CENTRAL BANK OF SAMOA

REVIEW OF MONETARY DEVELOPMENTS
May 2026

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.11: 2025/26 May 2026

Monetary Target

The actual level of total money supply (M2) was 0.2 percent higher than its forecast for May 2026. This was due to a significantly higher-than-expected level of net foreign assets (NFA) against a lower-than-expected level of net domestic assets (NDA).

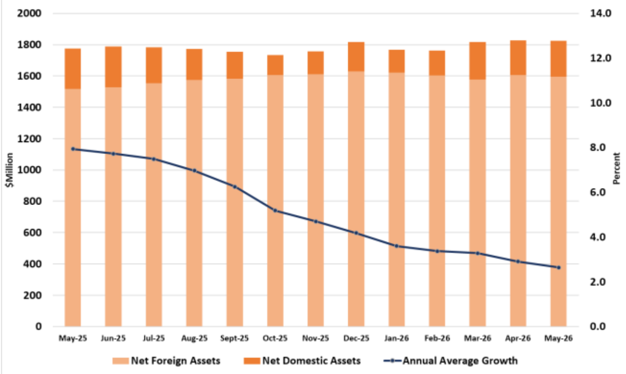
Money Supply (M2)

Total M2 fell by $2.76 million (or 0.2 percent) to $1,825.07 million in May 2026, but was 2.7 percent higher than in May 2025.

This reflected:

- A $9.58 million reduction in Net Foreign Assets (NFA) to $1,596.57 million, mainly due to higher level of foreign liabilities despite expansions in foreign assets of both the CBS and the commercial banks.
- A $6.82 million increase in Net Domestic Assets (NDA) to $228.50 million. This reflected a surplus in the government's net position with the monetary system, as well as increases in both private sector credit and 'other items net'.

As a result, the annual average growth rate of M2 slowed further by 2.7 percent in May 2026, from 2.9 percent in the previous month and 7.9 percent in May 2025.



Graph 1: Determinants of Money Supply

Credit[1]

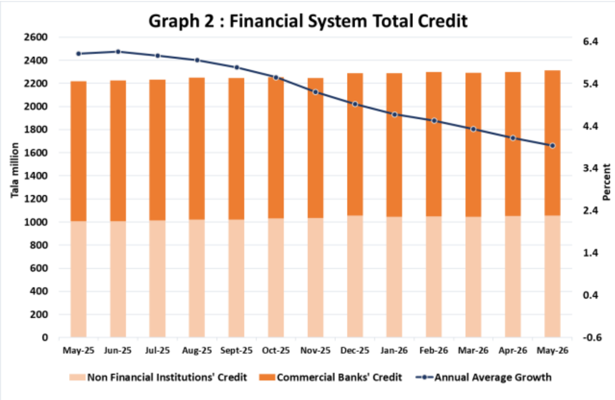
Total financial system (FS) credit expanded by 0.6 percent (or$12.88 million) to $2,312.03 million in May 2026, which was 4.2 percent higher than in May 2025. This hike reflected increases of $9.13 million in commercial banks' lending and $3.75 million in selected non-bank financial institutions' (NBFIs) credit.

- By sector, 99.4 percent of total loans were extended to the private sector, of which 55.4 percent went to 'Households and Individuals' and 44.0 percent to Businesses. The remaining 0.6 percent was lent to the public sector.
- By industry, the expansion in FS credit was lent to the 'Professional and business services', 'Building, construction, and installation', 'Manufacturing', and the 'Other activities' industries.
- New loans issued during the month totaled $19.88 million, a $3.95 million decrease from April 2026. Most of these new loans were lent to the 'Trade' and the 'Professional and business services' industries.

[1] Comprises of commercial banks and three largest non-bank financial institutions' (NBFI) total lending.

- The share of mortgage loans to total commercial bank loans edged up to 50.0 percent in May 2026 from 49.9 percent in the previous month. Moreover, total mortgage loans expanded by 0.9 percent to $628.48 million in the month under review.

However, the annual average FS credit growth decelerated further to 3.9 percent in May 2026, from 4.1 percent a month ago and 6.1 percent in May 2025 (See Graph 2).



According to the latest update from the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) for the whole year to March 2026, amounted to $3,543.40 million. At this level, the ratio of M2 to NGDP rose to 51.3 percent, from 50.7 percent in the December 2025 quarter and 49.3 percent in the same quarter of last year. As for FS credit, its share to NGDP also edged up to 64.7 percent from 63.8 percent in the previous quarter and 62.7 percent in the March quarter last year.

Reserve Money[2]

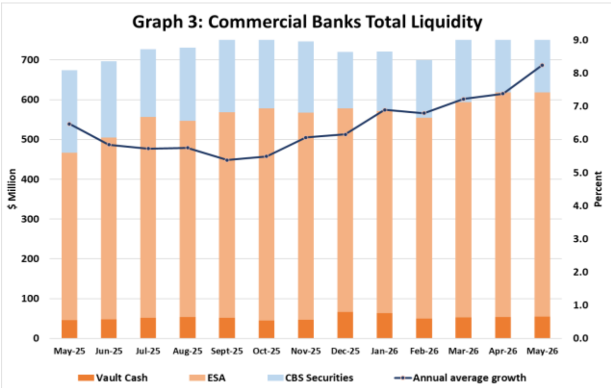
Total Reserve Money (RM) edged up slightly by $0.23 million (or 0.03 percent**)** over the previous month to $892.16 million. This was also $167.80 million higher than its level in May 2025. The expansion in RM was attributed to a $2.49 million growth in currency in circulation, which slightly outweighed a $2.27 million decline in commercial banks' reserves. The decline in the latter, resulted from a $1.34 million decrease in required reserves and a $0.93 million reduction in excess reserves.

Additionally, total RM was 22.2 percent and 38.0 percent higher than its averages in the past three and five years, respectively.

Commercial Banks' Liquidity[3]

Total commercial banks' liquidity contracted by $0.76 million (or 0.1 percent) to $759.00 million in May 2026. However, this level was $85.16 million higher than its level recorded in May 2025. This decline over the month reflected a $0.91 million reduction in banks' exchange settlement accounts (ESA) and a $0.57 million decrease in their holdings of CBS Securities (CBSS). This was partially offset by a $0.71 million increase in their vault cash holdings. (See Graph 3).

Total liquidity in May 2026 was 22.6 percent and 49.6 percent higher than its averages in the past three and five years, respectively.



CBSS and Open Market Operations (OMO)[4]

Total CBSS outstanding at end May 2026 totaled $140.80 million, down from $141.40 million in the previous month. New CBSS issued during the month amounted to $34.60 million, down from $36.40 million issued in April 2026. Moreover, total CBSS that matured during the

[2]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
[3]Comprises of banks' vault cash, exchange settlement account (ESA) balances and Central Bank Securities

[4]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.

month fell to $35.20 million from $53.50 million in the previous month.

In terms of the yields, the shorter-term recorded average yields of 2.25 percent for the 14-day paper and 2.50 percent for the 28-day paper. Meanwhile, the longer-term papers averaged around 2.95 percent (for the 56-day paper), 3.22 percent (for the 91-day paper), and 3.55 percent (for the 182-day paper). There was no 364-day paper issued during the month.

Consistent with changes in technical procedures in the conduct of OMO and with CBSS issuance broadly distributed across the full range of maturities (except the 364-day paper), the overall weighted average official interest rate declined to 2.77 percent from 3.42 percent in April 2026. It, however, was well above 1.34 percent recorded in May 2025.

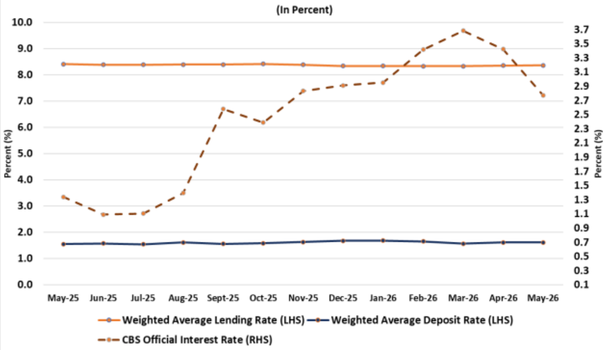
Commercial Banks' Interest Rates

The commercial banks' weighted average deposit (WAD) rate remained steady at 1.61 percent in May 2026 from the previous month but was 7 basis points higher than in May 2025. On the other hand, the overall weighted average lending (WAL) rate edged up by 1 basis point to 8.36 percent but was 5 basis points lower than its rate in May 2025 (See Graph 4).

As a result, the weighted average interest rate spread for May 2026 remained unchanged at 6.75 percent, which was 11 basis points lower than its level in May 2025.

The current WAD rate remained below its three-year and five-year averages of 1.65 percent and 1.78 percent, respectively. Similarly, the WAL rate was below its three-year and five-year averages of 8.39 percent and 8.40 percent, in that order.

Graph 4: Overall Yield on CBS Securities and Commercial Banks Interest Rates
(In Percent)



NBFIs[5] Lending Rates

The overall weighted average lending (WAL) rate for selected NBFIs increased by 3 basis points to 8.17 percent in May 2026 and was much higher than 7.98 percent recorded in May 2025.

SNPF's WAL rate rose by 5 basis points to 8.69 percent with those for SHC and DBS falling by 6 basis points to 9.39 percent, and 2 basis points to 4.19 percent, in that order.

At its current level, the overall NBFI WAL rate remained above its three-year and five-year averages of 8.13 percent and 8.14 percent, respectively.

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7th July 2026

[5] 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.

Review of Monetary Developments

Monetary Aggregates

End of Period Figures	Average level in the previous 3-years	Average level in the previous 5-years	May-25	Mar-26	Apr-26	May-26
Determinants of Money Supply (M2)						
Net Foreign Assets	1266.83	1022.38	1516.76	1577.99	1606.15	1596.57
Net Domestic Assets	405.70	516.16	259.57	240.22	221.68	228.50
Money Supply (M2)	***1672.53***	***1538.54***	***1776.327***	***1818.21***	***1827.83***	***1825.07***
Trend / Annual Average (%)	*9.58*	*7.37*	*7.9*	*3.3*	*2.9*	*2.6*
Narrow Money (M1)	*874.22*	*763.43*	*945.07*	*960.25*	*965.14*	*960.13*
Currency outside banks	164.23	147.44	176.77	196.72	192.24	194.02
Transferable Deposits[2]	709.99	615.99	768.31	763.53	772.91	766.11
Quasi Money	*798.31*	*775.11*	*831.25*	*857.96*	*862.69*	*864.94*
Other Deposits[3]	798.31	775.11	831.25	857.96	862.69	864.94
Central Bank of Samoa						
Open Markets Operations						
CBS Securites Official Rate (%)	*0.65*	*0.45*	*1.34*	*3.68*	*3.42*	*2.77*
Reserve Money[1]						
Total	***730.05***	***646.66***	***724.36***	***869.97***	***891.93***	***892.16***
Trend / Annual Growth (%)	*14.59*	*12.46*	*-1.3*	*5.8*	*7.4*	*9.6*
Financial System (FS) Credit						
Commercial Banks	**1169.37**	**1171.84**	**1211.01**	**1243.98**	**1248.03**	**1257.15**
Trend / Annual Growth (%)	*0.54*	*0.73*	*5.4*	*2.7*	*2.5*	*2.4*
Non-Bank Financial Institutions (NBFIs)	**939.72**	**900.07**	**1008.48**	**1047.02**	**1051.12**	**1054.88**
Trend / Annual Growth (%)	*5.24*	*4.82*	*7.0*	*6.4*	*6.1*	*5.8*
Private Sector	**2097.28**	**2056.74**	***2209.74***	***2279.52***	***2284.77***	***2298.18***
Businesses	*984.24*	*1008.05*	*1022.78*	*1018.14*	*1013.51*	*1017.75*
Individuals	*1113.04*	*1048.69*	*1186.96*	*1261.38*	*1271.25*	*1280.43*
Public Sector (NFIs, NPEs, & Govt)	***11.82***	***15.17***	***9.74***	***11.48***	***14.38***	***13.85***
Total FS Credit	**2109.10**	**2071.91**	***2219.49***	***2291.00***	***2299.15***	***2312.03***
Trend / Annual Growth (%)	*2.52*	*2.50*	*6.1*	*4.3*	*4.1*	*3.9*
Commercial Banks						
Liquidity						
Total	***618.98***	***507.48***	***673.84***	***752.10***	***759.76***	***759.00***
Trend / Annual Growth (%)	*27.64*	*19.38*	*6.5*	*7.2*	*7.4*	*8.2*
Interest Rates (%)						
Overall Weighted Average Lending	**8.39**	**8.40**	**8.41**	**8.32**	**8.35**	**8.36**
Australia New Zealand Bank (Sāmoa) Limited	7.59	7.70	7.53	7.17	7.17	7.19
Bank South Pacific (Sāmoa) Limited	7.35	7.60	7.30	7.53	7.52	7.53
National Bank of Sāmoa Limited	8.97	8.61	9.41	9.28	9.41	9.45
Samoa Commercial Bank Limited	9.72	9.84	9.40	9.09	9.07	9.05
Overall Weighted Average Deposit	**1.65**	**1.78**	**1.55**	**1.56**	**1.61**	**1.61**
Australia New Zealand Bank (Sāmoa) Limited	0.63	0.74	0.49	0.42	0.43	0.43
Bank South Pacific (Sāmoa) Limited	1.53	1.67	1.27	1.58	1.70	1.67
National Bank of Sāmoa Limited	2.43	2.53	2.28	2.03	2.00	2.09
Samoa Commercial Bank Limited	2.17	2.33	2.11	2.11	2.10	2.08
Market Shares (%)						
Lending						
Australia New Zealand Bank (Sāmoa) Limited	20.86	22.54	16.30	16.20	16.19	16.22
Bank South Pacific (Sāmoa) Limited	30.54	30.32	32.91	31.60	31.19	31.14
National Bank of Sāmoa Limited	22.15	22.48	22.78	21.86	22.15	22.32
Samoa Commercial Bank Limited	26.45	24.66	28.01	30.34	30.47	30.32
Deposit[5]						
Australia New Zealand Bank (Sāmoa) Limited	21.32	22.74	18.67	19.66	19.13	18.33
Bank South Pacific (Sāmoa) Limited	40.01	36.01	39.89	39.86	39.80	42.32
National Bank of Sāmoa Limited	18.10	19.35	19.67	17.97	17.78	16.43
Samoa Commercial Bank Limited	20.57	21.90	21.77	22.51	23.29	22.92
Non-Bank Financial Institutions (NBFIs)						
Weighted Average Lending (WAL)						
Sāmoa National Provident Fund (SNPF)	8.60	8.59	8.46	8.68	8.64	8.69
Development Bank of Samoa (DBS) ®	3.87	3.91	4.19	4.24	4.21	4.19
Samoa Housing Corporation (SHC)	11.34	11.92	10.08	9.71	9.45	9.39
NFIs' Overall WAL ®	**8.13**	**8.14**	**7.98**	**8.20**	**8.14**	**8.17**

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.