

Summary of the Key Local Monetary and Banking Indicators

September 2022



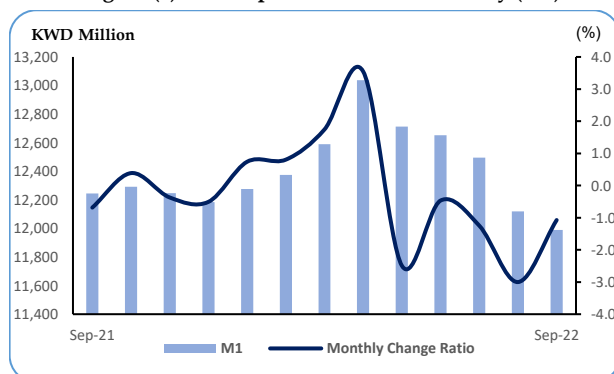
This brief report covers the key monetary and banking developments in the State of Kuwait as at the end of September 2022, in view of the statistical tables updated by the Central Bank of Kuwait (CBK) to comply with relevant international manuals, methodologies and best practices, as follows:

I. Monetary Developments (Money Supply)

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

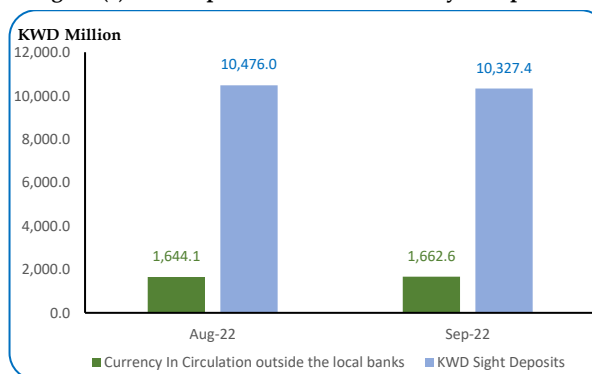
Narrow Money (M1) data indicate a continuous decline for the fifth month running (from the end of April 2022 to the end of September 2022) by KWD 1,046.7 million or 8.0% to stand at KWD 11,990.1 million at the end of September 2022 against KWD 13,036.7 million at the end of April 2022. **On a monthly basis**, M1 decreased by KWD 130.0 million or 1.1% compared to KWD 12,120.1 million at the end of August 2022. This slowdown was mainly driven by the drop in KWD sight deposits by KWD 148.6 million or 1.4% against the rise in currency in circulation outside the local banks by KWD 18.6 million or 1.1%. **On an annual basis**, M1 declined by KWD 255.2 million or 2.1% in September 2022 compared to KWD 12,245.2 million in September 2021 due to the decrease of both currency in circulation outside the local banks by 116.4 million or 6.5% and sight deposits by KWD 138.7 million or 1.3%.

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



Source: Central Bank of Kuwait

Figure (2): Developments of Narrow Money Components

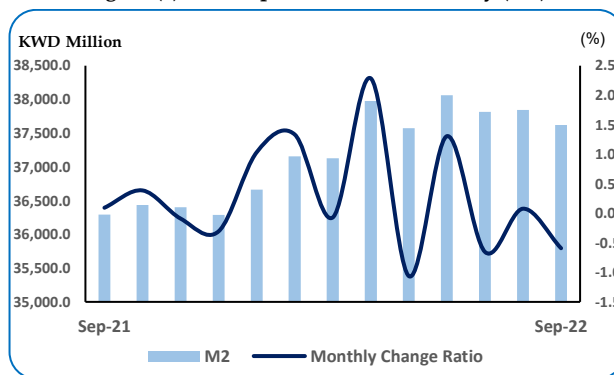


Source: Central Bank of Kuwait

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

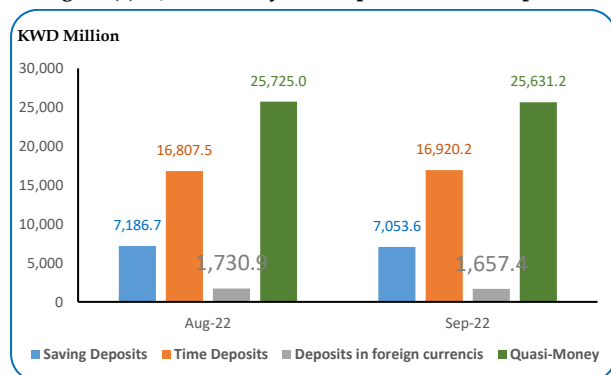
Money Supply in its Broad Sense (M2) went down, **on a monthly basis**, by KWD 223.9 million or 0.6% to stand at KWD 37,621.3 million against KWD 37,845.1 million at the end of previous month. This decline came as a result of the drop in Narrow Money (M1) by KWD 130.0 million or 1.1% (as previously indicated), and Quasi-Money (KWD saving deposits, KWD time deposits, deposits in foreign currency and KWD certificates of deposits) by KWD 93.8 million or 0.4%. **On an annual basis**, data indicate a rise in local liquidity by KWD 1,327.8 million or 3.7% compared to September 2021.

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



Source: Central Bank of Kuwait

Figure (4): Quasi-Money Developments and Components



Source: Central Bank of Kuwait

3. CBK Bonds and Related Tawarruq:

During September 2022, CBK issued new **bonds and related tawarruq to control liquidity levels in the banking sector** with a total nominal value of KWD 1,230.0 million, concurrently with the maturity of the previously issued bonds and related tawarruq of KWD 730.0 million. Consequently, total value of CBK bonds and related tawarruq reached KWD 3,713.0 million at the end of September 2022 against KWD 3,213.0 million at the end of August 2022, i.e. an increase of KWD 500.0 million or 15.6%. The CBK offered 2 new **issues of 3-month maturity** with a total nominal value of KWD 690.0 million with an interest of 2.625%, the first issue due on 13 December 2022 with a nominal value of KWD 290.0 million (a coverage of 9.9 times), and a second issue due on 20 December 2022 with a nominal value of KWD 400.0 million (a coverage of 5.4 times). As for **issues of 6-month maturity**, CBK offered 2 new issues with a total nominal value of KWD 540.0 million, the first issue due on 21 March 2023 with a nominal value of KWD 300.0 million (a coverage of 7.0 times and an interest of 3.0%), and a second issue due on 28 March 2023 with a nominal value of KWD 240.0 million (a coverage of 11.6 times and an interest of 3.75%).

Table (1): CBK Bonds and Related Tawarruq by end of September 2022 (KWD Million)

	3-month Maturity			6-month Maturity			12-month Maturity	Tawarruq with CBK (above 12 months)	Total Balance
	matured	New Issue	Balance	matured	New Issue	Balance	Balance	Balance	
August 2022	240.0	400.0	1,090.0	-	-	2,000.0	100.0	23.0	3,213.0
September 2022	490.0	690.0	1,290.0	240.0	540.0	2,300.0	100.0	23.0	3,713.0

Source: Central Bank of Kuwait

CBK maintains liquidity level in the banking sector to create a balance in the local liquidity levels.

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 September 2022, total assets decreased (on a monthly basis) by KWD 470.4 million or 0.6% as a result of the drop in claims on CBK, claims on government, claims on non-financial public institutions, and interbank deposits, on one side, and the rise in claims on private sector, foreign assets, Loans to banks and other assets on the other side.

On an annual basis, total assets raised by KWD 5,464.7 million or 7.2% driven by rise in all asset components, except for the claims on government which decreased by KWD 1,493.8 million or 74.1%. The balances of claims on private sector and foreign assets represent approximately 77.1% of the total local banks assets at the end of September 2022, i.e. 53.6% and 23.5% respectively.

Table (2): Local Banks' Total Assets by Main Components (KWD Million)

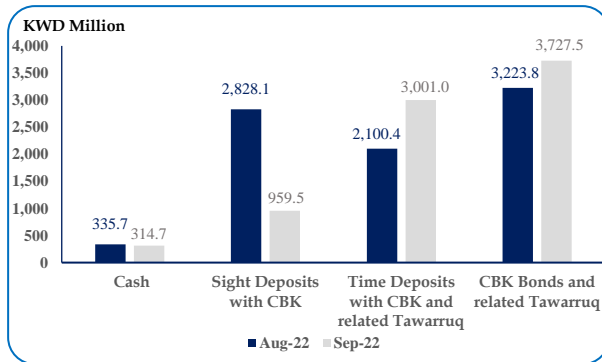
	September 2021	August 2022	September 2022	Change (%)	
				Monthly	Annual
Claims on CBK	7,838.6	8,488.0	8,002.7	-5.7	2.1
Claims on Government	2,015.9	613.8	522.0	-15.0	-74.1
Claims on Public Institutions*	3,482.0	3,736.3	3,714.9	-0.6	6.7
Claims on Private Sector	40,248.9	43,635.3	43,678.4	0.1	8.5
Foreign Assets	17,608.7	19,138.8	19,147.1	0.0	8.7
Loans to Banks	1,007.7	981.9	1,094.0	11.4	8.6
Local Interbank Deposits	1,728.2	2,354.3	2,047.7	-13.0	18.5
Other Assets	2,044.1	2,960.7	3,232.0	9.2	58.1
Total local Banks Assets	75,974.1	81,909.2	81,438.8	-0.6	7.2

Source: Central Bank of Kuwait.

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

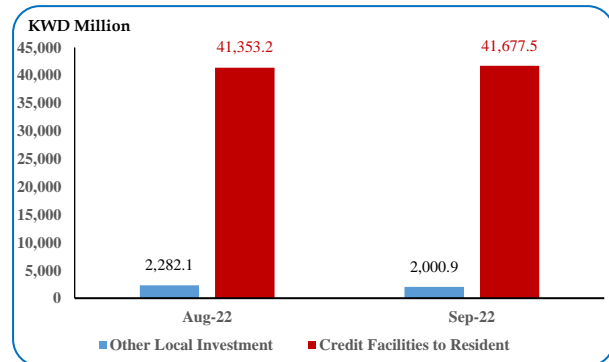
On the other side, the net foreign assets with the banking sector went up by KWD 186.4 million or 2.7% to reach KWD 6,972.2 million against KWD 6,785.8 million at the end of previous month. This rise was due to the decrease of foreign liabilities by KWD 178.2 million or 1.4% and the elevation of foreign assets by KWD 8.2 million or 0.04%.

Figure (5): Claims on CBK



Source: Central Bank of Kuwait

Figure (6): Components of Claims on Private Sectors



Source: Central Bank of Kuwait

2. Deposits with Local Banks:

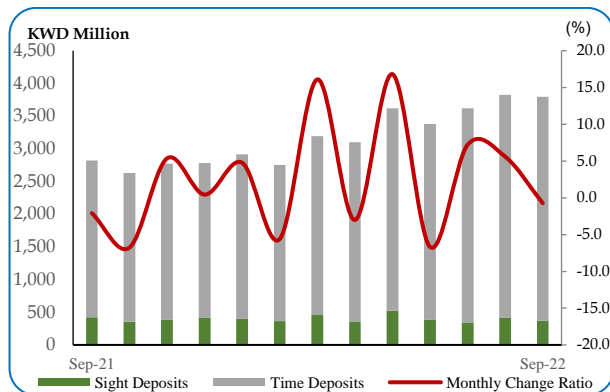
On a monthly basis, the total residents' deposits with local banks decreased by KWD 296.1 million or 0.6% to stand at KWD 46,892.3 million at the end of September 2022 against KWD 47,188.5 million at the end of previous month. This decline was attributed to the drop in all components of deposits with local banks, as follows:

- The public institutions' deposits reached KWD 7,137.7 million against KWD 7,163.3 million at the end of previous month, i.e. a decrease by KWD 25.6 million or 0.4%. This drop was due to the decline in time deposits by KWD 320.4 million or 4.8%, and the increase in sight deposits by KWD 294.7 million or 55.8%.
- The government deposits went down by KWD 28.1 million or 0.7% to reach KWD 3,796.0 million against KWD 3,824.1 million at the end of August 2022, driven by the drop in sight deposits by KWD 43.6 million or 10.5% and the rise in time deposits by KWD 15.5 million or 0.5%.
- The private sectors' deposits (residents) decreased by KWD 242.4 million or 0.7% to reach KWD 35,958.6 million against KWD 36,201.0 million at the end of August 2022. This decline was attributed to the drop in both KWD deposits by KWD 169.0 million or 0.5% to reach KWD 34,301.2 million and private sectors' deposits in foreign currencies by KWD 73.5 million or 4.2% to reach KWD 1,657.4 million.

On an annual basis, residents' deposits increased by KWD 2,376.9 million or 5.3% due to the elevation of both government deposits and private sector's deposits by KWD 976.1 million or 34.6% and 1,444.2 million or 4.2%, respectively, at the end of September 2022 for the same comparative month of previous year. In contrast, public institutions' deposits decreased by KWD 43.5 million or 0.6% to stand at KWD 7,137.7 million.

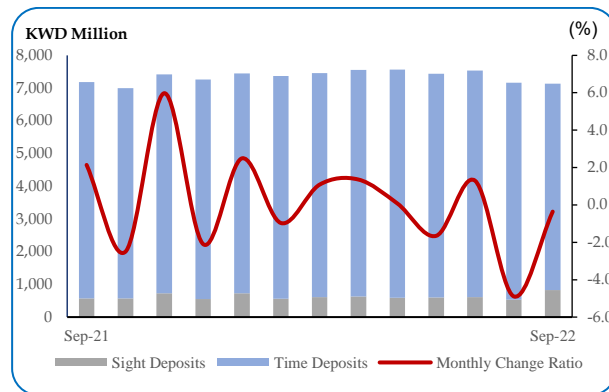
From the beginning of this year until the end of September 2022, the average ratio of the total private sector's deposits accounted for 76.9% of the total deposits in local banks followed by the average ratio of the total public institutions' deposits (16.0%) and the average ratio of the total government deposits (7.1%). Moreover, the average ratios of the private sector's KWD deposits accounted for 73.4% of the total residents' deposits with local banks and 95.3% of the total resident private sectors' deposits during the same period.

Figure (7): Government Deposits with local Banks



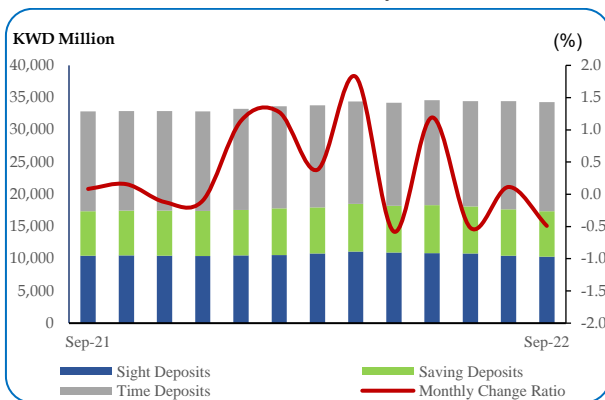
Source: Central Bank of Kuwait

Figure (8): Public Institutions' Deposits with Local Banks



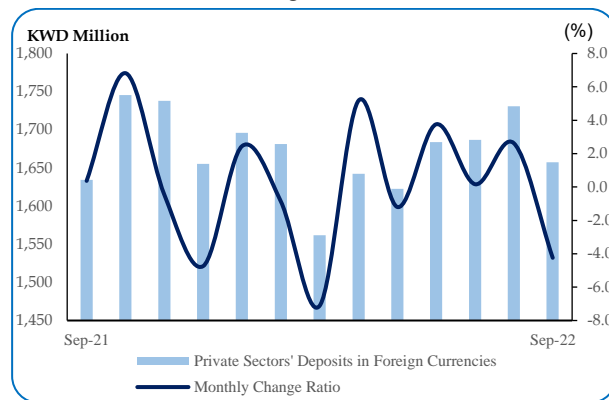
Source: Central Bank of Kuwait

Figure (9): Private Sector's Deposits (Residents)
in Local Currency



Source: Central Bank of Kuwait

Figure (10): Private Sector's Deposits (Residents)
in Foreign Currencies



Source: Central Bank of Kuwait

Available data indicate a slight decline in the total private sector's deposits (residents and non-residents) in KWD with local banks by KWD 8.1 million or 0.02% to reach KWD 37,085.1 million by the end of September 2022, against KWD 37,093.2 million by the end of August 2022.

3. Credit Facilities Extended by Local Banks:

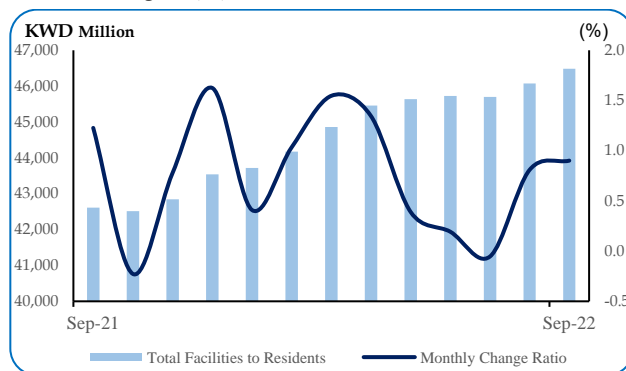
On a monthly basis, the cash portion of the local credit facilities for residents and non-residents elevated by KWD 770.8 million or 1.5% to stand at KWD 52,117.1 million against KWD 51,346.4 million by the end of August 2022. This increase was due to the hike in the utilized cash portion of credit facilities extended to residents (accounting for 89.2% of the overall facilities) by KWD 415.0 million or 0.9% to stand at KWD 46,486.4 million.

In terms of the sectoral distribution by the cash portion of the credit facilities for residents, the utilized cash portion of personal credit facilities (accounting for 39.1% of overall facilities extended to residents) inched up by KWD 97.7 million or 0.5%, to stand at KWD 18,191.4 million, driven by **the rise in the personal housing credit facilities** by KWD 92.2 million or 0.6% (accounting for 85.4% of overall personal facilities), in addition to the increase in the **personal consumer credit facilities** by KWD 11.3 million or 0.6% (accounting for 10.6% of overall personal facilities). Credits extended to private housing and other facilities decreased by KWD 3.6 million or 1.1% and KWD 2.2 million or 0.5%, respectively.

On the other side, credit to businesses (accounting for 60.9% of the overall facilities extended to residents) increased by KWD 317.2 million or 1.1%, to stand at KWD 28,295.0 million.

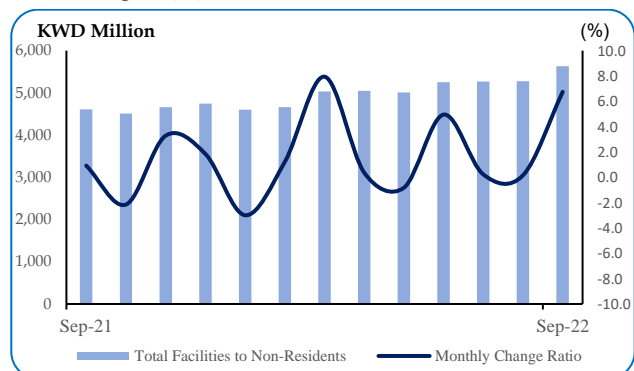
As for the cash portion of the credit facilities for non-residents, credit to industry, construction, loans to banks, purchase of securities, crude oil and gas, public services and other services increased by 1.0%, 17.5%, 16.4%, 0.9%, 9.8%, 6.0%, and 4.4% respectively. On the other side, credit to trade, non-banking financial institutions and real estate dropped by 12.2%, 9.0% and 12.0%, respectively. Moreover, loans to banks accounted for 38.8% of the overall cash portion of the credit facilities for non-residents during September 2022, followed by other services by 21.0%, crude oil and gas by 10.4% and non-banking financial institutions by 9.4%.

Figure (11): Credit Facilities to Residents



Source: Central Bank of Kuwait

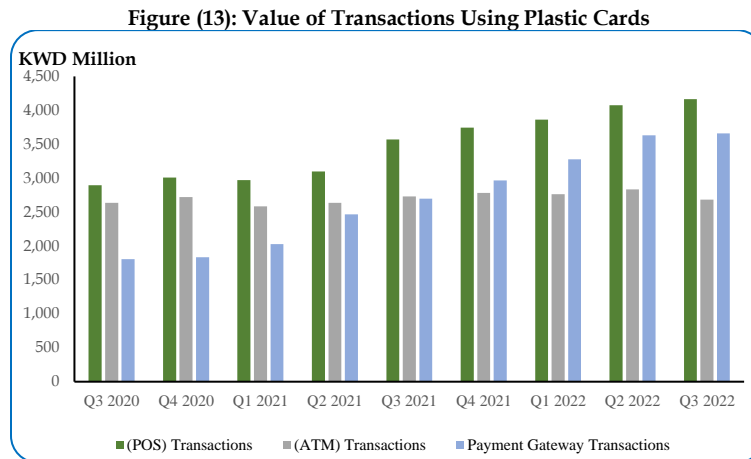
Figure (12): Credit Facilities to Non-Residents



Source: Central Bank of Kuwait

4. Value of Transactions Using Plastic Cards:

On a quarterly basis, total value of plastic cards transactions fell by KWD 29.1 million or 0.3% to stand at KWD 10,508.9 million during the third quarter of 2022 against KWD 10,538.0 million during the second quarter of 2022. This decrease was due to the decline in the value of Automatic Teller Machine (ATM) transactions by KWD 148.0 million or 5.2%, against the rise in value of Points of Sale (POSs) and online transactions by KWD 90.3 million or 2.2% and KWD 28.6 million or 0.8%, respectively. **Compared to the corresponding quarter of the previous year**, transactions using plastic cards significantly elevated by KWD 1,509.2 million or 16.8% due to the increase in value of Points of Sale (POSs) and online transactions by KWD 595.3 million or 16.7% and KWD 958.7 million or 35.5%, respectively, and the decline in value of ATM's transactions by KWD 44.8 million or 1.6%. Consequently, e-transactions (via online and POSs) went up while ATM's transactions fell which correspond to the decline in money in circulation outside the banking sector starting from the end of April 2022 by KWD 269.9 million or 14.0%, and the decrease by KWD 116.4 million or 6.5% at the end of September 2021.



Source: Central Bank of Kuwait.