

**FINANCIAL CONDITION OF THE FSM COMMERCIAL BANKING SYSTEM FOR THE QUARTER ENDED
March 31, 2022**

The Balance Sheet of the FSM commercial banking system reported combined assets at \$474.8 million, a decrease over the quarter by \$1.9 million (-0.4%) but an increase over the year by \$22.7 million (5.0%). The compositions of total resources of the system for the quarter ended March 31, 2022 are broken down as follows:

	US \$ In Thousands	Percentage
Liquid Assets (Cash & Due from Abroad)	\$ 382,325.00	81%
Loan Portfolio	\$ 82,289.00	17%
Bank Premises and Other Assets	\$ 10,220.00	2%
	\$ 474,834.00	100%

Total loans increased over the quarter by \$3.2 million (4.0%). When compared to the same period of last year, it also increased by \$7.6 million (10.1%) to **\$82.3 million**. Commercial lending increased over the quarter by \$2.4 million (5.4%) and increased over the year by \$2.7 million (6.1%) to \$46.5 million in the current quarter. Consumer lending increased over the quarter by \$820 thousand (2.3%) and increased over the year by \$4.9 million (15.9%) to \$35.8 million in the current quarter. The loan portfolio comprised 17.3% of the system's total assets, with commercial loans composing of 56.5% of the lending portfolio while consumer lending constitutes 43.5%.

Total deposits increased over the quarter by \$858 thousand (0.2%) and also increased over the year by \$24.9 million (6.0%) to **\$438.7 million**. Total deposits comprised 92.4% of the system's total liabilities and equity. The system's deposit base structure was significantly dominated by Savings deposit facilities at \$263.4 million (60.0%), followed by Demand Deposits at \$140.1 million (31.9%), TCDs at \$22.1 million (5.0%), with the remaining \$13.2 million (3.1%) for other deposit facilities. The deposit facility structure remained unchanged from the previous quarter with Savings being the highest, followed by Demand then TCDs and other deposits.

Total Loan to Deposit ratio for the system is currently at 18.76%, an increase from 18.06% in the previous quarter. **Return on Average Assets** (*Net Income as a percentage of Average Assets*) for the system is at 0.79% in the current quarter, an increase by 9 basis points over the quarter and 15 basis points over the year. **Net Interest Margin** (*Net Interest Income as a percentage of Average Earning Assets*) is at 1.94% in the current quarter, an increase by 7 basis points from prior quarter.

The system continues to remain highly liquid and well capitalized despite the challenge during these difficult economic conditions.