

Regional Bank Reviews 2011 Results, Elects Palau's VP New Chair

(Tofol, Kosrae). The Board of Governors of the Pacific Islands Development Bank (PIDB) held its annual meeting on April 9, 2012 in Kosrae. Board Chairman, Governor Ehsa of Pohnpei, welcomed everyone with special recognition to Secretary of Finance of the Republic of the Marshall Islands, Alfred Alfred Jr., serving as proxy for the RMI government. The main agenda items include the Review of the Bank's 2011 Performance, 2011 Audit Report and Bank's membership and capitalization. At the meeting, RMI made its second installment payment of \$250,000 increasing its membership capital to \$500,000 in less than eight months. Board Chairman Ehsa said "we thank the leadership of RMI, both past and present, for their commitment and foresight and we welcome them with open arms to PIDB", adding that PIDB is ready to process loan applications in the Marshall Islands. During the year, Kosrae State also infused an additional \$30,000 equity, increasing its membership capital to \$730,000. Chairman Ehsa also thanked the leadership of Kosrae for its continued commitment especially during these difficult times. CNMI, Guam, Palau, Pohnpei, and Yap have already fulfilled their \$1 million pledged membership capital while Chuuk State has \$251,000. The membership requirement is \$1 million in paid-in capital.



Seated from left: Carson Sighra (Kosrae), Kerai Mariur (Palau), Lourdes Leon Guerrero (Proxy for Judith Won Pat, Guam), John Ehsa (Pohnpei), Telo Taitigue (Proxy for Eddie Calvo, Guam). Standing from left: Sebastian Anefal (Yap), Thomas Pablo (Pohnpei), Henry Falan (Yap), Lyndon Abraham (Kosrae), Diego Benavente (CNMI), Secilil Eldebechel (Palau), Alfred Alfred Jr. (RMI Proxy), Aren Palik (Bank President).

Aren Palik, Bank President & CEO, presented the Bank's 2011 operational results and performance with audited financial statements, stating that 2011 was both historic with the attainment of Marshall Islands membership and successful with Total Loans grew by 15% or \$952,247; Total Assets increased by 7.6% or \$643,545; and Stockholders' Equity grew by 5.6% or \$362,791. On earnings, the Bank realized a Return on Asset of 2.4%, increasing Retained Earnings by 46% to \$685,469 and a Return on Equity of 3.1%. Finally on asset (loan) quality, the Bank recorded a loan delinquency of 0.9% with zero loan charge offs. Over the past six years, PIDB's loan delinquency has averaged 1.6% and total actual loan charged offs was \$19,222, representing prudence in loan management and administration. The Bank also had another clean "unqualified" audit, and the Bank has increased its scholarship program. "While we are continuing to strengthen and diversify our balance sheet and earnings, the bank remains fragile

and the future portends real challenges for the Micronesia sub-region”, Palik said. He added that the Bank’s greatest challenge is to increase its capacity, especially capitalization, in order to increase assistance to its members. Recognizing this challenge, the Board two years ago organized a Task Force to focus on this issue and seek ways to increase the Bank’s capital and financial resources. Palik also reported that the Bank will begin issuing loan applications in the Marshall Islands in May this year and Marshallese will be able to apply for commercial, consumer, and residential housing loans.

Before adjourning, the Board reorganized and elected Vice President Kerai Mariur of Palau as Chairman, Governor Benigno Fitial of CNMI as Vice Chairman, and Speaker Judith Won Pat of Guam as Secretary. New Chairman Mariur thanked the outgoing officers for their services and everyone for their confidence in electing him as Chairman.