

Summary of the Key Local Monetary and Banking Indicators

January 2023



This brief report covers the key monetary and banking developments in the State of Kuwait as at the end of January 2023. It mainly compares, on an annual basis, indicators of January 2023 with those of January 2022 and contrasts, on a monthly basis, some of the indicators with those of previous month. Following are the most prominent results:

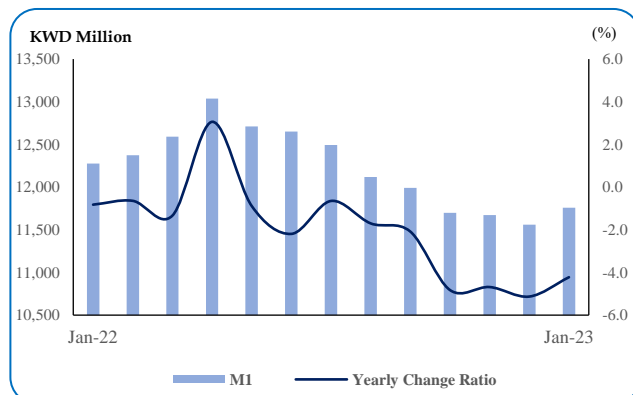
- Increase of Money Supply in its Broad Sense (M2) by 6.6% to stand at KWD 39.0 billion.
- Growth in total local banks' assets by KWD 8.2 billion or 10.5%.
- Rise of net foreign assets in local banks by KWD 3.5 billion or 49.5%.
- Upturn in the utilized cash portion of credit facilities extended to residents by KWD 3.4 billion or 7.7%.
- Elevation of total residents' deposits with local banks by KWD 1.9 billion or 4.2%, and resident private sector deposits by KWD 2.5 billion or 7.1%.

I. Monetary Developments (Money Supply)

1. Money Supply in its Narrow Sense (M1):

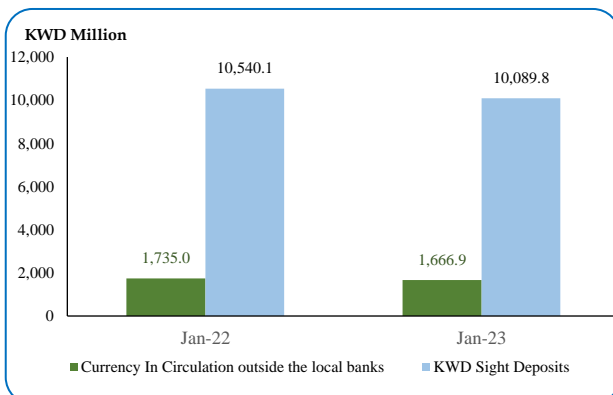
On an annual basis, M1 sank by KWD 0.52 billion or 4.2% to stand at KWD 11.76 billion at the end of January 2023 against KWD 12.28 billion at the end of January 2022, driven by a drop in both KWD sight deposits by KWD 0.45 billion or 4.3%, and currency in circulation outside the local banks by KWD 0.68 billion or 3.9%. **On a monthly basis**, M1 increased by KWD 0.20 billion or 1.7% compared to KWD 11.56 billion at the end of December 2022, due to the rise of KWD sight deposits by KWD 0.20 billion or 2.0% against the slight decrease of currency in circulation outside the local banks by 0.2%.

Figure (1): Developments of Narrow Money (M1)



Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money Components

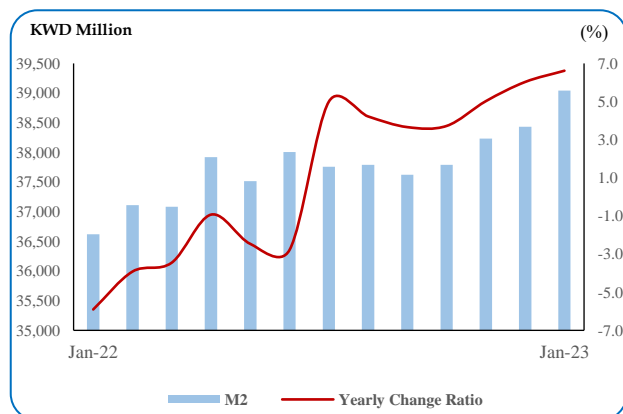


Source: Central Bank of Kuwait.

2. Developments and Components of Money Supply in its Broad Sense (M2):

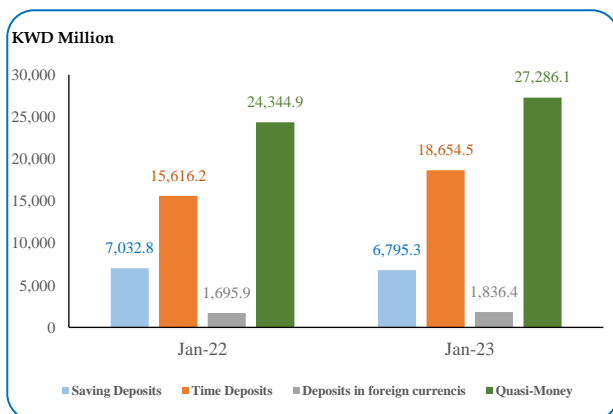
Money Supply in its Broad Sense (M2) rose by KWD 2.42 billion or 6.6% to stand at KWD 39.04 billion at the end of January 2023 against KWD 36.62 billion at the end of January 2022. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 2.94 billion or 12.1%, and the decline in Narrow Money (M1) by KWD 0.52 billion or 4.2% (as previously indicated). **On a monthly basis**, data recorded an increase in M2 by KWD 0.61 billion or 1.6% compared to the end of previous month.

Figure (3): Developments of Broad Money (M2)



Source: Central Bank of Kuwait.

Figure (4): Quasi-Money Developments and Components



Source: Central Bank of Kuwait.

II. Banking Developments (At Activity Level of Local Banks and their Branches Inside the State of Kuwait)

1. Local Banks' Assets:

On an annual basis, total assets went up by KWD 8.17 billion or 10.5% mainly driven by the rise in foreign assets by KWD 5.13 billion or 28.1% and claims on private sector by KWD 3.18 billion or 7.7% as well as the increase in claims on CBK, loans to banks and other assets by 4.3%, 26.6% and 5.6% respectively. The balances of claims on government, claims on public institutions and local interbank deposits fell by 51.5%, 4.6% and 9.6% respectively.

Table (1): Local Banks' Total Assets by Main Components (KWD Million)

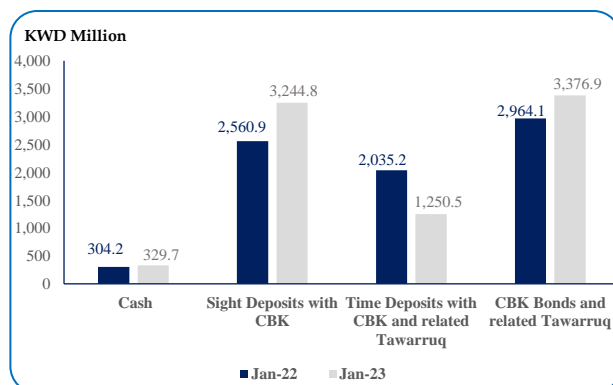
	January 2022	December 2022	January 2023	Change (%)		to Total (%)
				Monthly	Yearly	
Claims on CBK	7,864.4	7,469.7	8,201.9	9.8	4.3	9.5
Claims on Government	1,039.6	522.4	504.6	-3.4	-51.5	0.6
Claims on Public Institutions*	3,773.3	3,595.8	3,598.0	0.1	-4.6	4.2
Claims on Private Sector, of which:	41,030.7	44,108.8	44,209.5	0.2	7.7	51.4
Credit Facilities to Residents	38,940.7	42,118.4	42,218.7	0.2	8.4	49.1
Foreign Assets	18,265.6	23,226.9	23,399.9	0.7	28.1	27.2
Loans to Banks	1,008.9	1,170.4	1,277.3	9.1	26.6	1.5
Local Interbank Deposits	2,051.7	1,867.9	1,855.2	-0.7	-9.6	2.2
Other Assets	2,797.7	3,002.1	2,955.0	-1.6	5.6	3.4
Total Assets	77,831.7	84,964.1	86,001.4	1.2	10.5	100.0

Source: Central Bank of Kuwait.

* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

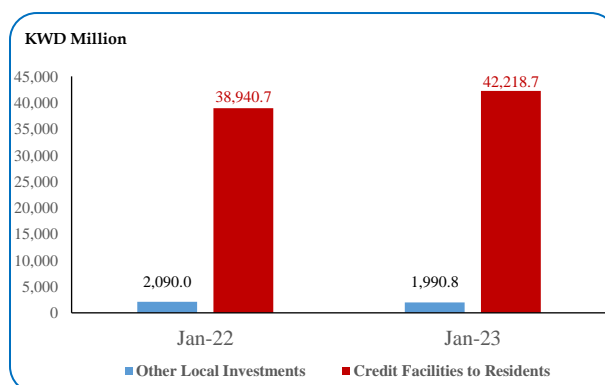
The total claims on private sector and foreign assets accounted for 78.6% of the local banks' total assets at the end of January 2023 against 76.2% at the end of January 2022.

Figure (5): Claims on CBK



Source: Central Bank of Kuwait.

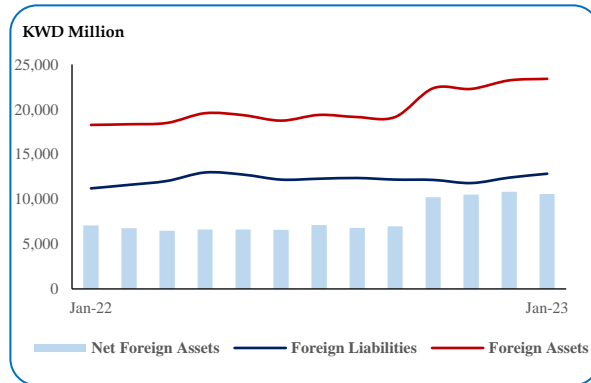
Figure (6): Claims on Private Sectors



Source: Central Bank of Kuwait.

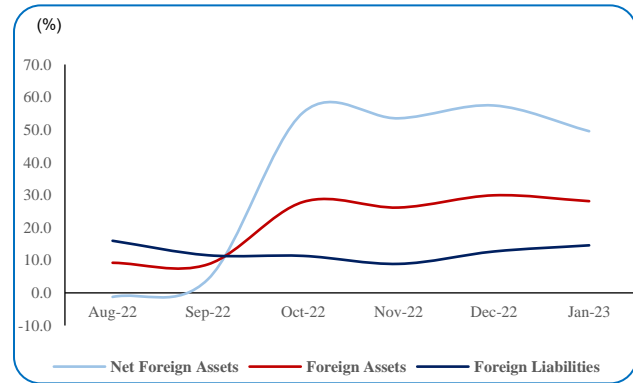
On another front, data indicate a rise in net foreign assets with the banking sector by KWD 3.50 billion or 49.5% at the end of January 2023 to stand at KWD 10.57 billion against KWD 7.07 billion at the end of January 2022. This hike was due to the increase in foreign assets at a greater rate (by KWD 5.13 billion or 28.1%) than the rise in foreign liabilities (by KWD 1.63 billion or 14.6%).

Figure (7): Foreign Assets & Liabilities in Local Banks



Source: Central Bank of Kuwait.

Figure (8): Foreign Assets & Liabilities (Yearly Change Ratio%)



Source: Central Bank of Kuwait.

2. The utilized Cash Portion of the Credit Facilities Extended to Residents:

On an annual basis, the utilized cash portion of the credit facilities for residents jumped by KWD 3.37 billion or 7.7% to stand at KWD 47.09 billion at the end of January 2023 against KWD 43.72 billion at the end of January 2022.

In terms of the sectoral distribution by the utilized cash portion of credit facilities for residents, the utilized cash portion of personal credit facilities (accounting for 39.3% of overall facilities extended to residents) went up by KWD 1.45 billion or 8.5%, to stand at KWD 18.50 billion at the end of January 2023 against KWD 17.05 billion at the end of January 2022, driven mainly by **the increase in the housing credit facilities** by KWD 1.3 billion or 8.8% (accounting for 85.3% of overall personal facilities) to stand at KWD 15.8 billion at the end of January 2023. Moreover, the utilized cash portion of **consumer credit facilities** (accounting for 10.6% of overall personal facilities), **private residential facilities** (accounting for 1.8% of overall personal facilities), and **other facilities** (accounting for 2.3% of overall personal facilities) inched up by 7.0%, 1.1% and 10.5% respectively.

The utilized cash portion of the credit facilities to businesses (accounting for 60.7% of the overall facilities extended to residents) went up by KWD 1.92 billion or 7.2% to stand at KWD 28.60 billion at the end of January 2023 against KWD 26.67 billion at the end of January 2022. Credit to purchase of securities, other services, real estate, constructions, loans to banks, trade, non-bank financial institutions, industry and agriculture & fishing increased by (KWD 0.44 billion or 15.2%, KWD 0.39 billion or 12.0%, KWD 0.34 billion or 3.7%, KWD 0.33 billion or 18.3%, KWD 0.27 billion or 26.6%, KWD 0.23 billion or 7.6%, KWD 0.07 billion or 7.0%, KWD 0.01 billion or 0.5%, and KWD 0.01 billion or 47.2%, respectively). Meanwhile, credits to crude oil & gas and public services dropped.

Table (2): Balance of Utilized Cash Portion of Credit Facilities by Residents
(KWD Million)

	January	December	January	Change (%)		to Total (%)
	2022	2022	2023	Monthly	Yearly	
Personal Credit facilities	17,048.8	18,475.7	18,497.5	0.1	8.5	39.3
Consumer Loans	1,838.2	1,967.3	1,966.4	0.0	7.0	4.2
Installment Loans	14,500.9	15,740.4	15,777.3	0.2	8.8	33.5
Private Residential Loans	322.7	326.3	326.2	0.0	1.1	0.7
Other Loans	387.1	441.7	427.6	-3.2	10.5	0.9
Business Credit Facilities	26,674.0	28,409.0	28,596.6	0.7	7.2	60.7
Trade	2,965.5	3,178.5	3,191.3	0.4	7.6	6.8
Industry	2,429.6	2,391.9	2,442.1	2.1	0.5	5.2
Agriculture & Fishing	19.8	28.7	29.1	1.4	47.2	0.1
Purchase of Securities	2,769.9	3,215.5	3,192.1	-0.7	15.2	6.8
Real Estate	9,099.9	9,497.1	9,437.8	-0.6	3.7	20
Constructions	1,796.6	2,091.3	2,126.0	1.7	18.3	4.5
Loans to Banks	1,008.9	1,170.4	1,277.3	9.1	26.6	2.7
Non-Bank Financial Institutions	978.1	1,025.8	1,046.8	2.0	7.0	2.2
Crude Oil & Gas	2,201.5	2,079.3	2,059.7	-0.9	-6.4	4.4
Public Services	120.1	116.4	116.4	0.0	-3.0	0.2
Other Services	3,284.1	3,613.9	3,677.9	1.8	12.0	7.8
Total	43,722.8	46,884.7	47,094.1	0.4	7.7	100.0

Source: Central Bank of Kuwait

3. Deposits with Local Banks:

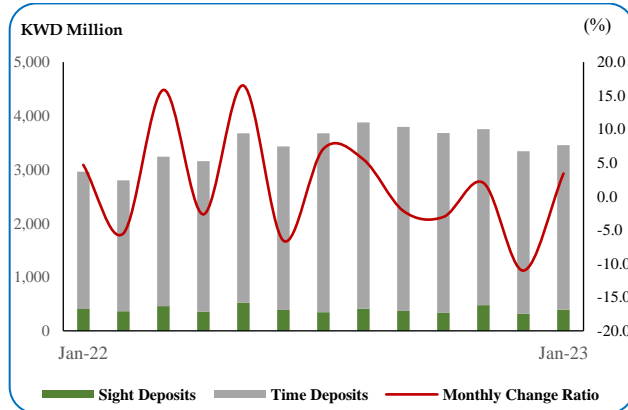
On an annual basis, the total residents' deposits with local banks inched up by KWD 1.92 billion or 4.2% due to increase of both government deposits and private sector's deposits by KWD 0.49 billion or 16.7% and 2.49 billion or 7.1%, respectively, at the end of January 2023. In contrast, public institutions' deposits went down by KWD 1.07 billion or 14.4%.

During the period from January 2022 to January 2023, the average ratio of the total resident private sector's deposits accounted for 77.2% of the total deposits in local banks followed by the average ratio of the total public institutions' deposits 15.4% and the average ratio of the total government deposits 7.4%. Moreover, the average ratios of the resident private sector's KWD deposits accounted for 73.6% of the total residents' deposits with local banks and 95.3% of the total resident private sectors' deposits during the same period.

On a monthly basis, the total residents' deposits went up by KWD 0.30 billion or 0.6%, driven mainly by the rise in government deposits by KWD 0.11 billion or 3.4% and private

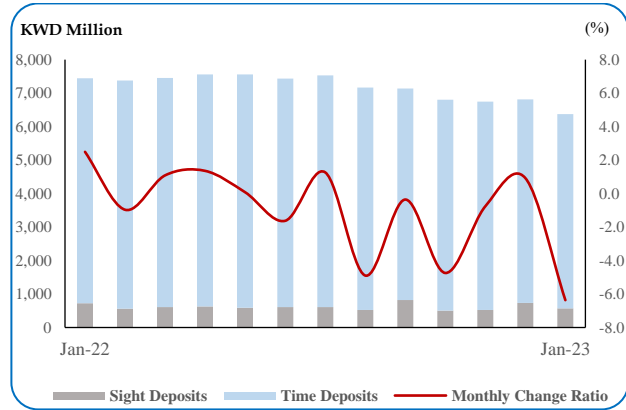
sectors' deposits by KWD 0.62 billion or 1.7%. In contrast, public institutions' deposits fell by KWD 0.43 billion or 6.4%.

Figure (9): Government Deposits with local Banks



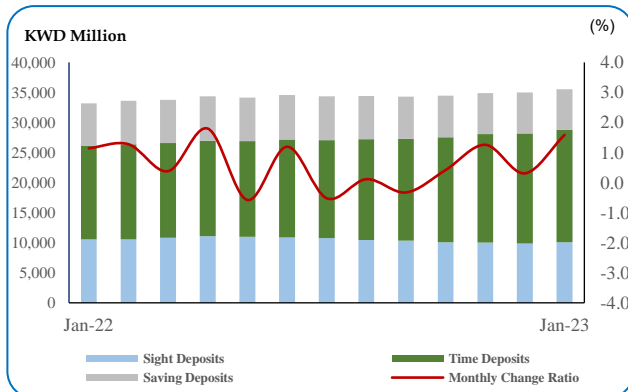
Source: Central Bank of Kuwait.

Figure (10): Public Institutions' Deposits with Local Banks



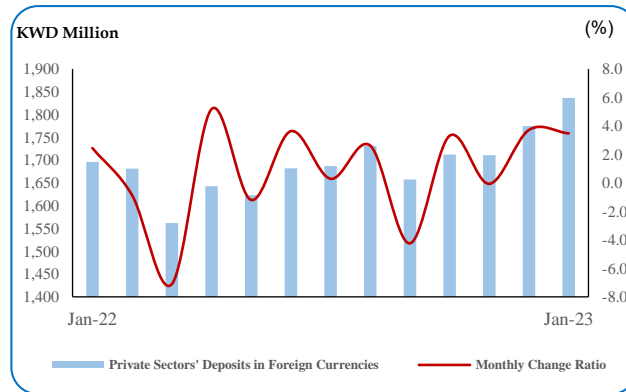
Source: Central Bank of Kuwait.

Figure (11): Private Sector's Deposits (Residents) in Local Currency



Source: Central Bank of Kuwait.

Figure (12): Private Sector's Deposits (Residents) in Foreign Currencies



Source: Central Bank of Kuwait.