

Summary of the Key Local Monetary and Banking Indicators

July 2023

This overview highlights the foremost monetary and banking developments in the State of Kuwait as at the end of July 2023 compared to those reported in the corresponding month in the previous year (on an annual basis), as follows:

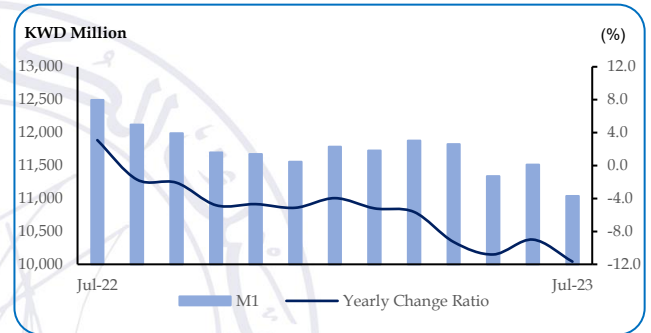
- Money Supply in its Broad Sense (M2) increased by 3.9% to KWD 39.24 billion.
- The total local banks' assets grew by KWD 3.28 billion or 4.0%.
- The net foreign assets in the local banks increased by KWD 3.37 billion or 47.5%.
- The utilized cash portion of credit facilities to residents increased by KWD 1.49 billion or 3.3%.
- The total residents' deposits with local banks and the resident private sector's deposits increased by KWD 0.33 billion or 0.7% and KWD 1.54 billion or 4.3%, respectively.

I. Monetary Developments (Money Supply)

1. Money Supply (M1):

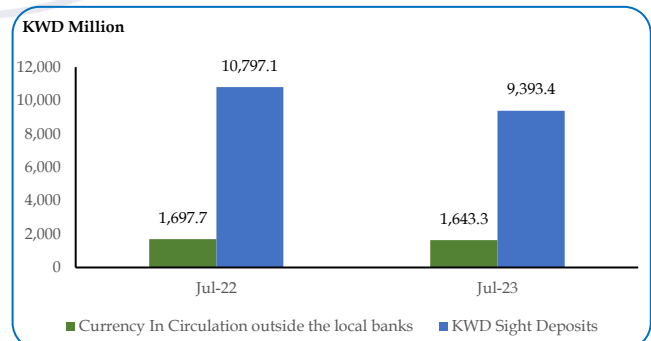
Money Supply in its Narrow Sense "Narrow Money" (M1) declined by KWD 1.46 billion or 11.7% to KWD 11.04 billion at the end of July 2023 against KWD 12.49 billion at the end of the corresponding month in the previous year.

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



This was mainly driven by the decrease in KWD sight deposits by KWD 1.40 billion or 13.0% to KWD 9.39 billion, and the decline in Currency Outside the Banks by KWD 0.05 billion or 3.2% to KWD 1.64 billion.

Figure (2): Developments of Narrow Money Components



2. Developments and Components of Money Supply (M2):

Money Supply in its Broad Sense (M2) went up by KWD 1.48 billion or 3.9% to KWD 39.24 billion at the end of July 2023 against KWD 37.76 billion at the end of the corresponding month in the previous year. 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 11.6%, and the decline in Narrow Money (M1) by KWD 1.46 billion or 11.7%.

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

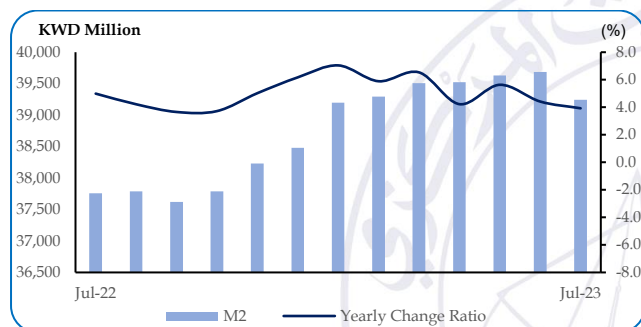
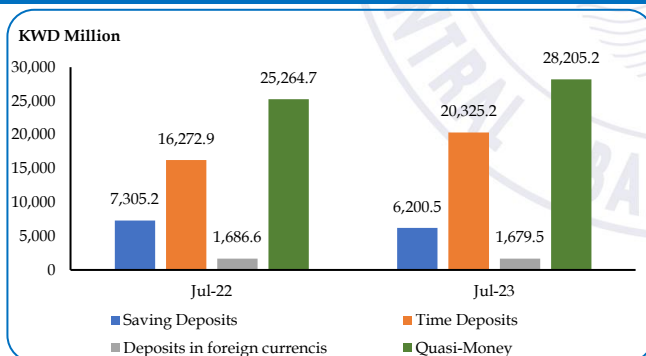
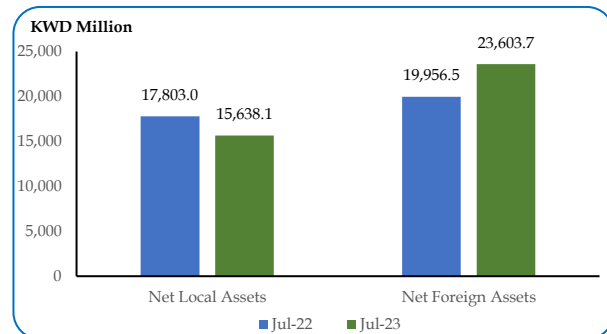


Figure (4): Developments and Components of Quasi-Money



Considering the combined monetary survey of the CBK and the local banks during the period from the end of July 2022 to the end of July 2023, the rise in M2 resulted from the increase in net foreign assets by KWD 3.65 billion or 18.3%, and the decline in net domestic assets by KWD 2.16 billion or 12.2%.

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

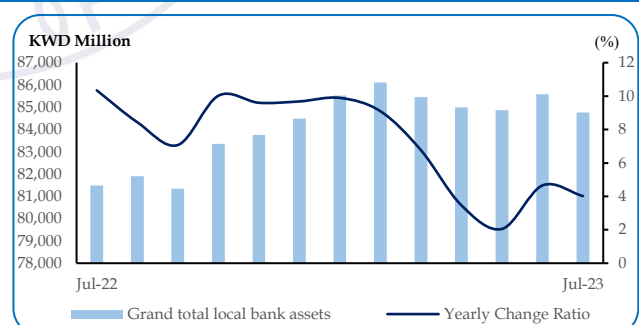


II. Banking Developments (at the Activity level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

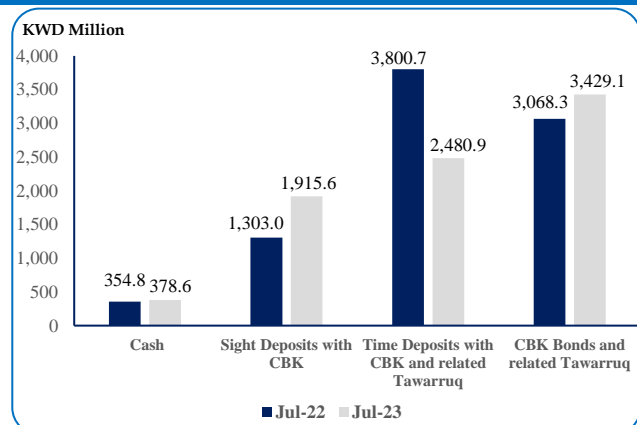
Total assets of local banks grew by KWD 3.28 billion or 4.0% to KWD 84.76 billion at the end of July 2023 against KWD 81.48 billion at the end of the corresponding month in the previous year. This was mainly driven by the rise in foreign assets by KWD 3.26 billion or 16.8% to KWD 22.64 billion, claims on private sector by KWD 1.39 billion or 3.2% to KWD 44.76 billion and loans to banks by KWD 0.12 billion or 13.3% to KWD 1.01 billion.

Figure (6): Developments of Local Banks' Total Assets



On another front, balances of claims on government, interbank deposits, claims on CBK, claims on public institutions, and other assets fell by 30.5%, 32.2%, 3.8%, 0.3% and 11.5%, respectively.

Figure (7): Components of Claims on CBK



The claims on private sector represents the main source of local banks' assets. These claims accounted for 52.8% of the local banks' total assets at the end of July 2023. The claims on private sector are mainly credit facilities to residents (accounted for 94.9% of the claims on private sector) as well as other local investments. The foreign assets ranked second accounting for 26.7% of the total local banks' assets, followed by the claims on CBK

(9.7% of the total local banks' assets) as at the end of July 2023. The total claims on private sector and foreign assets accounted for 79.5% (the highest percentage during the comparison period) of the local banks' total assets at the end of July 2023 against 77.0% at the end of the corresponding month in the previous year.

Figure (8): Components of Claims on Private Sector

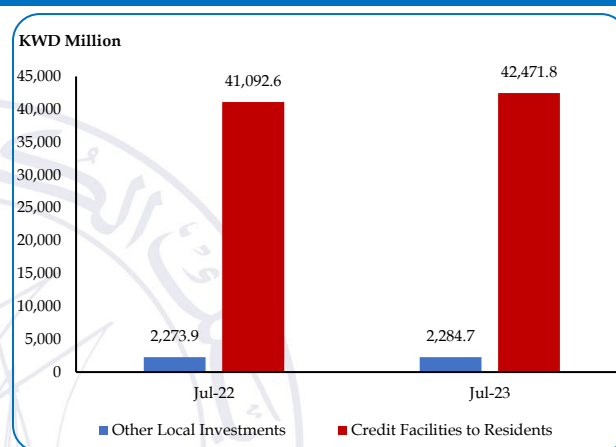


Table (1): Local Banks' Total Assets by Main Components (KWD Million)

Description	July 2022	July 2023	Change		to Total (%)
			Value	Percentage (%)	
Claims on CBK	8,526.9	8,204.1	-322.8	-3.8	9.7
Claims on Government	603.2	419.0	-184.1	-30.5	0.5
Claims on Public Institutions*	3,714.2	3,701.7	-12.5	-0.3	4.4
Claims on Private Sector, of which:	43,366.5	44,756.5	1,390.0	3.2	52.8
Credit Facilities to Residents	41,092.6	42,471.8	1,379.2	3.4	50.1
Foreign Assets	19,380.2	22,635.5	3,255.3	16.8	26.7
Loans to Banks	894.8	1,014.0	119.2	13.3	1.2
Local Interbank Deposits	1,910.7	1,294.9	-615.8	-32.2	1.5
Other Assets	3,087.5	2,733.5	-354.0	-11.5	3.2
Total Assets	81,484.0	84,759.3	3,275.3	4.0	100.0

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

Data indicated that **net foreign assets with the banking sector increased** by KWD 3.37 billion or 47.5% to KWD 10.48 billion at the end of July 2023 against KWD 7.11 billion at the end of the corresponding month in the previous year. This rise was mainly driven by the rise in foreign assets by KWD 3.26 billion or 16.8% and the decrease in foreign liabilities (accounted for 14.3% of the total liabilities) by KWD 0.12 billion or 1.0%.

Figure (9): Development of Net Foreign Assets in Local Banks

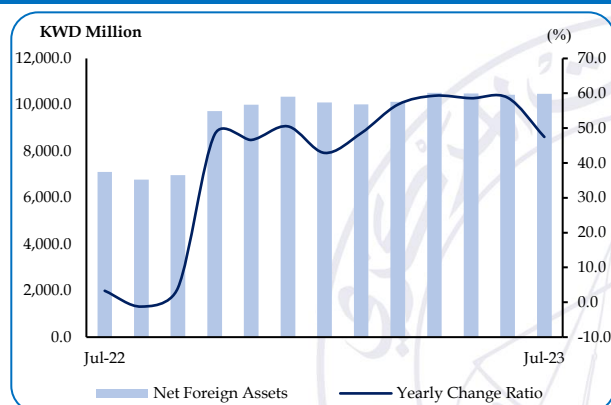
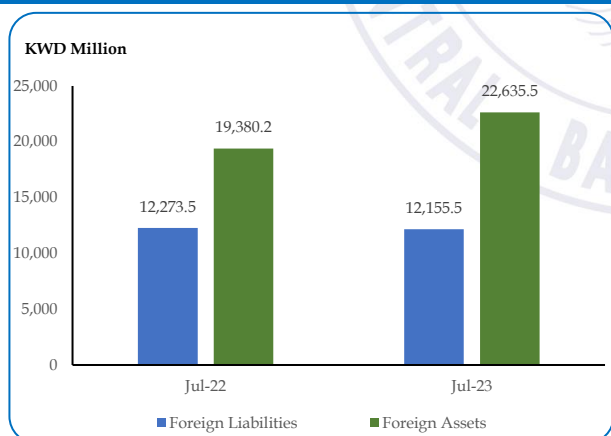


Figure (10): Foreign Assets & Liabilities in Local Banks



2. Cash Portion of the Credit Facilities extended to Residents:

The utilized cash portion of the credit facilities for residents increased by KWD 1.49 billion or 3.3% to KWD 47.19 billion at the end of July 2023 against KWD 45.70 billion at the end of the corresponding month in the previous year. In more detail, **Personal credit facilities** (39.3% of the total cash portion of the overall facilities extended to residents) increased by KWD 0.64 billion or 3.6% to KWD 18.55 billion at the end of July 2023 against KWD 17.91 billion at the end of the corresponding month in the previous year. This was mainly driven by the increase in the total cash portion of housing credit facilities by KWD 0.60 billion or 3.9% (housing credit facilities account for 85.6% of overall personal facilities) to KWD 15.89 billion at the end of July 2023. In addition, the utilized cash portion of both consumer credit facilities (10.5% of the overall personal facilities) increased by 2.3% to KWD 1.94 billion and that of other Personal credit facilities (2.3% of overall personal facilities) by 5.0% to KWD 0.42. the utilized cash portion of the personal credit facilities extended for private residential housing (1.6% of overall personal facilities) continued to slowdown (on a monthly basis since the end of December 2022) to KWD 0.30 billion.

The utilized cash portion of **credit facilities to businesses** (60.7% of the overall facilities extended to residents) increased by KWD 0.85 billion or 3.0%, to KWD 28.64 billion at

the end of July 2023 against KWD 27.79 billion at the end of the corresponding month in the previous year. The cash portion of credits to real estate sector (33.2% of the overall credit facilities to businesses and 20.1% of the overall utilized cash portion of credit facilities extended to residents) went up by KWD 0.06 billion or 0.7%, to KWD 9.50 billion at the end of July 2023 against KWD 9.43 billion at the end of the corresponding month in the previous year. On another front, the cash portion of credits to construction sector increased by KWD 0.19 billion or 9.5% to KWD 2.18 billion

(7.6% of the overall credit facilities to businesses and 4.6% of the overall utilized cash portion of credit facilities extended to residents) at the end of July 2023 against KWD 1.99 billion at the end of the corresponding month in the previous year.

Credits to other services, trade, purchase of securities, i.e. individuals, companies and institutions, non-bank financial institutions, loans to banks, public services and agriculture & fishing went up by 3.9%, 5.7%, 5.4%, 23.3%, 13.3%, 43.8% and 61.3%, respectively. Meanwhile, credits to crude oil & gas and industry decreased by 8.8% and 4.4%, respectively.

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

Description	July 2022	July 2023	Change		to Total (%)
			Value	%	
Personal Credit Facilities	17,907.9	18,548.4	640.5	3.6	39.3
Consumer Loans	1,898.1	1,942.0	44.0	2.3	4.1
Installment Loans	15,287.1	15,885.8	598.7	3.9	33.7
Private Residential Loans	322.8	300.6	-22.2	-6.9	0.6
Other Loans	400.0	420.0	20.0	5.0	0.9
Business Sector Credit Facilities	27,793.7	28,639.1	845.4	3.0	60.7
Trade	3,214.3	3,399.0	184.7	5.7	7.2
Industry	2,481.7	2,373.8	-108.0	-4.4	5.0
Agriculture & Fishing	19.9	32.1	12.2	61.3	0.1
Purchase of Securities	2,977.4	3,137.9	160.5	5.4	6.6
Real Estate	9,434.4	9,498.6	64.2	0.7	20.1
Constructions	1,994.5	2,184.7	190.1	9.5	4.6
Loans to Banks	894.8	1,014.0	119.2	13.3	2.1
Non-Bank Financial Institutions	981.6	1,209.9	228.3	23.3	2.6
Crude Oil & Gas	2,194.9	2,002.5	-192.4	-8.8	4.2
Public Services	118.9	171.1	52.1	43.8	0.4
Other Services	3,481.2	3,615.7	134.4	3.9	7.7
Total	45,701.6	47,187.5	1,485.9	3.3	100.0

3. Residents' Deposits with Local Banks:

The total residents' deposits with local banks went up by KWD 0.33 billion or 0.7% to KWD 47.60 billion at the end of July 2023 against KWD 47.27 billion at the end of the corresponding month in the previous year. This increase was driven mainly by the rise in total private sector's deposits by KWD 1.54 billion or 4.3% to KWD 37.60 billion, as well as the increase in government deposits by KWD 0.48 billion or 13.0% to KWD 4.15 billion at the end of July 2023.

In contrast, public institutions' deposits decreased by KWD 1.69 billion or 22.4% to KWD 5.85 billion.

Resident private sector's deposits are the main source of financing for local banks (44.4% of the local banks' total liabilities at the end of July 2023). On another front, government's deposits and public institutions' deposits accounted for 4.9% and 6.9% of the local banks' total liabilities at the end of July 2023.

Figure (11): Development of Government Deposits with Local Banks

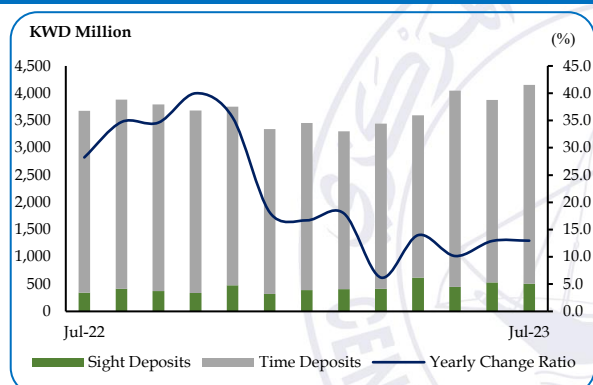


Figure (12): Development of Public Institutions' Deposits with Local Banks

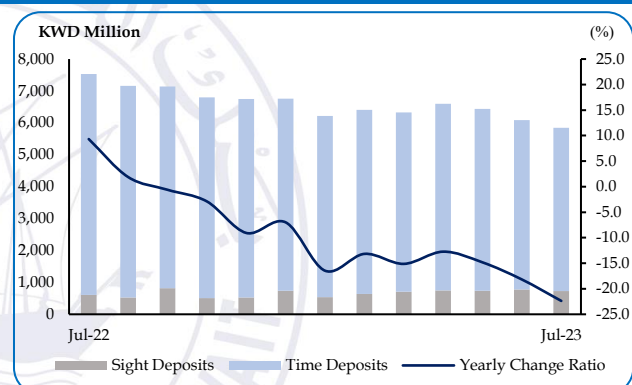


Figure (13): Development of Private Sector's Deposits (Residents) in Local Currency

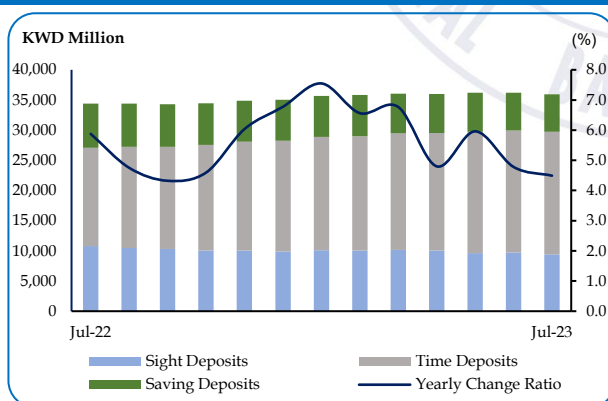


Figure (14): Development of Private Sector's Deposits (Residents) in Foreign Currencies

