

## REVIEW OF MONETARY DEVELOPMENTS

### August 2025

*This report is a monthly release of the latest available key monetary aggregates, official interest rate and the analysis on commercial banks' interest rates as well as other information sourced from the Central Bank, commercial banks, Ministry of Finance, non-bank financial institutions and the Samoa Bureau of Statistics.*

Report No.02: 2025/26

August 2025

### Monetary Forecast

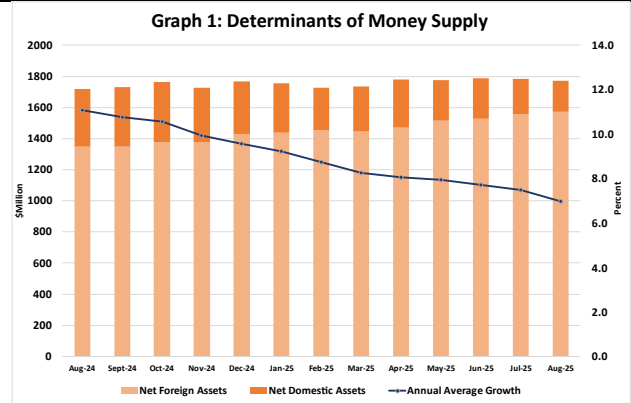
The actual level of total money supply (M2) was 1.8 percent lower than its forecast target for August 2025. This was due to a notably lower-than-expected level of Net Domestic Assets (NDA) due to a higher-than-expected level of net government position, which outweighed a higher-than-expected level of Net Foreign Assets (NFA).

### Money Supply (M2)

Total M2 fell by \$11.44 million (or 0.6 percent) to \$1,772.11 million in August 2025 but was 3.1 percent higher than in the same month of the previous year.

The monthly decline in M2 was mainly driven by a \$30.90 million decrease in Net Domestic Assets (NDA) to \$198.00 million. This was largely due to a significant increase in the Government's net position (which has a contractionary impact) that more than offset an increase in private sector credit. On the other hand, Net Foreign Assets (NFA) surged \$19.47 million to \$1,574.11 million, mainly reflecting a hike in official foreign reserves held by the Central Bank.

As a result, the annual average growth rate of M2 decelerated further to 7.0 percent in August 2025, from 7.5 percent in July 2025 and 11.1 percent in August 2024.



### Credit<sup>1</sup>

Total financial system (FS) credit expanded by \$18.84 million (or 0.8 percent) to \$2,250.11 million in August 2025 and was 4.6 percent higher than in the same month last year. This increase was driven by expansions of \$11.77 million in commercial banks' credit (mainly to business sector) and 7.07 million in Non-Bank Financial Institutions' lending.

- By sector, 99.5 percent of total loans were extended to the private sector, of which 53.7 percent went to 'households and individuals' and 45.8 percent to businesses. The remaining 0.5 percent was lent to the public sector.
- By industry, the expansion in FS credit was primarily directed towards the 'Building, construction and installation', 'Professional and business services', 'Manufacturing', and 'Other activities' industries.
- New loans issued during the month totaled \$18.75 million, up by \$1.66 million from July 2025. Most of these new loans were extended to the

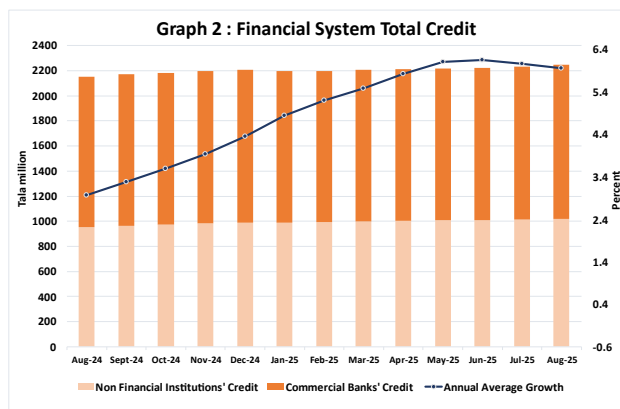
<sup>1</sup> Comprises of commercial banks and three largest non-bank financial institutions' (NBFi) total lending.

<sup>1</sup> NBFIs data for August 2025 is not yet available, thus, figures from the previous month are used as provisional estimates. Total credit will be revised once NBFi data are received.

‘Manufacturing’, ‘Trade’, and ‘Building, construction and installation’ industries.

- The share of mortgage loans to total commercial bank loans edged down slightly to 48.6 percent in August 2025 from 48.9 percent in July 2025. However, total mortgage loans edged up by 0.4 percent to \$597.89 million in August 2025.

On an annual average basis, FS credit growth stood at 6.0 percent in August 2025, slightly lower than 6.1 percent in July 2025, but well above 3.0 percent recorded in August 2024. (See Graph 2.)



The latest update from the Samoa Bureau of Statistics (SBS) for the June 2025 quarter, saw the total Nominal Gross Domestic Product (NGDP) amount to \$3,584.94 million. As a result, the total FS credit-to-NGDP ratio stood at 62.1 percent, a bit lower than 63.0 percent in the previous quarter and 65.1 percent in the same quarter last year. The M2-to-NGDP ratio edged up to 49.9 percent from 49.6 percent in the March 2025 quarter but down from 52.4 percent in the same quarter of last year.

### Reserve Money<sup>2</sup>

Total Reserve Money (RM) declined by \$2.82 million (or 0.3 percent) to \$818.68 million in August 2025. This outcome was mainly driven by an \$11.61 million decrease in commercial

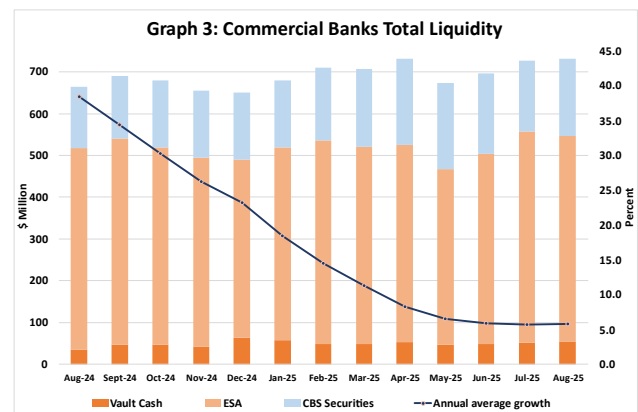
banks’ reserves, which more than offset an \$8.79 million increase in currency in circulation. The decline in bank reserves reflected an \$11.98 million decline in excess reserves, which outweighed a \$0.36 million growth in required reserve deposit balances held at the Central Bank.

Compared to August 2024, RM was \$49.77 million higher. Moreover, it remained significantly above its three-year and five-year August averages, by 17.3 percent and 32.4 percent, respectively.

### Commercial Banks’ Liquidity<sup>3</sup>

Total commercial banks’ liquidity grew by \$4.39 million (or 0.6 percent) to \$731.02 million in August 2025. This was mainly driven by a \$13.77 million increase in banks’ holdings of CBS Securities and a \$2.60 million jump in their vault cash holdings, which offset an \$11.98 million reduction in exchange settlement account (ESA) balances. (See Graph 3.)

As a result, total liquidity was \$67.16 million higher than in the same month last year. Furthermore, it was substantially above its levels in the past three and five years, by 107.8 percent and 133.2 percent, respectively.



### CBSS and Open Market Operations (OMO)<sup>4</sup>

<sup>4</sup>Central Bank of Samoa Securities (CBSS) is the main instrument for implementing monetary policy in the country and it is traded in various maturities in the domestic financial market through the OMO.

<sup>2</sup>Reserve Money (also known as monetary base) comprises of currency in circulation, statutory reserve deposits (SRD) and demand deposits of commercial banks with the CBS

<sup>3</sup>Comprises of banks’ vault cash, exchange settlement account (ESA) balances and Central Bank Securities

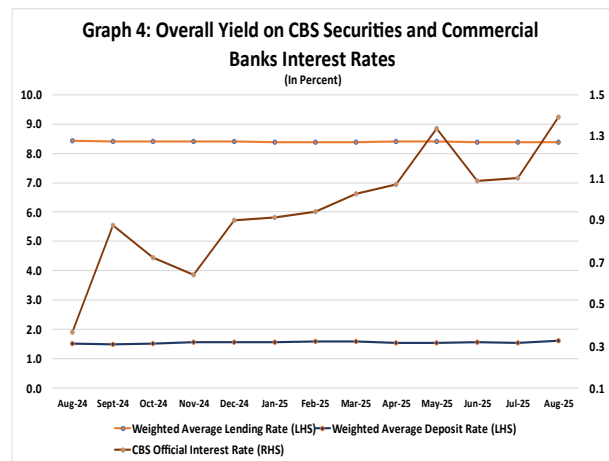
Total CBSS issued in August 2025 rose to \$46.70 million from \$14.60 million in July 2025. The issuances were allocated across the following maturities: 28-days (\$10.70 million), 56-days (\$12.00 million), 91-days (\$6.00 million), 182-days (\$10.00 million), and 364-days (\$8.00 million), with no issuance of the 14-day papers. During the month, total CBSS that matured amounted to \$27.00 million. In addition, \$14.50 million of CBSS was rediscounted before maturity, leading to a net decline in total CBSS outstanding to \$175.30 million at the end of August 2025

Overall, as the bulk of securities issued were on the longer term maturities, the weighted average yield on CBSS increased to 1.39 percent, from 1.10 percent in July 2025 and 0.37 percent in August 2024.

### **Commercial Banks' Interest Rates**

During the reviewed period, the weighted average deposit (WAD) rate rose by 7 basis points to 1.61 percent, from 1.54 percent in July 2025, and was 9 basis points higher than the same month last year. Meanwhile, the weighted average lending (WAL) rate edged up slightly by 1 basis point to 8.39 percent but remained below 8.44 percent recorded in August 2024. As a result, the interest rate spread narrowed to 6.78 percent, from 6.84 percent in July 2025 and 6.92 percent in August 2024. (See Graph 4).

The WAD rate remained below its three-year and five-year averages of 1.71 percent and 1.96 percent, respectively. The WAL rate was slightly above its three-year average of 8.35 percent but still below its five-year average of 8.43 percent.



### **NBFIs<sup>5</sup> Lending Rates**

The overall weighted average lending (WAL) rate for selected Non-Bank Financial Institutions (NBFIs) edged up slightly by 1 basis point to 8.19 percent in August 2025 but was higher than 7.97 percent in August 2024.

The WAL rates for SNPF, DBS and SHC all remained unchanged at 8.67 percent, 4.29 percent and 10.03 percent, respectively.

At its current level, the overall NBFI WAL rate remained slightly below its three-year average of 8.30 percent but was above its five-year average of 8.08 percent.

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**CENTRAL BANK OF SAMOA**  
**15<sup>th</sup> October 2025**

<sup>5</sup> Non-Bank Financial Institutions. Only reports the main NBFIs, Samoa National Provident Fund (SNPF), Development Bank of Samoa (DBS) and Samoa Housing Corporation (SHC). Effective October 2018, SHC

started reporting to CBS on monthly basis, as was previously reported on quarterly basis. WAL for DBS is provisional.

Monetary Aggregates						
End of Period Figures	Average level in the previous		2024		2025	
	3-years	5-years	August	June	July	August
<b>Determinants of Money Supply (M2)</b>						
Net Foreign Assets	1060.95	886.14	1359.60	1526.93	1554.64	1574.11
Net Domestic Assets	494.04	557.11	359.46	261.51	228.90	198.00
<b>Money Supply (M2)</b>	<b>1554.99</b>	<b>1443.25</b>	<b>1719.061</b>	<b>1788.445</b>	<b>1783.547</b>	<b>1772.112</b>
<i>Trend / Annual Average (%)</i>	8.35	6.37	11.1	7.7	7.5	7.0
<i>Narrow Money (M1)</i>	792.94	697.10	940.15	952.81	975.64	949.37
Currency outside banks	154.06	137.85	171.83	176.88	185.51	191.70
Transferable Deposits <sup>2</sup>	638.88	559.26	768.32	775.93	790.13	757.67
<i>Quasi Money</i>	762.05	746.15	778.91	835.64	807.91	822.75
Other Deposits <sup>3</sup>	762.05	746.15	778.91	835.64	807.91	822.75
<b>Central Bank of Samoa</b>						
<b>Open Markets Operations</b>						
Securities Official Rate	0.24	0.21	0.37	1.09	1.10	1.39
<b>Reserve Money<sup>1</sup></b>						
<b>Total</b>	<b>697.73</b>	<b>618.31</b>	<b>768.907</b>	<b>760.672</b>	<b>821.504</b>	<b>818.681</b>
<i>Trend / Annual Growth (%)</i>	15.57	15.01	17.8	-1.3	-0.6	0.1
<b>Financial System (FS) Credit</b>						
<b>Commercial Banks</b>	<b>1173.26</b>	<b>1174.60</b>	<b>1194.99</b>	<b>1216.76</b>	<b>1217.24</b>	<b>1229.01</b>
<i>Trend / Annual Growth (%)</i>	-0.77	0.55	-0.8	5.4	5.3	5.2
<b>Non-Bank Financial Institutions (NBFIs)</b>	<b>895.22</b>	<b>862.30</b>	<b>956.07</b>	<b>1007.78</b>	<b>1014.03</b>	<b>1021.10</b>
<i>Trend / Annual Growth (%)</i>	4.99	5.63	8.1	7.1	7.0	6.9
<b>Private Sector</b>	<b>2054.93</b>	<b>2018.46</b>	<b>2141.22</b>	<b>2214.49</b>	<b>2221.29</b>	<b>2232.57</b>
Businesses	989.66	1024.22	1010.47	1020.68	1023.46	1031.67
Individuals	1065.27	994.24	1130.75	1193.81	1197.82	1207.98
<b>Public Sector (NFIs, NPEs, &amp; Govt)</b>	<b>13.45</b>	<b>18.69</b>	<b>9.94</b>	<b>10.05</b>	<b>9.98</b>	<b>10.46</b>
<b>Total FS Credit</b>	<b>2068.51</b>	<b>2036.92</b>	<b>2151.16</b>	<b>2224.54</b>	<b>2231.27</b>	<b>2250.11</b>
<i>Trend / Annual Growth (%)</i>	1.66	2.63	3.0	6.2	6.1	6.0
<b>Commercial Banks</b>						
<b>Liquidity</b>						
<b>Total</b>	<b>539.29</b>	<b>454.70</b>	<b>663.86</b>	<b>695.95</b>	<b>726.63</b>	<b>731.02</b>
<i>Trend / Annual Growth (%)</i>	27.60	21.48	38.4	5.8	5.7	5.8
<b>Interest Rates (%)</b>						
<b>Overall Weighted Average Lending</b>	<b>8.35</b>	<b>8.43</b>	<b>8.44</b>	<b>8.38</b>	<b>8.38</b>	<b>8.39</b>
Australia New Zealand Bank (Sāmoa) Limited	7.61	7.82	7.59	7.46	7.42	7.42
Bank South Pacific (Sāmoa) Limited	7.42	7.70	7.27	7.28	7.32	7.35
National Bank of Sāmoa Limited	8.60	8.41	9.11	9.42	9.43	9.41
Samoa Commercial Bank Limited	9.87	10.01	9.79	9.35	9.32	9.30
<b>Overall Weighted Average Deposit</b>	<b>1.71</b>	<b>1.96</b>	<b>1.52</b>	<b>1.57</b>	<b>1.54</b>	<b>1.61</b>
Australia New Zealand Bank (Sāmoa) Limited	0.68	0.80	0.51	0.48	0.44	0.45
Bank South Pacific (Sāmoa) Limited	1.71	2.11	1.52	1.24	1.41	1.62
National Bank of Sāmoa Limited	2.33	2.74	1.96	2.45	2.22	2.19
Samoa Commercial Bank Limited	2.22	2.28	2.10	2.13	2.07	2.09
<b>Market Shares (%)</b>						
<b>Lending</b>						
Australia New Zealand Bank (Sāmoa) Limited	23.32	23.89	20.49	16.19	16.22	16.38
Bank South Pacific (Sāmoa) Limited	29.14	29.63	29.51	32.64	32.59	32.45
National Bank of Sāmoa Limited	22.60	23.33	23.32	23.02	23.14	23.06
Samoa Commercial Bank Limited	24.94	23.15	26.68	28.16	28.05	28.11
<b>Deposit<sup>5</sup></b>						
Australia New Zealand Bank (Sāmoa) Limited	23.22	24.38	20.74	18.94	19.64	18.34
Bank South Pacific (Sāmoa) Limited	36.21	33.71	40.93	39.16	40.18	42.82
National Bank of Sāmoa Limited	17.62	18.98	17.29	20.07	18.99	18.23
Samoa Commercial Bank Limited	22.94	22.93	21.03	21.84	21.20	20.61
<b>Non-Bank Financial Institutions (NBFIs)</b>						
<b>Weighted Average Lending (WAL)</b>						
Sāmoa National Provident Fund (SNPF)	8.75	8.61	8.44	8.66	8.67	8.67
Development Bank of Samoa (DBS) ®	3.85	3.98	3.89	4.29	4.29	4.29
Samoa Housing Corporation (SHC)	12.28	11.17	10.61	10.03	10.03	10.03
<b>NBFIs' Overall WAL ®</b>	<b>8.30</b>	<b>8.08</b>	<b>7.97</b>	<b>8.18</b>	<b>8.19</b>	<b>8.20</b>

Source: Central Bank of Samoa

(1) Reserve Money is composed of: Currency in Circulation and commercial banks Exchange Settlement Accounts (ESA) and Statutory Required Deposits (SRDs).

(2) Comprised of demand deposits, foreign currency deposits of residents, and interest payable on these deposits.

(3) Comprised of time deposits, savings deposits, and the interest payable on these deposits.

(4) Samoa received the IMF-Special Drawing Rights (SDRs) allocation of SDR15.5 million and equivalent of around \$55.5 million Tala in August 2021.

(5) Effective April 2023, the calculation of deposit shares takes into account all deposit liabilities of the banking system from both resident and non-resident sectors. Historical series has been revised to reflect these changes.

® Revised

(6) Revised to include Foreign Currency Deposits of Residents to the calculation of Weighted Average Deposit Interest Rates of Commercial Banks.