399	564	5,301
CAPITAL										
Capital stock	5,889	5,889	5,802	5,802	5,802	5,802	5,820	6,012	5,821	5,223
Treasury Stock	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)	(2,556)
Capital surplus	4,885	4,913	4,921	4,937	4,944	4,898	4,934	4,769	5,061	5,382
Undivided profits	(1,347)	(1,069)	(1,227)	(1,064)	(1,130)	(971)	(879)	(634)	(317)	224
Total capital	6,871	7,177	6,940	7,119	7,060	7,173	7,319	7,591	8,009	8,273
Total Liabilities and Capital	462,753	456,460	460,673	470,506	520,321	591,140	641,106	723,322	876,374	941,960
Convertible subordinated debts										
Interest paid to depositors	6,075	3,732	2,238	1,862	1,971	1,429	1,233	936	914	1,070

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

2017 QUARTERLY REPORTS OF BANKS				
(IN THOUSANDS)				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR
Deposits				
Demand--Gov't & Agencies	67,129	84,679	74,527	68,185
Demand--Private	418,849	374,840	365,406	361,714
Total demand	485,978	459,519	439,933	429,899
Savings--Gov't & Agencies	62,358	65,197	63,094	65,008
Savings--Private	290,042	267,515	290,192	282,501
Total savings	352,400	332,712	353,286	347,509
TCD--Gov't & Agencies	66,660	93,351	92,221	57,743
TCD--Private	81,546	83,723	92,738	93,235
Total TCDs	148,206	177,074	184,959	150,978
Total Deposits	986,584	969,305	978,178	928,386
Loans				
Government		-	-	
Consumer	128,821	133,123	134,999	139,573
Real Estate	33,537	31,859	30,686	30,261
Commercial	39,093	38,871	39,845	41,201
Total Loans	201,451	203,853	205,530	211,035
Loan to deposit ratio	20.4%	21.0%	21.0%	22.7%
Interest income	3,082	5,832	8,553	11,450
Interest expense	253	502	782	1,070
TOTAL ASSETS	995,372	978,850	987,235	941,960

CONSOLIDATED REPORTS OF CONDITION STATE BANK BRANCHES DOING BUSINESS IN THE CNMI IN THOUSANDS											
ASSETS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Cash and due from banks	6,903	5,456	5,273	6,714	6,469	8,321	6,618	5,424	6,727	7,107	
Loans											
a) Commercial	36,884	36,958	37,865	36,930	36,660	33,445	30,912	34,285	35,206	39,574	
b) Consumer	125,587	110,421	90,891	68,658	53,352	42,314	40,506	37,967	40,051	46,087	
c) Real Estate	30,261	34,516	38,581	42,871	46,615	52,040	55,015	32,890	36,379	39,439	
d) Government											
e) Other							(4,773)	(4,247)			
Total Loans	192,732	181,895	167,337	148,459	136,627	127,799	121,660	100,895	111,636	125,100	
Premises and equipment	2,871	3,051	3,243	2,828	2,875	3,096	3,184	3,431	3,819	4,135	
Other real estate owned	148	148	145	267	228						
Due from Head Office	682,800	642,818	502,776	450,082	421,488	359,876	340,320	323,826	305,726	299,044	
Provision for loan losses/Unearned discount	(2,720)	(2,680)	(2,032)	(5,001)	(5,431)	(5,222)	(300)	(323)	(668)	(699)	
Other assets	1,991	1,748	1,616	1,417	1,259	1,260	(25,823)	1,982	2,109	2,491	
Total Assets	877,822	826,980	678,358	604,766	563,505	495,130	445,659	435,235	429,349	437,178	
LIABILITIES											
Deposits											
Demand - Gov't. & Agencies	68,185	64,241	40,992	45,914	39,132	37,032	32,165	25,030	20,093	19,534	
Demand - Other	331,290	326,018	269,362	197,738	179,768	154,228	132,990	143,595	119,047	111,175	
Savings - Gov't. & Agencies	65,008	55,773	35,538	26,976	24,465	19,557	17,130	13,809	10,067	10,137	
Savings - Other	273,356	248,064	229,442	219,654	196,787	175,819	156,511	136,304	133,532	99,881	
TCD - Gov't. & Agencies	57,743	63,208	32,582	41,326	31,950	30,554	20,237	25,003	35,390	49,508	
TCD - Other	84,504	74,839	69,404	72,734	90,956	77,197	85,385	92,802	107,666	142,129	
Total Deposits	880,086	832,143	677,320	604,342	563,058	494,387	444,418	436,543	425,795	432,364	
Due to other Head Office/other banks				17				1,970	1,756	2,817	
Accrued interest payable & other liabilities	4,619	268	1,018	358	368	696	1,164	(3,460)	1,582	1,846	
Capital Stock											
Capital Surplus											
Undivided profits	20	25	20	49	79	47	77	182	216	151	
Total Liabilities & Stockholder's Equity	884,725	832,436	678,358	604,766	563,505	495,130	445,659	435,235	429,349	437,178	
Interest received from borrowers	10,702	10,295	9,262	8,662	8,678	10,258	6,544	7,151	6,397	9,762	
Interest paid to depositors	976	831	810	1,168	1,364	1,881	1,759	2,109	3,565	5,926	

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