



THE FSMDB NEWSLETTER

YOUR PARTNER IN BUSINESS

Sunday, June 30, 2013

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FSMDB Board holds Regular 2nd Quarter and special meetings

Board of Directors

John Sohl, Chairman;
Pohnpei State.

Hilary Tacheliol, Vice-Chairman;
Yap State.

Sisinio Willy, member; Chuuk State.

Gillian Doone, member; FSM National Government.

Juliet Jimmy, member; FSM National Government.

Lipar George, member;
Kosrae State Government

Anna Mendiola, member;
Ex-officio.

The FSMDB Board of Directors held its 2nd Quarter regular meeting this year on May 1, 2013, at the FSMDB boardroom in Kolonia, Pohnpei.

Present were John Sohl, Chairman; Hilary Tacheliol, Vice-Chairman; Sisinio Willy, member; Gillian Doone, member; Juliet Jimmy, member; Lipar George, member and Anna Mendiola, Ex-officio member.

The board members were briefed by President/CEO about the bank's operation for the period ended March 31, 2013. Overall, the bank has

been doing well as far as its operational targets. To date, the bank has achieved 50% of the \$9.9 million targeted to lend to help the economy. Among others projects, twenty two were from the government priority areas of Agriculture, Forestry and Tourism.

The Board met again for a special meeting that took place on June 17, 2013 in Kolonia, Pohnpei. All board members were in attendance. Among other items, the Board reviewed and approved \$2.2 millions for business term loans.

The 3rd quarter regular meeting was scheduled to take place on July 23-24, 2013 in Kosrae.

2012 & 2011 Audit of FSMDB released

The audit of the FSMDB Financial statements for 2012 and 2011 was completed by Deloitte & Touche (DT), a contracted CPA firm from Guam, with an office located in Kolonia. A report was issued on April 18, 2012 and can be accessed at www.fsmopa.fm/audits.html.

FSMDB audit receives an unqualified opinion. According to the report, the financial statements present fairly, in all material respects, the financial position of the FSMDB as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the USA.

In addition, the audit was completed ahead of schedule. According to the FSM National Public Auditor's website, with the overall 2012 Single Audits, FSMDB was one of two (2) audited entities to have their financial statements audited, completed and released by or prior to April 30, 2013.

There are currently nine (9) component units of the FSM National government that undergo the annual review as required by law. For the fiscal year 2012, all audits must be completed by June 30, 2012.

FSMDB receives Summer Interns



Nicole Araceley

Nicole Araceley and Anna-Belle Lora Nena have been with the FSMDB since May 30, 2013 as interns in the bank's Loan and Accounting divisions, respectively.



Anna-Belle Lora

The two young FSM citizens who are students attending the University of Hawaii (UH) in Hilo were gladly received by the bank to conduct business research projects, which the bank finds relevant and helpful not only for the students and the bank but as well as the local communities in terms of economic development. Their internship ends on August 2, 2013.

Interestingly, both students not only decided to take the summer break at home, they took the opportunity to

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Steve moves on after 10 years with FSMDB



President/CEO Anna Mendiola presented the 10 year-service certificate award

Steve Stevenson Joseph, the Senior Vice President / Chief Operating Officer has resigned from the bank on June 13, 2013 to move and join his family in the Marshall Islands.

In recognition of his contributions as the Senior Vice President for the past 10 years, Management and staff held a farewell luncheon to bid their farewell.

Steve began working with the bank in April, 2003 as the SVP/COO, one of three officers charged with the overall day-to-day operation of the bank. In his words, Steve said to management and staff that his departure opens up an opportunity not only for him but for everyone who may take on his responsibility. He added that he had never thought of leaving the bank when he accepted the offer ten years ago.

Based on his overall performance over the years, Steve has done a great job and always exhibits professionalism in all his work on behalf of the bank.

Management extends much appreciations to Steve for all the good work and wishes him success in his future endeavors.

Crystal joins FSMDB Chuuk Branch



Crystal Angela Sana

Crystal Angela Sana joined FSMDB Chuuk branch as a loan officer. Her employment officially began on April 24, 2013.

She has a BA degree from Chaminade University in Hawaii.

In addition, Crystal has a mission to learn and contribute her knowledge and skills to the bank. Previously, she worked with Bank of Hawaii in Honolulu since June of 2012 until she was hired by FSMDB. With the Bank of Hawaii, as a mortgage loan servicing officer, she handled a variety of processes to ensure proper loan documentations and related insurance and security for loans.

Management extends its appreciation to Steve for all the good work and wishes him success in his future endeavors.
-FSMDB

...continue from front page (Interns)

contribute to their local communities and expand their skills in the field which they have decided to pursue through the assistance of the Hawaii Engaged Learning Position (HELP) Program.

The HELP program is funded by the UH-Hilo's AANAPISI Grant and administered by the Pacific Island Student Center (PISC). The aim of the project is to offer Pacific islands students meaningful employment opportunity that impact their education while fulfilling a need in the Pacific Islander community both on campus and throughout the Pacific region.

Prior to their internship, both students had already formulated action plans on how to go about conducting their research project on micro-financing. The project requires that the two students while learning the

operations of FSMDB are working directly with at least one or two local NGOs or groups on the implementation of their micro-financing application or plan. The students will become consultants between the local NGO and FSMDB.

According to Vidalino Raatior, the Director of PISC and the interns campus supervisor, it is a great opportunity and experience to have FSMDB piloting the HELP project out here in the FSM. The interns are given in-office training at the FSMDB headquarters while putting together a proposal on micro-financing project that will be presented to IFCP and its board members. It is anticipated that a micro-financed project will be implemented by end of the summer.

President/CEO attends Symposium on Investments Facilitation in Palikir on May 6 to 9, 2013.

From May 6 to 9, 2013, business and government leaders met at the COM-FSM Gymnasium to take part at the Symposium on Investments Facilitation in the FSM. The main objective of the four-day symposium was to discuss and recommend measures to facilitate investments, focusing on improving business climate, enhancing financial literacy of the private sector, raise confidence of financial institutions to lend to the private sectors and ultimately achieve economic growth and sustainable development.

President/CEO Anna Mendiola presented on topics relating to the aspects of development banking and lending and how these facilitate economic development in the private sector and ultimately sustain the entire FSM economic growth.

According to the FSM Public Information Office, the symposium was presented by the Organizing Committee, which had been designated by President Mori. The committee was comprised of the FSM Department of Resources and Development, Office of SBOC, FSM Development Bank, and FSM PetroCorp.

Prior to the symposium the committee had conducted a nation-wide consultation with all relevant stakeholders (Executive and Legislative Branch, Private Sector, and NGOs) that are involved directly or indirectly in investment facilitation at the State and National government level.

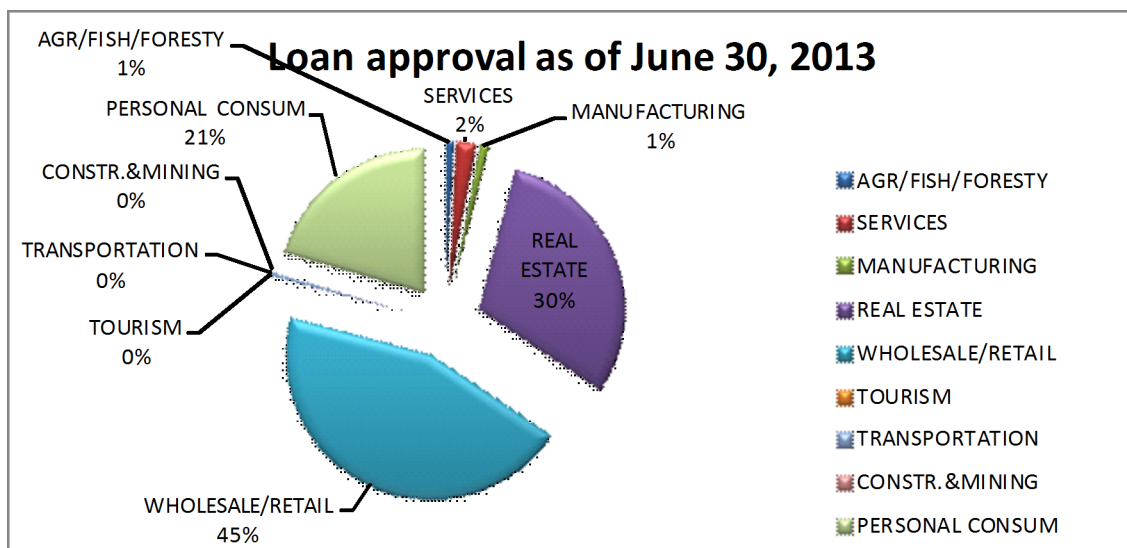
Through out the symposium, ideas and recommendations were shared and discussed. Some of the ideas were results of the committee consultation. Overall, the recommendations were promising yet post challenges that require a lot of hard work and sacrifices that the FSM as a whole has to collectively make.

Finally, the symposium was concluded with a review of the implementation points and aspects of monitoring of the effectiveness of the implementation as presented by key members of the organizing committee such as the Secretary of Resources of Development, the President/CEO of FSM Development bank and President/CEO of the Vital-FSM Petrocorp.

A quick overview of the Bank performance at the end of 2nd quarter

At the end of the 2nd quarter, FSMDB has approved and booked 127 loans for a total of \$4.9 million. \$3.2 million (66%) of that total was approved for business term loans.

Of the total, about \$2.5 million (51%) was approved for projects in Pohnpei. In terms of sectors, about \$2.2 million (45%) of new loans was approved for wholesale/retail business sector. The pie chart below shows the sector distribution for all the FSM states:



FSMDB Headquarters relocates to Town Plaza



On May 27, 2013, the FSMDB Headquarters relocated to the new location at what used to be the Town Plaza Commercial center, which will become the permanent FSMDB office building in Kolonia.

Management took the move as a necessary means to coincide with the plan to smoothly transfer all of the FSMDB offices by end of May, 2013. After minor changes on constructions of the third floor, all construction work is now scheduled to be completed by end of July.

Currently, located on the first floor are the FSMDB office of the President/CEO, Accounting and Loan Divisions. The second floor has the IT unit, Internal Audit and Legal Counsel's offices. Other offices sharing the building with the FSMDB HQ are offices for FSM Banking Board, FSM Insurance Board and FSM National Election.

OPEN SEASON FOR MiCare

The bank announces the one-month open season for MiCare starting on the 1st of this month of July. This is the only opportunity that comes once annually for enrollees who wish to make changes to their enrollment or for new eligible employees to enroll.

The open season starts now, on July 01, 2013 and closes on July 31, 2013. Please if you have any questions, see the Human Resources Office .

Revised to the FSM GLI begins September 7, 2013

Effective September 7, 2013, the Supplemental Term Life Insurance will be terminated. The following is a revised of the entire IAC—GLI program:

1. Basic life insurance

- ⇒ provides insurance benefits for active employees only based on annual salary and employer elected plan . For example, FSMDB elected 4 times employees salary. The premium rate remain at .45 ¢ per \$1,000 coverage. Minimum benefit of \$5,000 and maximum of \$100,000. Benefits will be reduced by 25%, 50% and 75% at age 65, 70 and 75, respectively.
- ⇒ Accidental death benefit is included at no additional premium and payable in addition to basic life benefit.
- ⇒ Waiver of premium benefit included if age less than 60 at the onset of total and permanent disability and meeting other requirements.

2. Optional Benefits for active employees include:

- ⇒ **Dependent's term life insurance rider**, which provides coverage for spouse and children 15 days through 18 years of age (up to 24 if full-time students). The plan provides three options at different premium and benefits as shown in the following table:

<i>Dependent's Term Life Insurance Rider</i>	<i>Option A</i>	<i>Option B</i>	<i>Option C</i>
<i>Biweekly premium</i>	<i>\$9.75</i>	<i>\$6.45</i>	<i>\$6.50</i>
<i>Spouse coverage</i>	<i>\$10,000</i>	<i>\$10,000</i>	<i>None</i>
<i>Children coverage</i>	<i>\$3,000</i>	<i>None</i>	<i>\$3,000</i>

- ⇒ ~~**Supplemental Group life insurance plan**~~ which is now called Death Graded Benefit (DGB) plan. The DGB plan allows eligible employees to enroll for additional coverage beyond the basic life. The plan provides a flat premium of four options but benefits decline as the insured person ages. Eligibility depends on two health questions provided in the application forms to be answered. (This section is removed from the benefit entitlements). All enrollees are advised to take note of the amendment or terminated section of the benefit.)

Biweekly Premiums				
Age	\$10	\$15	\$20	\$25
<30	\$60,000	\$90,000	\$120,000	\$150,000
31-40	\$45,000	\$67,500	\$90,000	\$112,500
41-50	\$30,000	\$45,000	\$60,000	\$75,000
51-60	\$15,000	\$22,000	\$30,000	\$37,500
61-69	\$10,000	\$12,500	\$15,000	\$20,000

For more information, see the *Human Resources & Facilities Manager* for a complete and detail description of the entire program.



FSMDB

Federated States of Micronesia
Development Bank

Your Partner in Business

FSM DEVELOPMENT BANK

VISION

The FSM DEVELOPMENT BANK is a key player in the development of the private sector in the Federated States of Micronesia that enjoys the confidence of the national and state leaders, its customers, regulators and stakeholders. FSMDB services and performance are comparable to the best-managed development financial institutions in the Pacific region.

MISSION

FSM Development Bank actively promotes the growth of micro, small and medium enterprises in the Federates States of Micronesia and supports programs designed to help business achieve greater efficiency in their operations.

FSMDB LENDING PROGRAMS

Business Loans:

FSMDB offers business term loans that are fully termed out to at least a year or more with payment schedules set on a weekly, monthly and sometimes quarterly basis. Term loans are the most common type of financing the Bank has had extended since its establishment.

Business Lines of Credit:

FSMDB has made business lines of credit available since 2007. The main intent of this loan facility is to finance the working capital needs of companies that have been operating for at least two years. It's a 1-year loan facility on a revolving basis, with 30 to 120-day maturities depending on the needs of the business.

Consumer Loans:

The FSMDB personal/consumer loan program has been designed to assist FSM citizens with the demonstrated ability to repay loans. A loan can be requested for: purchase of furniture and fixtures, purchase of vehicles, purchase of boats and engines, personal and family purposes, educational expenses, other purposes acceptable to FSMDB. Eligible applicants must be FSM citizens, or residents of five years, permanently employed, have a good credit record, and be at least 18 years of age. The minimum loan amount is \$1,000, and the maximum loan amount is \$30,000.

Housing Loans:

The FSMDB Housing Loan program is aiming to help FSM citizens who demonstrate the ability to pay and to own a decent home. The program aims to help first time home owners, construct new home, or help improvements and other related needs.