

REVIEW OF MONETARY DEVELOPMENTS

June 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.12: 2024/25

June 2025

Monetary Forecast

The actual level of total money supply (M2) was 1.1 percent lower than its forecast target for June 2025. This was due to a notably lower-than-expected level of Net Foreign Assets (NFA), against a higher-than-expected level of Net Domestic Assets (NDA).

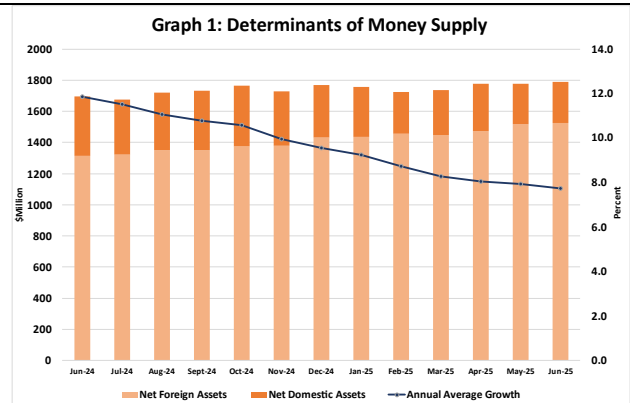
Money Supply (M2)

Total money supply (M2) rose by \$12.12 million (or 0.7 percent) to \$1,788.45 million in June 2025 and was 5.4 percent higher than in June 2024.

The expansion in M2 during the month was mainly driven by:

- A \$10.17 million increase in Net Foreign Assets (NFA) to \$1,526.93 million. This was largely due to a notable growth in Central Bank held foreign reserves as well as a smaller increase in foreign assets of commercial banks.
- An increase of \$1.95 million in Net Domestic Assets (NDA) to \$261.51 million. This reflected gains in private sector credit and other items (net), which outweighed the contractionary impact of an increase in Government's net deposit position with the monetary system.

The annual average growth rate of M2, on the other hand, decelerated further to 7.7 percent in June 2025, from 7.9 percent in May 2025 and 11.9 percent in June 2024.



Credit¹

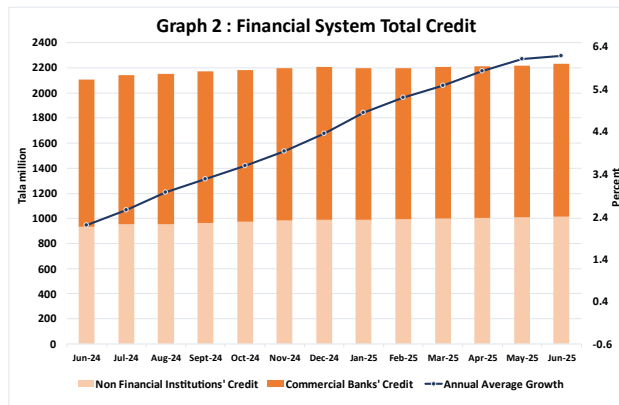
Total financial system (FS) credit rose by \$12.76 million (or 0.6 percent) to \$2,232.25 million in June 2025 and was 5.8 percent higher than in the same month a year ago. This increase was driven by a \$7.01 million rise in Non-Bank Financial Institutions' (NBFIs) lending alongside a \$5.75 million increase in commercial banks' lending.

- By sector, 99.6 percent of total loans were extended to the private sector, of which 53.5 percent went to 'households and individuals' and 46.1 percent to businesses. The remaining 0.4 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', and 'Other activities' industries.
- New loans issued during the month totaled \$14.65 million, up by \$1.39 million from May 2025. The majority of these loans were extended to the 'Trade', 'Building, construction and installation', and 'Other activities' 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 increased slightly to 48.9 percent, from 48.7 percent in the previous month. As a result, total mortgage loans rose to \$594.82 million, from \$590.02 million in May 2025.

On an annual basis, FS credit growth rose to 6.2 percent in June 2025, from 6.1 percent in May 2025 and 2.2 percent in June 2024. (See Graph 2.)



According to the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) in the year up to March 2025 quarter amounted to \$3,502.05 million. As such, the total FS credit-to-NGDP ratio stood at 63.0 percent, lower than 64.0 percent in the previous quarter and 65.3 percent in the same period last year. Similarly, the M2-to-NGDP ratio dropped to 49.6 percent from 51.3 percent and 51.7 percent in the December and March quarters of 2024, respectively.

Reserve Money²

Total Reserve Money (RM) grew \$36.31 million (or 5.0 percent) to \$760.67 million in June 2025. This was mainly attributed to a \$34.97 million increase in commercial banks' reserves, supported by a \$1.34 million rise in currency in circulation. The growth in bank reserves was driven by a \$36.19 million increase in excess reserves, which offset a \$1.22 million decrease

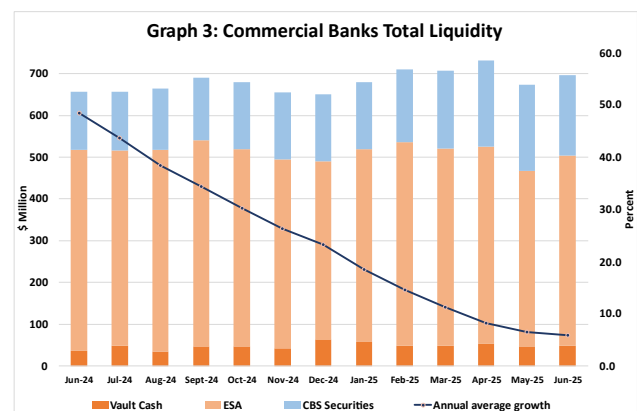
in required reserve balances held at the Central Bank.

Compared to the same month last year, RM was \$3.79 million higher. Moreover, it remained significantly above its three-year and five-year June averages, by 11.7 percent and 25.9 percent, respectively.

Commercial Banks' Liquidity³

Total commercial banks' liquidity increased by \$22.12 million (or 3.3 percent) to \$695.96 million in June 2025. This rise was mainly attributed to a \$36.19 million increase in commercial banks' exchange settlement account (ESA) balances and a \$1.23 million rise in vault cash holdings, which were partially offset by a \$15.30 million reduction in banks' holdings of CBS Securities during the month. (See Graph 3.)

Compared to the same month last year, total liquidity rose by \$38.62 million. Furthermore, it remained significantly above its levels in the past three and five years, by 100.9 percent and 141.3 percent, respectively.



CBSS and Open Market Operations (OMO)⁴

Total CBSS issued in June 2025 dropped significantly to \$12.70 million from \$46.00 million in the previous month reflecting decreased demand. All issuances were in the medium to longer-term range, comprising 28-

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 open market operation (OMO).

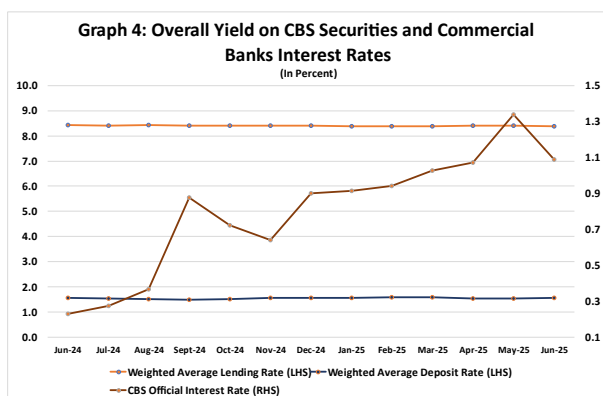
days (\$1.20 million), 56-days (\$1.00 million), 91-days (\$4.00 million), and 182-days (\$6.50 million). There were no CBSS issuances in the 14-day or 364-day maturities during the month. Total maturities in June amounted to \$28.00 million, resulting in a 7.4 percent decline in total CBSS outstanding to \$191.70 million at the end of the month.

The overall weighted average yield decreased to 1.09 percent in June 2025, from 1.34 percent in May 2025. Nonetheless, this rate remained substantially higher than the 0.23 percent yield recorded in June 2024.

Commercial Banks' Interest Rates

The weighted average deposit (WAD) rate increased by 2 basis points to 1.57 percent in June 2025, returning to the same level as it was in June 2024. Meanwhile, the weighted average lending (WAL) rate declined by 3 basis points to 8.38 percent, which was 5 basis points lower than its level in the same month last year. As a result, the interest rate spread narrowed marginally to 6.81 percent, from 6.86 percent in May 2025 and 6.86 percent in June 2024. (See Graph 4).

The WAD rate remained below its three-year and five-year averages of 1.72 percent and 2.00 percent, respectively. Conversely, the WAL rate was slightly above its three-year average of 8.34 percent, but still below its five-year average of 8.45 percent.



NBFIs⁵ Lending Rates

The overall weighted average lending (WAL) rate for selected Non-Bank Financial Institutions (NBFIs) increased to 8.14 percent in June 2025, from 7.98 percent in the previous month and was also higher than 7.96 percent recorded in June 2024. This outcome reflected mixed changes in the lending rates of the surveyed NBFIs.

The WAL rate for SNPF rose significantly by 20 basis points to 8.66 percent, while the SHC's WAL rate decreased slightly to 10.03 percent from 10.08 percent last month. Meanwhile, DBS' WAL rate remained unchanged at 4.19 percent.

At its current level, the overall NBFi WAL rate remained slightly below its 3-year average of 8.20 percent but was above its 5-year average of 8.01 percent.

CENTRAL BANK OF SAMOA
14th August 2025

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. WAL for DBS is provisional.

Monetary Aggregates						
End of Period Figures	Average level in the previous		2024		2025	
	3-years	5-years	June	April	May	June
Determinants of Money Supply (M2)						
Net Foreign Assets	1029.24	848.89	1325.66	1472.61	1516.76	1526.93
Net Domestic Assets	513.26	586.76	371.75	306.07	259.57	261.51
Money Supply (M2)	1542.51	1435.65	1697.414	1778.673	1776.327	1788.445
<i>Trend / Annual Average (%)</i>	8.06	6.29	11.9	8.1	7.9	7.7
<i>Narrow Money (M1)</i>	794.89	700.04	934.11	960.64	945.07	952.81
Currency outside banks	149.60	131.89	162.37	169.17	176.77	176.88
Transferable Deposits ²	645.29	568.15	771.74	791.47	768.31	775.93
<i>Quasi Money</i>	747.63	735.62	763.31	818.04	831.25	835.64
Other Deposits ³	747.63	735.62	763.31	818.04	831.25	835.64
Central Bank of Samoa						
Open Markets Operations						
<i>Securities Official Rate</i>	0.20	0.18	0.23	1.07	1.34	1.09
Reserve Money¹						
Total	680.89	604.24	756.886	775.626	724.363	760.672
<i>Trend / Annual Growth (%)</i>	16.23	16.02	25.0	-0.3	-1.3	-1.3
Financial System (FS) Credit						
Commercial Banks	1161.73	1166.20	1173.47	1208.25	1211.01	1216.76
<i>Trend / Annual Growth (%)</i>	-0.87	0.58	-1.9	5.0	5.4	5.4
Non-Bank Financial Institutions (NBFIs)	885.54	852.27	935.66	1003.22	1008.87	1015.49
<i>Trend / Annual Growth (%)</i>	4.75	5.96	7.8	6.9	7.0	7.1
Private Sector	2033.80	1998.70	2099.59	2201.71	2209.74	2222.20
Businesses	985.36	1017.26	985.38	1021.07	1022.78	1028.39
Individuals	1048.38	981.40	1114.21	1180.64	1186.96	1193.81
Public Sector (NFI, NPEs, & Govt)	14.11	20.15	9.54	9.77	9.74	10.05
Total FS Credit	2047.85	2018.82	2109.13	2211.48	2219.49	2232.25
<i>Trend / Annual Growth (%)</i>	1.45	2.76	2.2	5.8	6.1	6.2
Commercial Banks						
Liquidity						
Total	526.37	447.65	657.34	731.19	673.84	695.95
<i>Trend / Annual Growth (%)</i>	26.76	21.38	48.4	8.2	6.5	5.8
Interest Rates (%)						
Overall Weighted Average Lending	8.34	8.45	8.43	8.40	8.41	8.38
Australia New Zealand Bank (Sāmoa) Limited	7.66	7.86	7.57	7.57	7.53	7.46
Bank South Pacific (Sāmoa) Limited	7.42	7.74	7.25	7.25	7.30	7.28
National Bank of Sāmoa Limited	8.56	8.40	9.20	9.38	9.41	9.42
Samoa Commercial Bank Limited	9.89	10.01	9.82	9.43	9.40	9.35
Overall Weighted Average Deposit	1.72	2.00	1.57	1.55	1.55	1.57
Australia New Zealand Bank (Sāmoa) Limited	0.70	0.85	0.53	0.47	0.49	0.48
Bank South Pacific (Sāmoa) Limited	1.69	2.08	1.49	1.36	1.27	1.24
National Bank of Sāmoa Limited	2.48	2.84	2.53	2.31	2.28	2.45
Samoa Commercial Bank Limited	2.23	2.42	2.16	2.03	2.11	2.13
Market Shares (%)						
Lending						
Australia New Zealand Bank (Sāmoa) Limited	23.63	24.13	21.28	16.18	16.30	16.19
Bank South Pacific (Sāmoa) Limited	29.74	29.95	29.98	33.11	32.91	32.64
National Bank of Sāmoa Limited	21.78	22.92	22.38	22.77	22.78	23.02
Samoa Commercial Bank Limited	24.84	23.00	26.36	27.95	28.01	28.16
Deposit⁵						
Australia New Zealand Bank (Sāmoa) Limited	24.27	24.96	22.00	18.83	18.67	18.94
Bank South Pacific (Sāmoa) Limited	35.51	33.40	40.00	40.12	39.89	39.16
National Bank of Sāmoa Limited	18.14	19.44	17.44	19.06	19.67	20.07
Samoa Commercial Bank Limited	22.16	22.25	20.50	21.99	21.77	21.84
Non-Bank Financial Institutions (NBFIs)						
Weighted Average Lending (WAL)						
Sāmoa National Provident Fund (SNPF)	8.65	8.54	8.44	8.65	8.46	8.66
Development Bank of Samoa (DBS) ©	3.82	3.94	3.79	4.13	4.19	4.19
Samoa Housing Corporation (SHC)	12.21	11.14	10.58	10.12	10.08	10.03
NBFIs' Overall WAL ©	8.20	8.01	7.96	8.13	7.98	8.14

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.

Review of Monetary Development Report

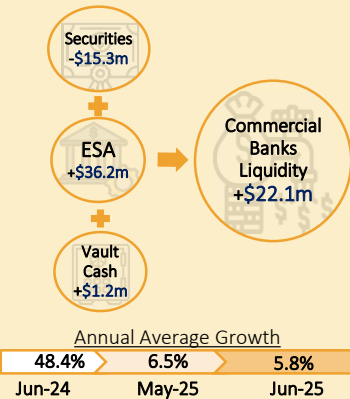
June 2025



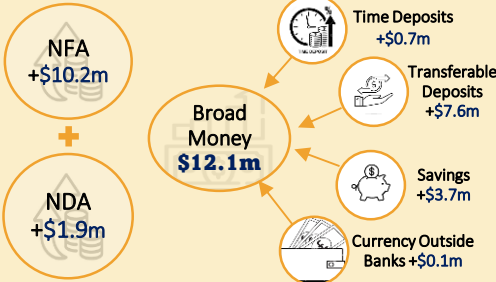
Commercial Banks Liquidity \$696.0m

Commercial banks' total liquidity increased by \$22.1 million (3.3%) to \$696.0 million in June 2025, driven by:

- a \$36.2 million increase in ESA balances
- a \$1.2 million increase in vault cash holdings,
- despite a \$15.3 million decrease in CBS securities.

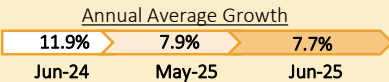


Total Money Supply \$1,788.5m



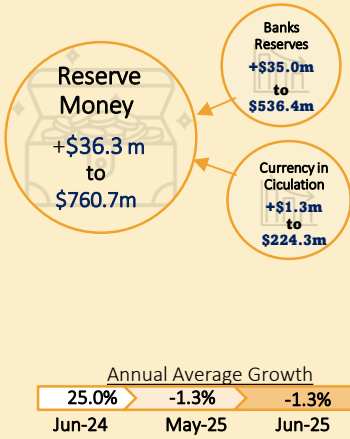
Total money supply (M2) rose by \$12.1 million (0.7%) to \$1,788.5 million. This growth was underpinned by:

- An increase in NFA by \$10.2 million, driven by higher foreign asset holdings of both the Central Bank and commercial banks.
- An increase in NDA by \$1.9 million, reflecting growth in private sector credit and other items (net), which outweighed the effect of a larger Government net deposit

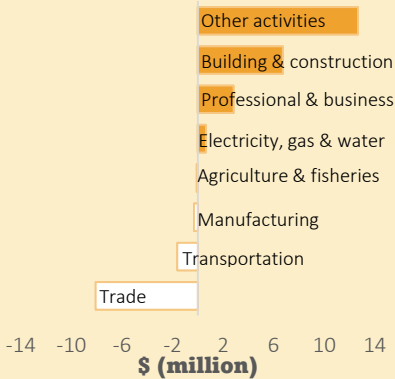


Reserve Money \$760.7m

Reserve Money expanded by \$36.3 million (5.0%) to \$760.7 million in June 2025. This rise was mainly attributed to a \$35.0 million increase in commercial banks' reserves, supported by a \$1.3 million rise in currency in circulation.



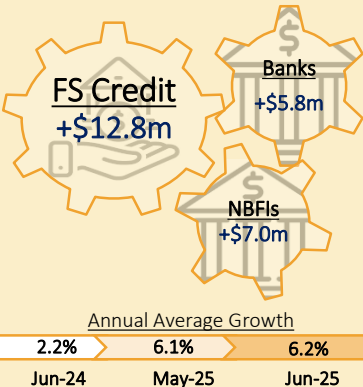
By Industry



The expansion in FS credit was primarily directed towards the 'Building, construction and installation', 'Professional and business services', and 'Other activities' industries.

Total Financial System Credit \$2,232.2m

Total financial system (FS) credit rose by \$12.8 million (0.6%) to \$2,232.25 million in June 2025, driven by a \$7.0 million rise in Non-Bank Financial Institutions' (NBFIs) lending alongside a \$5.8 million increase in commercial banks' lending



New Loans

New loans totaled \$14.65 million, up by \$1.39 million from May 2025. The majority of these loans were extended to the 'Trade', 'Building, construction and installation', and 'Other activities' industries.



Mortgage Loans

Made up 48.9% of total bank loans in June, up from 48.7% in May, with the total rising to \$594.8 million from \$590.0 million.



By Sector

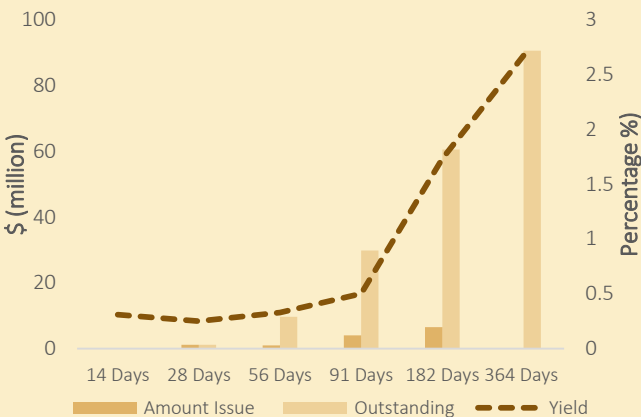
99.6% of total loans went to the private sector (with 53.5% to households and 46.1% to businesses). Only 0.4% were lent to the public sector.



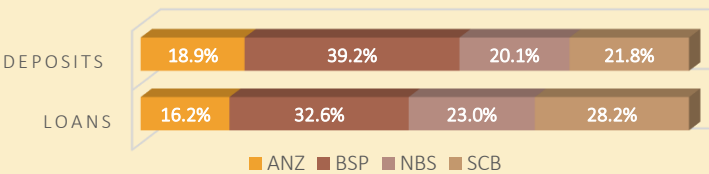
Interest Rates

	Banks Deposit Rate	Banks Lending Rate	NBFI's Lending Rate	CBS Securities Yield
June 2024	1.57%	8.43%	7.96%	0.23%
May 2025	1.55%	8.41%	7.98%	1.34%
June 2025	1.57%	8.38%	8.14%	1.09%

CBS Securities (CBSS)



Commercial Banks Market Share



- CBSS issuance fell to \$12.7m from \$46.0m in May 2025.
- All issuances were in the medium to longer-term range, comprising 28-days (\$1.20m), 56-days (\$1.00m), 91-days (\$4.00m), and 182-days (\$6.50m).
- There were no CBSS issuances in the 14-day or 364-day maturities during the month.