

# Summary of the Key Local Monetary and Banking Indicators

April 2023



This brief report mainly covers the key monetary and banking developments in the State of Kuwait as at the end of April 2023 compared to the indicators of the corresponding month of the previous year (on an annual basis), as follows:

- Increase of Money Supply in its Broad Sense (M2) by 4.1% to stand at KWD 39.46 billion.
- Growth in total local banks' assets by KWD 2.85 billion or 3.5%.
- Rise of net foreign assets in local banks by KWD 3.92 billion or 59.3%.
- Increase in the utilized cash portion of credit facilities extended to residents by KWD 1.40 billion or 3.1%.
- Rise in both total residents' deposits with local banks by KWD 1.26 billion or 2.7% and resident private sector deposits by KWD 1.72 billion or 4.8%.

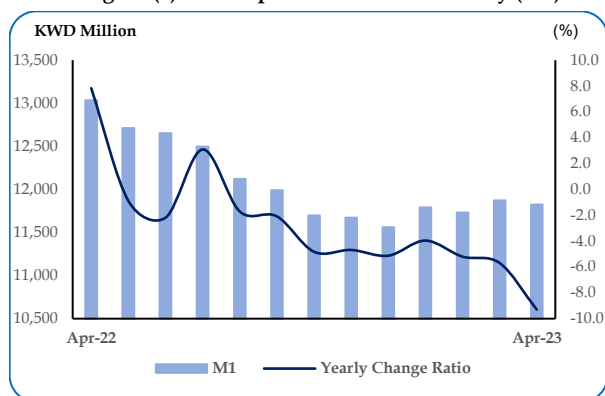
## I. Monetary Developments (Money Supply)

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

M1 decreased by KWD 1.21 billion or 9.3% to stand at KWD 11.82 billion at the end of April 2023 against KWD 13.04 billion at the end of the corresponding month in the previous year, driven by a decline in balances of both currency in circulation outside the local banks by KWD 0.18 billion or 9.2% to stand at KWD 1.76 billion, and KWD sight deposits by KWD 1.03 billion or 9.3% to stand at KWD 10.07 billion.

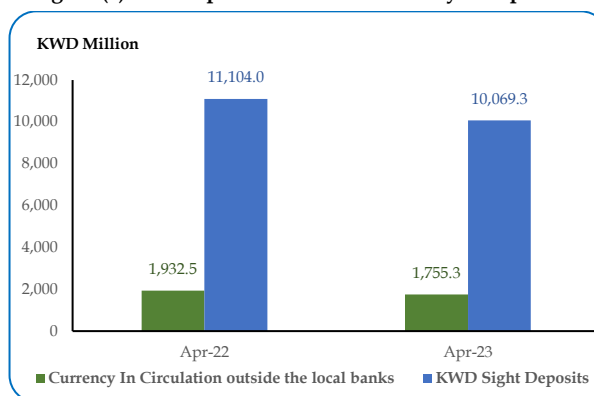
The highest values of M1, currency in circulation outside the local banks and KWD sight deposits stood at KWD 13.04 billion, KWD 1.93 billion and KWD 11.10 billion respectively, at the end of April 2022 (beginning of the comparison period). In contrast, the lowest values of M1 and KWD sight deposits reached KWD 11.56 billion and KWD 9.89 billion respectively, at the end of December 2022, while the lowest value of currency in circulation outside the local banks reached KWD 1.63 billion at the end of October 2022.

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



Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money Components

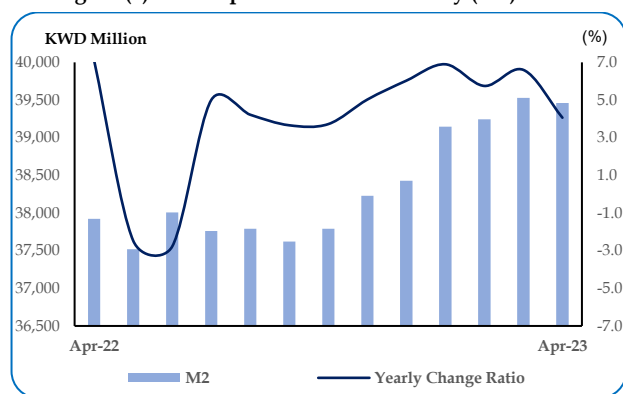


Source: Central Bank of Kuwait.

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

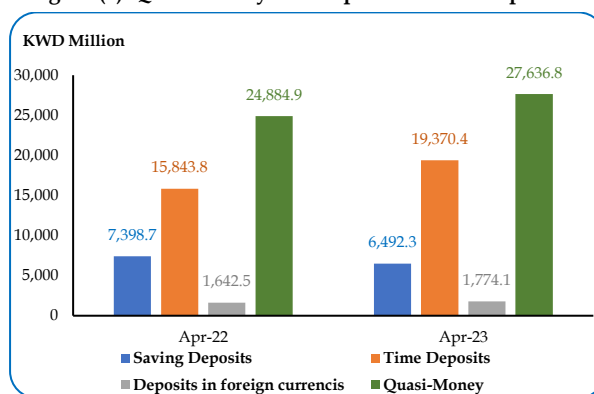
Money Supply in its Broad Sense (M2) increased by KWD 1.54 billion or 4.1% to stand at KWD 39.46 billion at the end of April 2023 against KWD 37.92 billion at the end of the corresponding month in the previous year. This increase resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 2.75 billion or 11.1%, and the decline in Narrow Money (M1) by KWD 1.21 billion or 9.3%.

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



Source: Central Bank of Kuwait.

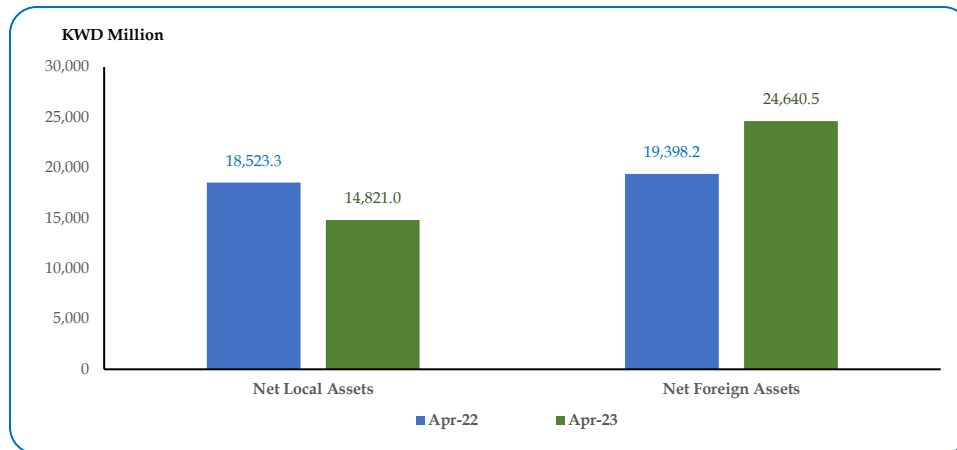
Figure (4): Quasi-Money Developments and Components



Source: Central Bank of Kuwait.

Considering the combined monetary survey of the Central Bank of Kuwait (CBK) and the local banks during the period from the end of April 2022 to the end of April 2023, the rise in M2 resulted from the increase in net foreign assets by KWD 5.24 billion or 27.0%, and the decline in net domestic assets by KWD 3.70 billion or 20.0%.

Figure (5): Factors Affecting Broad Money (M2)



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:

Total assets of local banks went up by KWD 2.85 billion or 3.5% to stand at KWD 84.99 billion at the end of April 2023 against KWD 82.15 billion at the end of the corresponding month in the previous year. This increase was mainly due to the rise in foreign assets by KWD 3.27 billion or 16.7% to stand at KWD 22.84 billion, and claims on private sector by KWD 1.73 billion or 4.1% to stand at KWD 44.24 billion, as well as the increase in claims on CBK by KWD 0.24 billion or 2.9% to stand at KWD 8.62 billion.

On another front, balances of claims on government, claims on public institutions, loans to banks, interbank deposits, and other assets fell by 30.7%, 3.8%, 30.1%, 43.1% and 15.5% respectively.

The total claims on private sector represents the main source of local banks' assets. These claims accounted for 52.0% of the local banks' total assets at the end of April 2023. The claims on private sector are mainly credit facilities to residents (accounted for 95.5% of the claims on private sector) as well as other local investments. The foreign assets ranked second accounted for 26.9% of the total local banks' assets, followed by the claims on CBK accounted for 10.1% of the total local banks' assets as at the end of April 2023. The total claims on private sector and foreign assets accounted for 78.9% of the local banks' total assets at the end of April 2023 against 75.6% at the end of the corresponding month in the previous year.

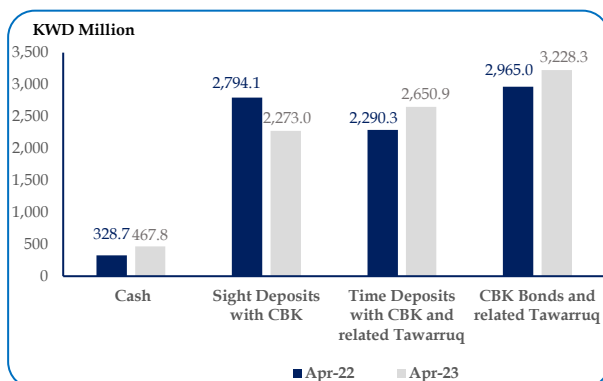
Table (1): Local Banks' Total Assets by Main Components (KWD Million)

| Description                         | April<br>2022   | April<br>2023   | Change         |                   | to Total (%) |
|-------------------------------------|-----------------|-----------------|----------------|-------------------|--------------|
|                                     |                 |                 | Value          | Percentage<br>(%) |              |
| Claims on CBK                       | 8,378.1         | 8,620.0         | 241.9          | 2.9               | 10.1         |
| Claims on Government                | 735.9           | 510.1           | -225.8         | -30.7             | 0.6          |
| Claims on Public Institutions*      | 3,825.1         | 3,678.4         | -146.7         | -3.8              | 4.3          |
| Claims on Private Sector, of which: | 42,510.5        | 44,236.3        | 1,725.8        | 4.1               | 52.1         |
| Credit Facilities to Residents      | 40,283.0        | 42,233.3        | 1,950.3        | 4.8               | 49.7         |
| Foreign Assets                      | 19,569.9        | 22,837.2        | 3,267.4        | 16.7              | 26.9         |
| Loans to Banks                      | 1,352.8         | 945.8           | -407.0         | -30.1             | 1.1          |
| Local Interbank Deposits            | 2,591.2         | 1,475.5         | -1,115.6       | -43.1             | 1.7          |
| Other Assets                        | 3,182.5         | 2,688.0         | -494.5         | -15.5             | 3.2          |
| <b>Total Assets</b>                 | <b>82,145.9</b> | <b>84,991.3</b> | <b>2,845.4</b> | <b>3.5</b>        | <b>100.0</b> |

Source: Central Bank of Kuwait

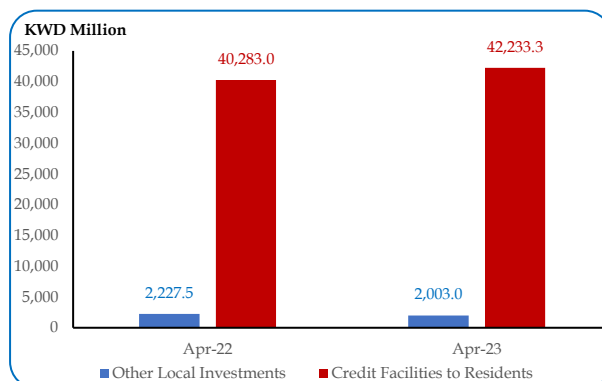
\* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

Figure (6): Claims on CBK



Source: Central Bank of Kuwait.

Figure (7): Claims on Private Sector



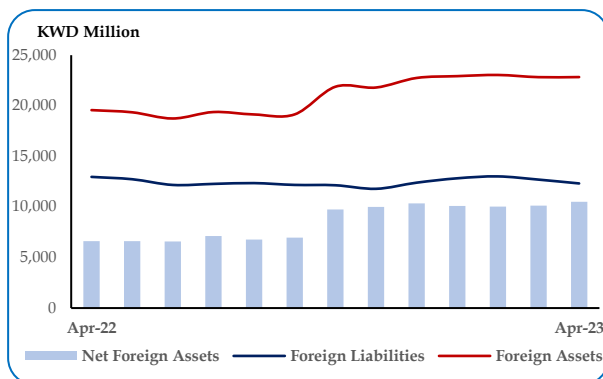
Source: Central Bank of Kuwait.

Meanwhile, data indicate that net foreign assets with the banking sector increased by KWD 3.92 billion or 59.3% to reach KWD 10.52 billion at the end of April 2023 against KWD 6.60 billion at the end of the corresponding month in the previous year. This was driven by the rise in foreign assets by KWD 3.27 billion or 16.7% and the decline in foreign liabilities (accounted for 14.5% of the total liabilities) by KWD 0.65 billion or 5.0%.

In terms of foreign assets' components, foreign investment is the main component of local banks' foreign assets. At the end of April 2023, the ratio of foreign investment accounted for 41.2% of the total foreign assets, followed by deposits with foreign banks, credit facilities to non-residents, loans to foreign banks, and other assets by 28.4%, 14.3%, 9.3%, and 6.8% respectively.

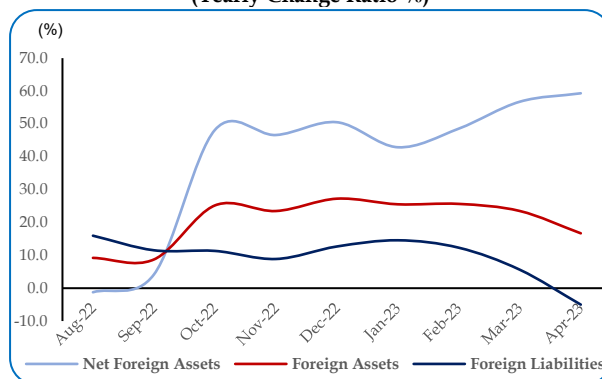
As for foreign liabilities' components, the ratio of non-residents deposits accounted for 77.7% of the total foreign liabilities (of which 41.3% with banks and 36.5% others) at the end of April 2023, followed by other liabilities and loans from foreign banks by 13.9% and 8.3% respectively.

Figure (8): Foreign Assets & Liabilities in Local Banks



Source: Central Bank of Kuwait.

Figure (9): Foreign Assets & Liabilities (Yearly Change Ratio %)



Source: Central Bank of Kuwait.

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

The utilized cash portion of the credit facilities for residents increased by KWD 1.40 billion or 3.1% to stand at KWD 46.86 billion at the end of April 2023 against KWD 45.46 billion at the end of the corresponding month in the previous year.

**Personal credit facilities** (accounting for 39.3% of overall facilities extended to residents) increased by KWD 1.01 billion or 5.8% to stand at KWD 18.41 billion at the end of April 2023 against KWD 17.40 billion at the end of the corresponding month in the previous year. This was mainly driven by the increase in the housing credit facilities by KWD 0.89 billion or 6.0% (accounting for 85.5% of overall personal facilities) to stand at KWD 15.73 billion at the end of April 2023. In addition, the utilized cash of both consumer credit facilities (accounting for 10.5% of overall personal facilities) increased by 4.5% to stand at KWD 1.94 billion and that of other personal credit facilities (accounting for 2.3% of overall personal facilities) by 9.9% to stand at KWD 0.42 billion. On the other side, credits extended to private residential facilities (accounting for 1.7% of overall personal facilities) went down slightly to stand at KWD 0.32 billion.

The utilized cash portion of **credit facilities to businesses** (accounting for 60.7% of the overall facilities extended to residents) increased by KWD 0.39 billion or 1.4%, to stand at KWD 28.45 billion at the end of April 2023 against KWD 28.06 billion at the end of the corresponding month in the previous year. Credit to real estate (accounting for 33.3% of the overall credit facilities to businesses and 20.2% of the overall utilized cash portion of credit facilities extended to residents) went up by KWD 0.11 billion or 1.2%, to stand at KWD 9.46 billion at the end of April 2023 against KWD 9.35 billion at the end of the corresponding month in the previous year.

Credits to other services, constructions, non-bank financial institutions, purchase of securities, industry and agriculture & fishing increased by 12.9%, 14.8%, 11.7%, 2.2%, 0.9% and 55.3%, respectively. Meanwhile, credits to loans to banks and crude oil & gas decreased by 30.1% and 10.3% respectively, in addition to a slight decline in credits to trade and public services by 0.02% and 3.6%, respectively.

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

| Description                              | April<br>2022   | April<br>2023   | Change         |                   | to Total (%) |
|--|-----------------|-----------------|----------------|-------------------|--------------|
|  |                 |                 | Value          | Percentage<br>(%) |              |
| <b>Personal Credit Facilities</b>        | <b>17,400.5</b> | <b>18,407.7</b> | <b>1,007.1</b> | <b>5.8</b>        | <b>39.3</b>  |
| Consumer Loans                           | 1,853.5         | 1,937.0         | 83.5           | 4.5               | 4.1          |
| Installment Loans                        | 14,844.4        | 15,730.6        | 886.2          | 6.0               | 33.6         |
| Private Residential Loans                | 321.9           | 321.7           | -0.2           | -0.1              | 0.7          |
| Other Loans                              | 380.7           | 418.4           | 37.7           | 9.9               | 0.9          |
| <b>Business Sector Credit Facilities</b> | <b>28,060.3</b> | <b>28,449.8</b> | <b>389.4</b>   | <b>1.4</b>        | <b>60.7</b>  |
| Trade                                    | 3,230.6         | 3,224.6         | -6.0           | -0.2              | 6.9          |
| Industry                                 | 2,385.7         | 2,406.9         | 21.1           | 0.9               | 5.1          |
| Agriculture & Fishing                    | 19.9            | 30.9            | 11.0           | 55.3              | 0.1          |
| Purchase of Securities                   | 3,091.9         | 3,159.5         | 67.6           | 2.2               | 6.7          |
| Real Estate                              | 9,351.4         | 9,460.9         | 109.5          | 1.2               | 20.2         |
| Constructions                            | 1,924.8         | 2,210.2         | 285.4          | 14.8              | 4.7          |
| Loans to Banks                           | 1,352.8         | 945.8           | -407.0         | -30.1             | 2.0          |
| Non-Bank Financial Institutions          | 1,022.3         | 1,142.1         | 119.7          | 11.7              | 2.4          |
| Crude Oil & Gas                          | 2,267.9         | 2,034.9         | -232.9         | -10.3             | 4.3          |
| Public Services                          | 120.8           | 116.4           | -4.4           | -3.6              | 0.2          |
| Other Services                           | 3,292.2         | 3,717.5         | 425.3          | 12.9              | 7.9          |
| <b>Total</b>                             | <b>45,460.9</b> | <b>46,857.5</b> | <b>1,396.6</b> | <b>3.1</b>        | <b>100.0</b> |

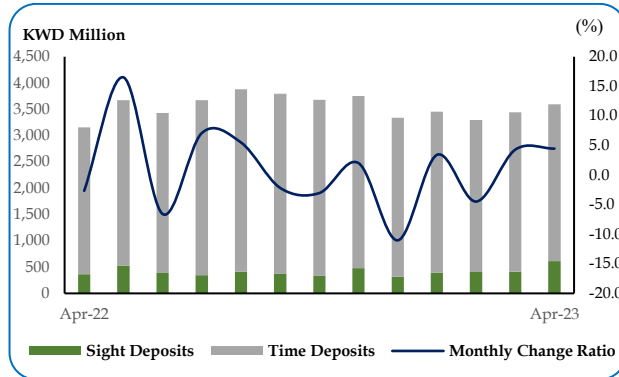
Source: Central Bank of Kuwait.

### 3. Residents' Deposits with Local Banks:

The total residents' deposits with local banks went up by KWD 1.26 billion or 2.7% standing at KWD 47.96 billion at the end of April 2023 against KWD 46.70 billion at the end of the corresponding month in the previous year, driven mainly by the rise in total

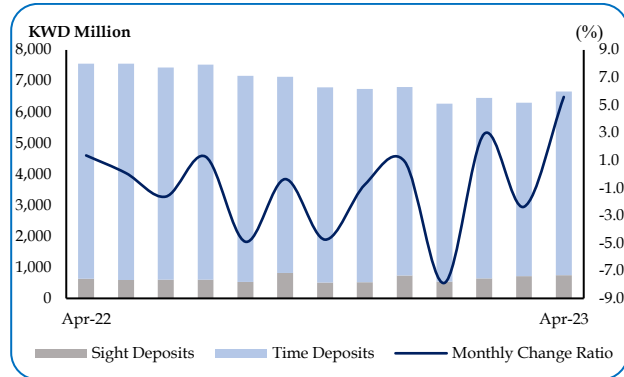
private sector's deposits by KWD 1.72 billion or 4.8% to stand at KWD 37.71 billion, as well as the increase in government deposits by KWD 0.44 billion or 14.0% standing at KWD 3.60 billion at the end of April 2023. In contrast, public institutions' deposits fell by KWD 0.90 billion or 11.9% to stand at KWD 6.66 billion.

**Figure (10): Government Deposits with Local Banks**



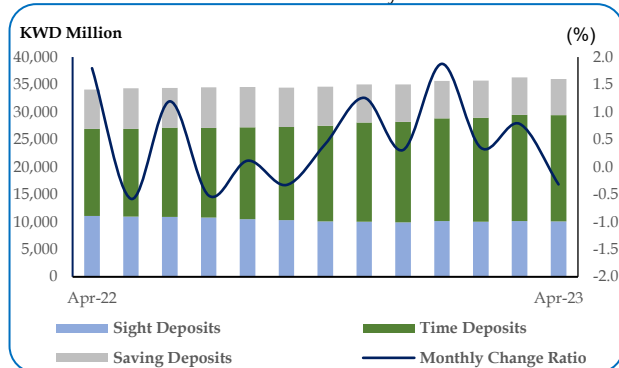
Source: Central Bank of Kuwait.

**Figure (11): Public Institutions' Deposits with Local Banks**



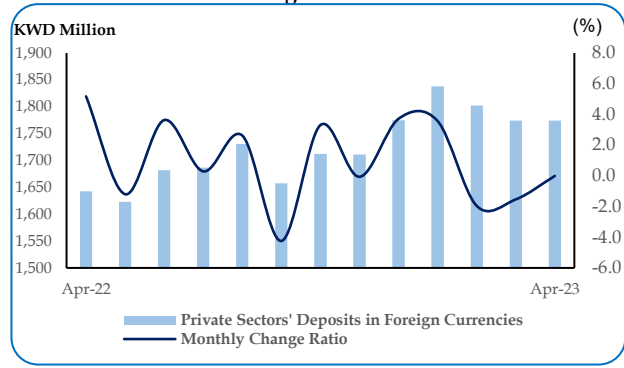
Source: Central Bank of Kuwait.

**Figure (12): Private Sector's Deposits (Residents) in Local Currency**



Source: Central Bank of Kuwait.

**Figure (13): Private Sector's Deposits (Residents) in Foreign Currencies**



Source: Central Bank of Kuwait.

Residents' deposits are the main source of financing for local banks and it accounted for 44.4% of the local banks' total liabilities at the end of April 2023 against 43.8% at the end of the corresponding month in the previous year. Moreover, government's deposits and public institutions' deposits accounted for 4.2% and 7.8% of the local banks' total liabilities at the end of April 2023 against 3.8% and 9.2% respectively, at the end of the corresponding month in the previous year.