



# THE FSMDB NEWSLETTER

## YOUR PARTNER IN BUSINESS

Monday, September 30, 2013

Volume 2, Issue 3.

## Board of Directors hold 3rd Quarter regular meeting

### Board of Directors

John Sohl, Chairman;  
Pohnpei State.

Hilary Tacheliol, Vice-  
Chairman; Yap State.

Sisinio Willy, member; Chuuk  
State.

Juliet Jimmy, member; FSM  
National Government.

Gillian Doone, member; FSM  
National Government.

Lipar George, member,  
Kosrae State Government

Anna Mendiola, member;  
Ex-officio.

**T**he bank's Board of Directors held its 3rd Quarter regular meeting at the Governor's Conference room in Tofol, Kosrae State on July 23, 2013.

Attending the meeting 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. Kosrae Branch Manager Andriet Tilfas also attended as well as the Executive Secretary Dorian Kyoshi who took the minute of the meeting.

The agenda items were reviewed and unanimously adopted. Also, minutes of two previous meetings, the 2nd quarter regular meeting and a special meeting both took place in Pohnpei were adopted.

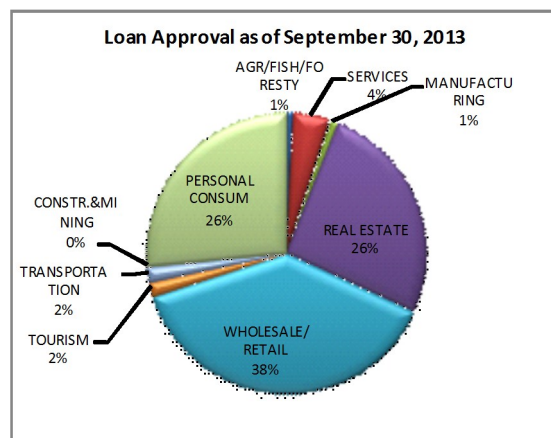
President/CEO Mendiola presented to the members of the Board her management report on the banks activities, which covered up to June 30, 2013.

Members of the board discussed and deliberated on all agenda items and ended the meeting on July 24, 2013.

The board agreed to hold the next meeting on October 9 -10, 2013 in Chuuk.

## Performance Highlights as of September 30, 2013

**A**s of September 30, 2013, the bank approved and booked 223 new loans for a total of \$6.4 million. The pie graph below shows the new loans by economic sectors.



A total of \$2.4 millions (38%) was approved for various projects related to wholesale and retail businesses across the FSM states. Real Estate and Personal Consumer loans accounted for \$1.7 million (26%) each. The other sectors including Services, Tourism, Transportation, Agriculture/Fishery/Forestry and Mining were smaller with a combined total of \$609,570 (10%).

## Ignacio Stephen as SVP/COO



Ignacio Stephen, SVP/COO

On August 7, 2013, Ignacio Stephen joined the bank as the new Senior Vice President/Chief Operating Officer (SVP/COO) after Stevenson Joseph had resigned in June. His first two weeks on the job coincided with two important events: a credit

...continue on page 4

### Inside this issue:

<ul style="list-style-type: none"> <li>3rd QTR /Special FSMDB BOARD MEETINGS;</li> <li>Ignacio Stephen as SVP/COO;</li> <li>Performance Highlights as of September 30, 2013</li> </ul>	1
<ul style="list-style-type: none"> <li>Ruben resigned after 25 years ;</li> <li>CEO and CFO awarded Investment Fiduciary Designation ;</li> <li>FSMDB holds Managers Annual Conference</li> </ul>	2
<ul style="list-style-type: none"> <li>IA &amp; CFO attend 24th APIPA Conference;</li> <li>FSMDB receives Optimist program training;</li> <li>Loan Officers attend training in Manila</li> </ul>	3
<ul style="list-style-type: none"> <li>Some of the FSMDB projects</li> </ul>	4-5



## Ruben Charley moves on after 25 years with FSMDB, Kosrae Branch



Ruben Charley

Ruben Charley officially resigned on August 30, 2013 for personal reasons.

Ruben started his employment as a Loan Officer with the bank twenty-five years ago, on August 8, 1988. In fact, he had been the bank's most senior staff until he resigned. Over the twenty-five year period of his tenure, Ruben served the positions of Loan supervisor, Loan officer and then, Branch manager.

President/CEO Mendiola, in a memo to accept the resignation thanked Ruben for all his positive contributions to the bank and wished him the best of luck in his future endeavors.

## FSMDB holds Managers Annual Conference



FSMDB HQ New Building,  
Kalapwuk Street in Kolonia, Pohnpei

FSMDB started its Managers Annual Conference on August 12, 2013, at the new FSMDB Board Room in Kolonia, Pohnpei.

President/CEO Mendiola opened the meeting by welcoming the branch managers and thanking them for making time to

attend the meeting. She reiterated the importance

of the meeting to review critical issues, individual branch and unit performance and to plan towards the upcoming year. Throughout the meeting, issues from branches and all units were discussed. Solutions were proposed and reviewed. All key staff members taking turns and drawing on 2013 experiences, weaknesses and strengths, strategized and aligned the bank's resources to improve overall performance in 2014.

At the end, among others, the products of the meeting were the MBO Agreement and operational target by branches for 2014 and a draft of Operational Budget for 2014. All documents were approved and put together to be finalized through the next Board meeting.

All Branch managers, President/CEO, CFO, the new SVP/COO and all senior key staff participated in the meeting. It was adjourned on August 15, 2013.

## CEO and CFO earn accredited Investment Fiduciary Designations

President/CEO Anna Mendiola and Chief Financial Officer Sihna Lawrence were awarded the prestigious Accredited Investment Fiduciary (AIF) designation by the Center for Fiduciary Studies, the standard setting body for fi360.

According to the APASF press release, the AIF® designation signifies specialized knowledge of fiduciary responsibility and the ability to implement policies and procedures that meet a defined standard of care. The designation is the culmination of a rigorous training program, which includes a comprehensive, closed-book final examination under the supervision of a proctor, and agreement to abide by the AIF® Code of Ethics. On an ongoing basis, Designees are required to complete continuing education to maintain the AIF® Designation.

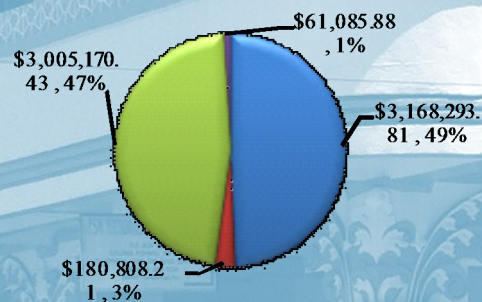
Congratulations to both, CEO and CFO for a job well done.

*...Continued from front page (Performance Highlights)*

The following pie charts below show additional information on location and type of loans as approved:

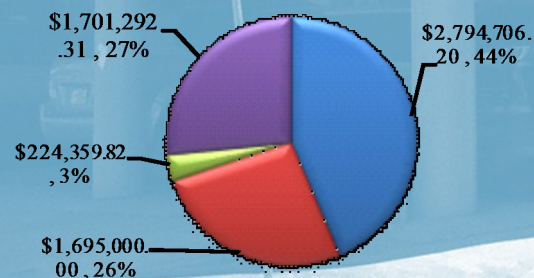
**Loan Approval by State**

■ Chuuk ■ Kosrae ■ Pohnpei ■ Yap



**Loan Approval by type of loans**

■ BUSINESS TERM LOAN ■ LINE OF CREDIT  
■ RESIDENTIAL HOME ■ CONSUMER LOANS



In detail, 49% of the bank funded projects were located in Chuuk and 47% were in Pohnpei, a combined dollar value of \$6.2 millions. Most of these new loans were business term loans, which accounted for 44% of the total new approved loans as of September 30, 2013.



## IA and CFO attend 24th APIPA Conference



Saipan, CNMI.

**D**uring the week of September 16-20, 2013, the Internal Auditor and CFO, with two staff members from the bank, joined other auditors and accountants in the region at the 24th Annual APIPA Conference in

The APIPA training is held annually to provide its members with the required continued professional education and up-to-date knowledge, information and techniques to understand contemporary auditing and financial issues and other trends affecting the region.

As part of the bank's capacity development strategy, staff members are provided such training opportunity to increase their understanding of issues affecting their field of responsibilities thus increasing overall productivity level of the bank. According to the Internal Auditor, the training opportunity was worthwhile and engaging and recommended other bank officers to attend to expand their understanding of the current auditing trends and concepts.

FSMDB has been a member of the APIPA organization and benefited from training courses every year. Management was positive that the knowledge, skills and experience of the training week will improve overall productivity.

## Loan Officers attend ADFLAP Training in Manila, Philippines



The loan officers participated from the bank were Janet Sisam-Kata, from the Chuuk Branch office, Trudy Munggol, Yap Branch, Galverson Eliou and Vicky T. Hartman, from Headquarters in Pohnpei.

According to one of the loan officers the training was informative and virtuous that all the materials covered were very relevant to the line of business that they do. Another said that it was beneficial in the sense that they were shown other outlooks on how to further develop or enhance the Bank's Credit Scoring System. Although, the scenarios used in the lectures and exercises were mostly cases of bigger countries like the Philippines and Bhutan, the methods were very much applicable to banking in the FSM.

## FSMDB receives training on OPTIMIST software

**F**rom August 6 to 9, 2013, the bank held a training workshop at the new Board room in Kolonia, Pohnpei for its senior staff and branch Managers on information and updates relating to the use of the bank credit management software called Ambit Optimist.

The aim of the training was to provide recent updates on the Ambit OPTIMIST software program, which the bank acquired from SunGard in 2008. The software provides analysis, monitoring, and management of financial performance and credit worthiness at a business and portfolio level.

The bank management decided to take the opportunity and update key staff and credit officers on the use of its system software to enhance its operation moving towards 2014. With new additions and changes in key positions at the bank, timing was also perfect for the training. The new key staff members learned how to use the system to support the bank business core operation.

The training was conducted by Justin Fuller, who introduced and sold the software to the bank in 2008. He is the founder and managing director of RiskMatize NZ Ltd, a New Zealand based company specialized in software solutions and professional business consultation services. Mr. Fuller is also a partner consultant of SunGard, a 500 fortune company, a world leading provider of credit risk management and business forecasting solutions to banks, financial institutions, accounting firms, and corporations.

**D**uring the week of August 19 –23, 2013, four loan officers attended a seminar-workshop on Credit Risk Management Modeling for Financial Institutions sponsored by the Association of Development Financing Institution in Asia and the Pacific in Manila, Philippines.

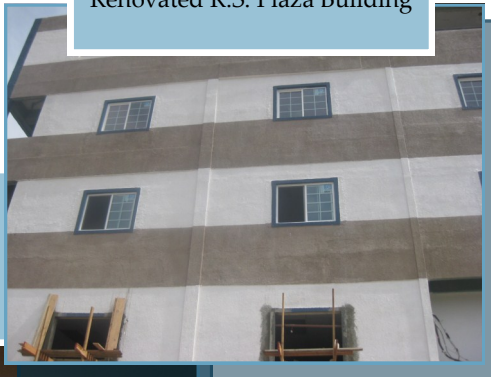
The aim of the workshop includes amongst others to enhance the overall capacity of financial institutions in evaluating Small and Medium-sized Enterprises (SME) project proposals in relation to financial, environmental and technical and market aspects. It was an opportunity for the participants to learn the necessary tools, knowledge, skills and best practices in lending under a risk-mitigated environment.



## Updates on FSMDB projects

One of the recent FSMDB projects was the former R.S. Plaza Hotel, now L5 KHEI Inc., a 5-story hotel and restaurant build-

Renovated R.S. Plaza Building



A view of the runway from the L5 Deluxe rooms



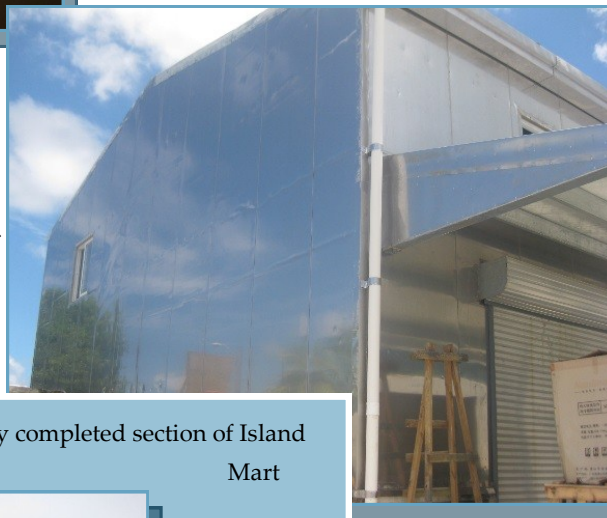
ing next to the Chuuk International airport.

The hotel has one of the best locations with nice view of the Chuuk lagoon. Located within close proximity to the Chuuk International Airport, FSM Telecommunications and major

convenient stores like Bernie store and Lei Side, the hotel is ideal to cater to business and government travelers. The project is expected to complete early 2014.

Among other projects, featured here is one of many retail store projects, known as the *Island Mart*. The business has managed to expand its building facilities in order to meet its needs and to cater to its growing customers. Located at one of Chuuk busiest locations, the focused customers range from

Newly completed section of Island Mart



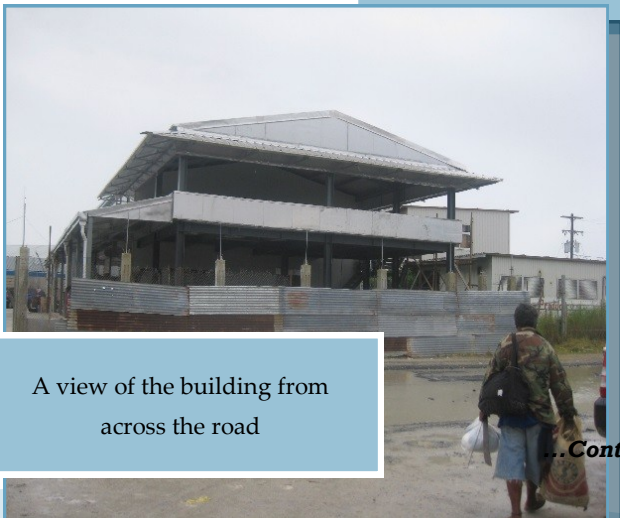
Stephen attained his Associate of Arts degree in Business Administration from Lane Community College in Oregon and further completed courses towards a Bachelor degree at Eastern Oregon University and University of Oregon majoring in Business.

In his position as the SVP/COO, among others, Ignacio assists the President/CEO manage the overall operation of the bank on a daily basis to ensure all objectives of the bank are

met.

Management has the confidence that the new SVP/COO will perform his duties and responsibilities successfully. Ignacio states, "I am pleased to join the FSMDB and look forward to working with our people in the private sector."

A view of the building from across the road



fishermen, farmers, commuters from neighboring islands to businessmen and tourists travelers who pass through the street in Nepukos,

...Continued on page 5

...continued from front page ( New SVP/COO)

training aimed to provide updates on the existing Credit Risk Management System to key staff and senior management and the Annual Managers Conference, which senior management staff meet to review bank's performance and plan for upcoming year. Not only a perfect starting for the person who will be responsible to supervise the bank's daily operation of the Loan Division, the timing was right that all the key staff including branch managers met Ignacio during his first two weeks on the job.

Ignacio is a citizen of the FSM, from the Island of Uman in Chuuk State.

Ignacio was previously a contracted Budget Advisor for the office of SBOC at the FSM National Government after he had retired from his position as the Assistant Director for the Budget and Economic Management Division within the same office. Prior to that, he worked for Bank of the FSM as Assistant Vice President/Branch Manager for Yap Branch and later for Chuuk Branch for more than ten years, from 1993 to 2000, and 2005 to 2008. He also held various stints with the Chuuk State government including the Department of Commerce & Industry as the Director from 2001 to 2004.



...Continued from page 4, (Updates on FSMDB projects )

Weno.

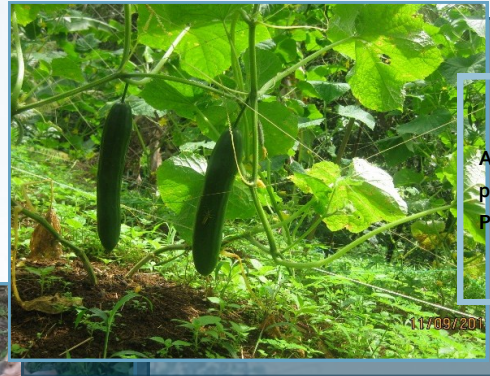


Poultry project in Pohnpei

FSMDB supported and provided assistance for the expansion of the business building . In Pohnpei, the bank has also assisted various projects including



Piggery project in Pohnpei



Agriculture project in Pohnpei

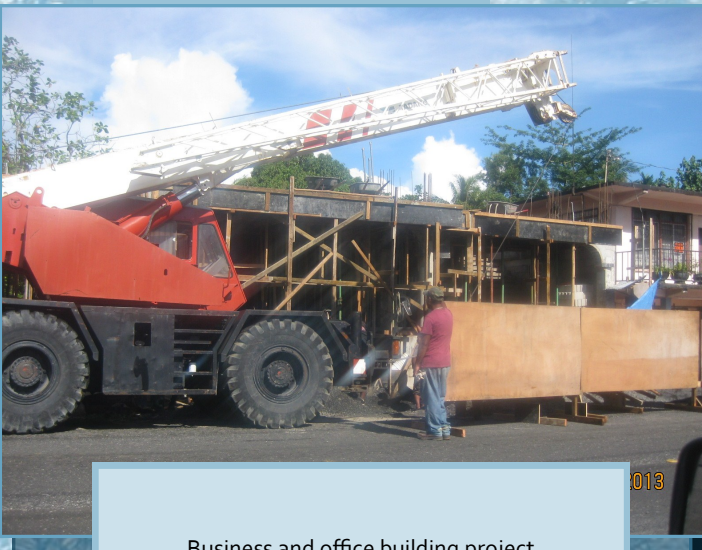


Residential housing project

piggery, small scale farm, residential housing, and office building . Some of them are shown below:



Residential Housing project



Business and office building project





Visit us @ [www.fsmdb.fm](http://www.fsmdb.fm)

## ABOUT LOANS

### 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.



# 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 Federated States of Micronesia and supports programs designed to help business achieve greater efficiency in their operations.