Development Bank of Samoa

Statement of Corporate Objectives 2025 – 2027

Table of Contents

1. MANDATE 2
2. DEVELOPMENT BANK OF SAMOA PROFILE 2
2.1 History 2
2.2 Vision 3
2.3 Mission 3
2.4 Values 3
3. OBJECTIVES FOR THE PLAN PERIOD 4
4. SPECIFIC PROJECTS 4
5. KEY INDICATORS 5
6. SUPPORT FOR GOVERNMENT POLICIES 5
7. DIVIDEND FORECAST 7

1. MANDATE

The Development Bank of Samoa Act 2010 stipulates the mandate which reads "To promote the expansion of the economy of Samoa for the economic and social advancement of the people of Samoa". The DBS has undertaken the following functions to advance its mandate.

I. Provide loans and giving financial, technical and advisory assistance to any business at micro, small, medium (MSMEs) and large commercial businesses, in accordance with the policies approved by the Board;
II. Forming partnerships with the public and private sectors as well as communities to advance access to finance for economic and social development.

The monitoring and oversight is provided under the following legislations and Government Directives.

(i) Public Bodies (Performance and Accountability) Act 2001;
(ii) Public Finance and Management Act 2001;
(iii) Central Bank of Samoa Prudential Supervision;
(iv) Government Dividend Policy and Return on Equity Policy 2018;
(v) Pathway for the development of Samoa 2021 - 2024

2. DEVELOPMENT BANK OF SAMOA PROFILE

2.1 History

The Development Bank of Samoa (DBS) was established on October 1, 1974, assuming the assets and liabilities of the Development Loan Fund pursuant to the Development Bank Act 1974. This foundational legislation was later replaced by the Development Bank of Samoa Act 2010, which modernized the institution's framework.

As the DBS approaches its 50th anniversary on October 1, 2024, it continues to operate as a government-owned entity, with the Ministry of Public Enterprises (MPE) providing oversight and setting a target return on equity (ROE) of 7%.

DBS is designated as a non-bank financial institution under the Financial Institutions Act and is regulated by the Central Bank of Samoa (CBS). It is subject to the same capital requirements as commercial banks. However, the DBS has suggested modifications to these capital requirements and prudential guidelines to better reflect its specific risk profile and the inherently higher risk associated with development lending.

The Board of Directors' composition has previously been seven. Since 1 March 2020, the composition has reduced to six members, including the CEO, as ex officio. The Board adheres to governance code and policies required under the MPE and the DBS.

Since 2009, the bank has played a pivotal role in supporting government initiatives, including disaster relief efforts, stimulus packages, and concessional project financing. However, the bank's liquidity has been strained due to its policy of offering loans at preferential rates and terms, coupled with the decision to defer foreclosures on significant non-performing loan (NPL) accounts for eighteen months. These measures have adversely affected the DBS's capacity to fulfil its external borrowing commitments and continue its development financing activities. As a result, the bank has faced challenges in meeting its targeted return on equity (ROE) of 7%.

The development financing is represented by the following economic and social sectors.

- Agriculture
- Fishing
- Inclusive – financial inclusion, education, health and community
- Industry other businesses and services
- Industry tourism

2.2 Vision

"The Bank for the prosperity of Samoa"

2.3 Mission

"Our commitment is to empower our people and businesses to thrive and increase their wealth to accelerate economic growth and social enhancement. We offer solutions to bridge the financing gaps and promote inclusive access to meet the financing needs of MSMEs and large businesses. The prosperity of our customers is the inspiration to progress and reinforce our commitment to continuously improve our capacity to give back to the people of Samoa"

2.4 Values

I. R – Respect
II. H - Honesty
III. E – Ethics
IV. C – Collaboration
V. I – Inclusive
VI. T – Trust
VII. A – Accountability
VIII. L – Loyalty

3. OBJECTIVES FOR THE PLAN PERIOD

In the previous Corporate Plan, the Development Bank of Samoa (DBS) identified persistent challenges in the following areas:

I. Portfolio management
II. Cash flow management
III. Financial performance

In the new plan period, the following key strategic priorities will direct the way forward to grow and strengthen the capacity of the DBS and people to better respond to challenges and changes in development financing.

I. Good Governance
II. Economic and Social Development
III. Finance and Sustainability
IV. People and Talent
V. Innovation and Social Responsibility

4. SPECIFIC PROJECTS

The DBS endeavours to undertake the following projects for the planned period.

I. New Core banking system to enhance efficiency of internal processes, data management, service delivery, product development, reporting and customer outreach by June 2027. The Core Banking System is estimated to cost over $3M and the Bank has request ADB for funding.
II. New asset management system to enhance security and safety of the Bank's properties, people, data at main office, Savaii and offsite, June 2025. Finance under proposed ADB funded project.
III. Secure a lease land from Land Authority for the New DBS Office building in Savaii.
IV. Participate in the Government of Samoa's Climate Action Pathways for Island Transport (CAP-IT) project, which aims to promote the urgent and inclusive transformation of the land and maritime transport sectors towards decarbonization. This initiative will accelerate the adoption of electric vehicles (EVs)
V. Reset thresholds for financing to fit the current capacity of the Bank. The proposed thresholds takes into consideration the impact of Covid19 on tourism, the contribution of MSMEs to cash flow and growth. Moreover, is to increase financing levels given that majority of customer's falls under the MSMEs group. The threshold will be reviewed after one year, June 2025.

VI. Complete the Gap assessment and submit to GCF for DBS Accreditation Assessment mid-2025. Develop a green climate lending product that support the government green policies, promote climate resilience, and contribute to the sustainable development of Samoa and region.

VII. Develop the Corporate Social Responsibility Policy to promote the Bank as a responsible corporate citizen as regulated by the social aspect of its mandate. This policy will serve the Bank's commitment to undertake and participate in projects that will advance social inclusiveness and public awareness of its mandated obligation and prioritised developments.

5. KEY INDICATORS

Indicator	Benchmark	FY2023	FY2024	FY2025	FY2026	FY2027
Profit margin	>1%	(50%)	(58%)	(45%)	(35%)	(29%)
Return on assets	2%	(1.8%)	(2.1%)	(1.7%)	(1.4%)	(1.3%)
Return on equity	7%	(3.9%)	(4.4%)	(3.9%)	(3.6%)	(3.4%)
Current ratio	2:1	1.7: 1	1.6:1	1.3:1	1.2:1	1.2:1
Debt ratio	<70%	55%	53%	56%	59%	61%
Equity ratio	>30%	45%	47%	44%	41%	39%
Approval	5%	204%	(47%)	161%	(10%)	0%
Portfolio growth	>1%	(28%)	(5%)	161%	-10%	0%
NPL ratio	<20%	5%	20%	20%	20%	20%
Arrears ratio	<3%	1.2%	<3%	<3%	<3%	<3%
Provision for bad loans	<15%	23%	22%	20%	18%	18%
Loan collection/budget**	100%	131%	100%	100%	100%	100%
Reporting requirements	100%	NC ***	100%	100%	100%	100%
Personnel exp to income	<34%	52%	59%	51%	46%	43%
Staff turnover	<10%	12%	<10%	<10%	<10%	<10%

** Loan collection v budget
***Corporate Plan, Annual Report delayed

6. SUPPORT FOR GOVERNMENT POLICIES

The DBS continues to support policies of government through development financing for economic and social development. This support contributes to the initiatives to achieve the

objectives of the Pathway for the Development of Samoa and the SDGs 2030 Agenda. The DBS has endeavoured to adhere to Finance Sector Plan and the government policies and directives.

Pathway for the Development of Samoa; Selected Strategic Outcomes:

Key Strategic Outcome 1: Improved Social Development

KPA 1; Alleviating Hardship

- Micro Inclusive Development Scheme for Women and Youth scheme's main objective is eliminating poverty and hardship by creating sustainable income for families.
- Also achieved through financing request from individual for financing development projects for income generation and constant food supply.

KPA 2: Improved Public Health

- The Bank also finance private hospitals through its normal lending scheme

KPA 3: Quality Education

- The Bank support the government priority and funding community school is part of its community development assistance.

Key Strategic Outcome 2; Diversified and Sustainable Economy

KPA 6: Community Development

- Lending scheme is also extended to community projects such as community halls and village farm vehicle

KPA 7: Agriculture, Fisheries and Aquaculture Productivity

- These are the major development sectors prioritised by the Bank

KPA 8: Tourism Revitalisation

- Strictly based on DBS criteria and history with the Bank and amount is limited

KPA 9: Business innovation and Growth

- DBS funds start-ups and business expansion for existing business for employment creation, export and import substitutes.

7. DIVIDEND FORECAST

The Bank's financial performance will continue to improve but will not be able to generate any profit in the projected years.

Dividend Policy Implementation Plan

Financial Year **Projection**	**FY2024** **$(000)**	**FY2025** **$(000)**	**FY2026** **$(000)**	**FY2027** **$(000)**
Profit(Loss) After Tax	(3,193)	(2,861)	(2,541)	(2,326)
Payment at 28/02	0	0	0	0
Payment at 31/08	0	0	0	0