

Summary of the Key Local Monetary and Banking Indicators

JUNE 2022



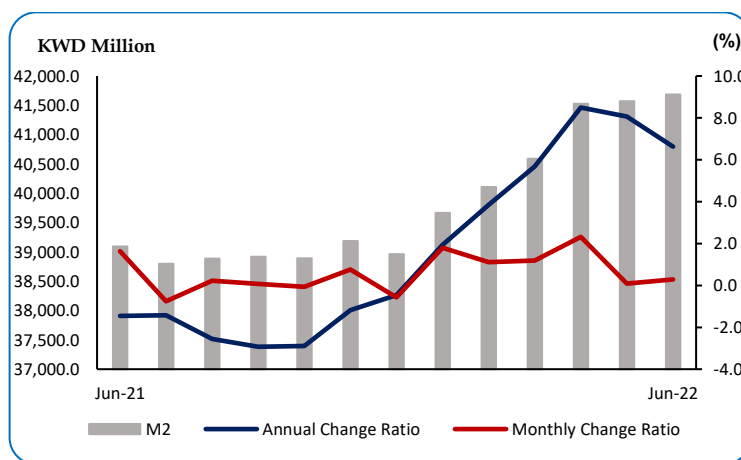
This brief report addresses the key monetary and banking developments in the State of Kuwait as of the end of June 2022 against May 2022 (on a monthly basis), as follows:

I. Monetary Developments (Money Supply)

1. Monetary Aggregates

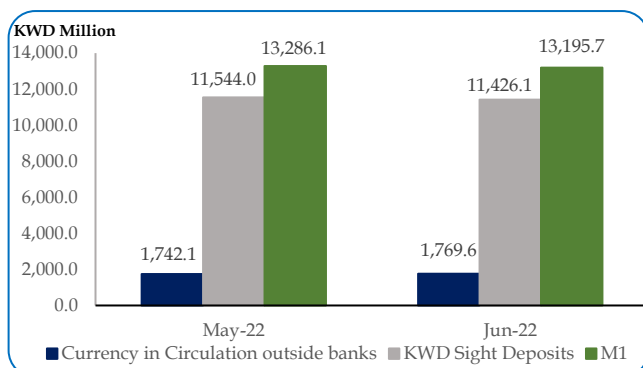
Narrow Money (M1), which includes currency in circulation outside the local banks plus sight deposits with local banks "private deposits in KWD", declined by 0.7% to stand at KWD 13,195.7 million, driven by a drop in sight deposits by 1.0%, while the currency in circulation outside the local banks increased by 1.6%. In addition, money supply (M2) added 0.3% on a monthly basis to reach KWD 41,686.8 million, mainly due to a rise in quasi-money by 0.7%.

Figure (1): Developments of Broad Money (M2)



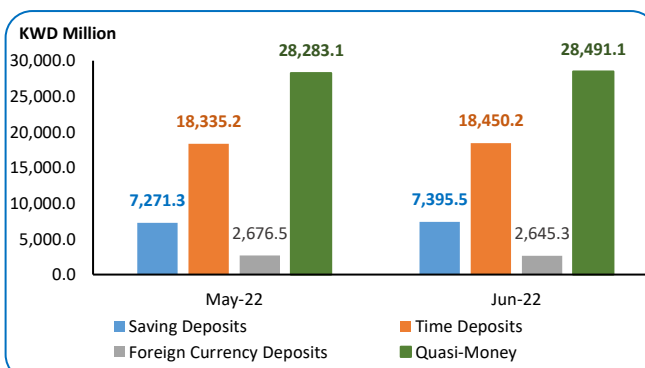
Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money (M1)



Source: Central Bank of Kuwait.

Figure (3): Developments of Quasi-Money



Source: Central Bank of Kuwait.

II. Banking Developments (other than CBK)

1. Local Banks' Assets

The assets side in local banks' combined balance sheet represents "uses of funds" that are basically concentrated in lending as well as financial/non-financial investments, at both local and international levels. As of the end of June 2022, total assets declined by 1.7% driven by fall in all asset components, except for the local interbank deposits.

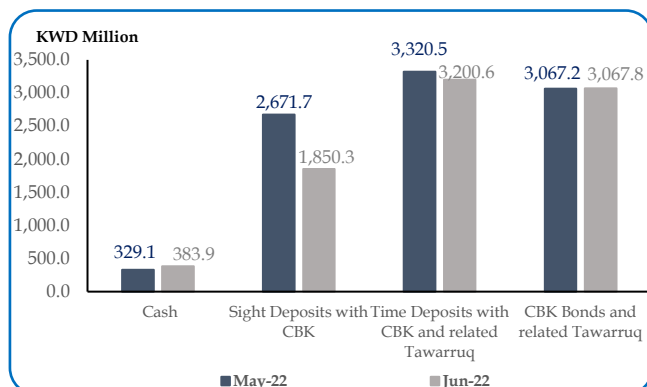
Table (1): Local Banks' Combined Balance Sheet: Assets (KWD Million)

	June 2021	May 2022	June 2022	Change (%)	
				Monthly	Annual
Claims on CBK	8,250.0	9,388.6	8,502.5	-9.4	3.1
Claims on Government	1,268.8	735.9	734.3	-0.2	-42.1
Claims on Private Sector	42,911.6	46,977.4	46,924.1	-0.1	9.4
Foreign Assets	17,058.0	19,359.1	18,746.9	-3.2	9.9
Local Interbank Deposits	2,695.7	3,261.8	3,755.1	15.1	39.3
Other Assets	2,731.1	3,475.1	3,142.3	-9.6	15.1
Total Assets	74,915.2	83,197.9	81,805.3	-1.7	9.2

Source: Central Bank of Kuwait.

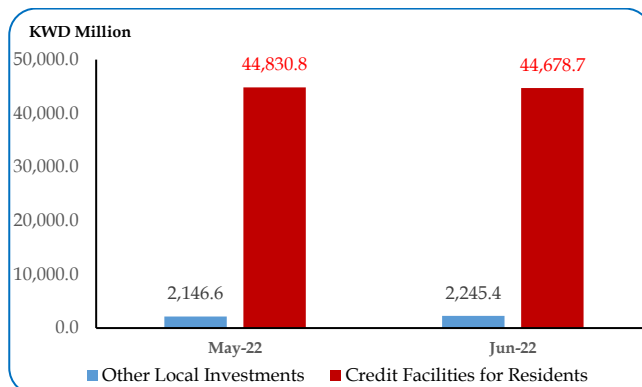
The total assets soared, on an annual basis, by KWD 6,890.2, i.e. 9.2%, driven by the growth of credit facilities for residents by 9.6%.

Figure (4): Claims on CBK



Source: Central Bank of Kuwait.

Figure (5): Claims on Private Sectors

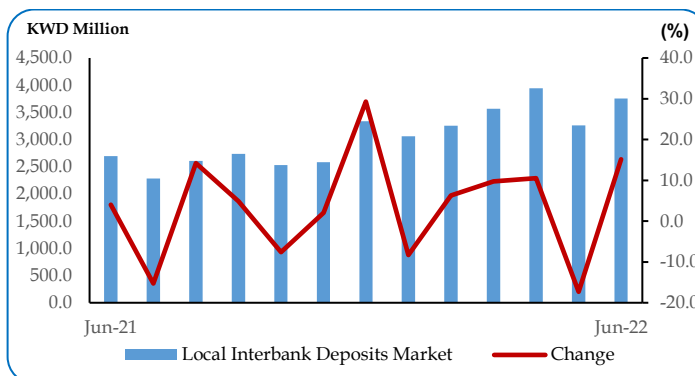


Source: Central Bank of Kuwait.

2. Local Interbank Deposit Market

Activity in the local interbank deposit market is related to the size of activity and local banks' demand for liquidity to finance the short-term or temporary needs. **Dynamics of interbank transactions reflect absorbability of surplus liquidity with local banks.** Within the same context, the overall local interbank deposits increased by KWD 493.3, i.e. 15.1%, to stand at KWD 3,755.1 million as of the end of June 2022.

Figure (6): Developments of Local Interbank Deposit Market

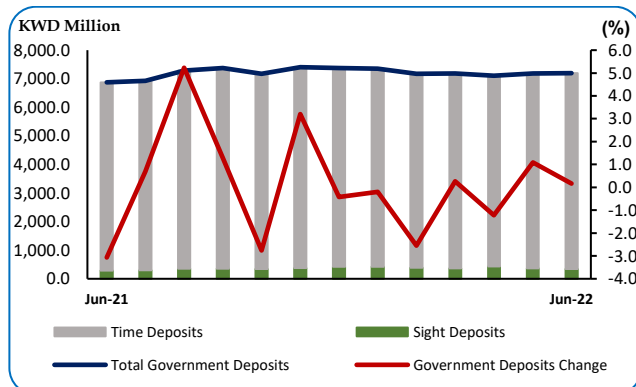


Source: Central Bank of Kuwait

3. Residents' Deposits with Local Banks

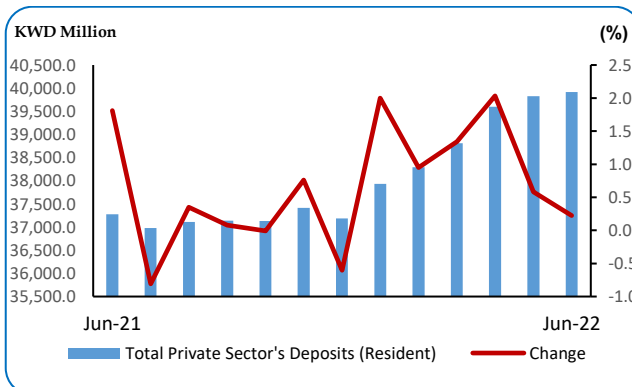
The government deposits increased for the second month in a row by 0.2% to reach KWD 7,191.0 million. Likewise, the private sectors' KWD deposits increased by 0.3% to reach KWD 37,271.8 million continuing its upward trend since the beginning of the year. However, private sectors' deposits in foreign currencies declined by 1.2% to reach KWD 2,645.3 million. Thus, the total residents' deposits with local banks further increased by KWD 102.1 million at 0.2% to reach KWD 47,108.1 million.

Figure (7): Government Deposits with Local Banks



Source: Central Bank of Kuwait.

Figure (8): Private Sector's Deposits (Residents) with Local Banks

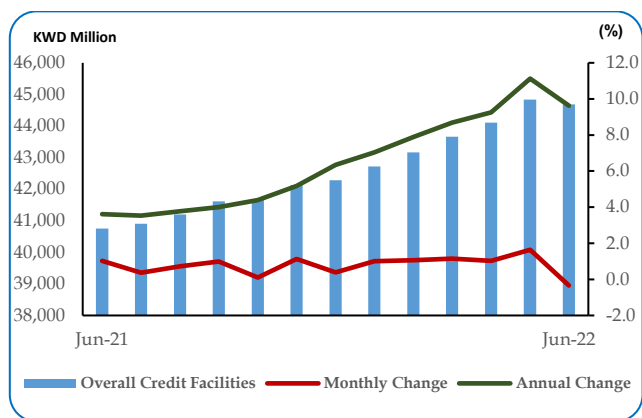


Source: Central Bank of Kuwait.

4. Credit Facilities extended by Local banks:

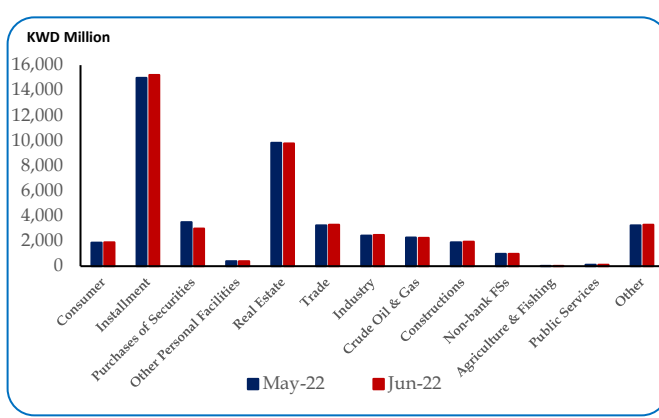
The local credit facilities declined, on a monthly basis, by 0.3%, i.e. KWD 152.1 million to stand at KWD 44,678.7 million. Personal facilities (which account for 45.9% of overall facilities) fell by KWD 255.8 million, i.e. 1.2%, to reach KWD 20,502.4 million, mainly driven by the decline in credit facilities provided for securities purchases by KWD 504.3 million at 14.4% (**commensurate with the performance of the major stock markets on the back of elevated inflation and potential recession fears**). On the other hand, credit to businesses (accounting for 54.1% of the overall facilities) increased by KWD 103.7 million, i.e. 0.4%, to stand at KWD 24,176.2 million, while credit to various sectors (industry, trade and construction) represents the highest share, on a monthly basis, of KWD 62.6 million, KWD 54.7 million and KWD 54.5 million, i.e. 2.6%, 1.7% and 2.9%, respectively.

Figure (9): Credit Facilities extended to Residents



Source: Central Bank of Kuwait.

Figure (10): Credit Facilities by Geographic Allocation



Source: Central Bank of Kuwait.