

Summary of the Key Local Monetary and Banking Indicators

February 2023



This brief report highlights the most prominent monetary and banking developments in the State of Kuwait as at the end of February 2023, compared to the indicators of the corresponding month of the previous year (on an annual basis), as well as some indicators of the previous month (on a monthly basis), as follows:

- Increase of Money Supply in its Broad Sense (M2) by 5.4% to stand at KWD 39.12 billion.
- Growth in total local banks' assets by KWD 7.18 billion or 9.1%.
- Rise of net foreign assets in the local banks by KWD 3.28 billion or 48.6%.
- Increase in the utilized cash portion of credit facilities extended to residents by KWD 2.92 billion or 6.6%.
- Rise in total residents' deposits with local banks by KWD 1.86 billion or 4.1%, and an increase in resident private sector deposits by KWD 2.16 billion or 6.1%.

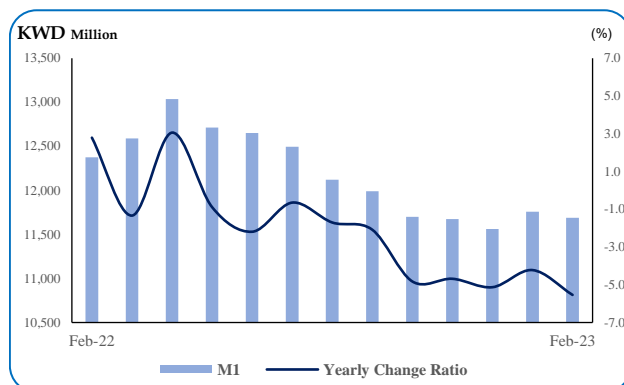
I. Monetary Developments (Money Supply)

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

On an annual basis, M1 declined by KWD 0.69 billion or 5.5% to reach KWD 11.69 billion at the end of February 2023 compared to KWD 12.37 billion at the end of the corresponding month in the previous year. This was a result due to the decrease of both currency in circulation outside the local banks by KWD 0.14 billion or 7.8%, and KWD sight deposits by KWD 0.54 billion or 5.2%.

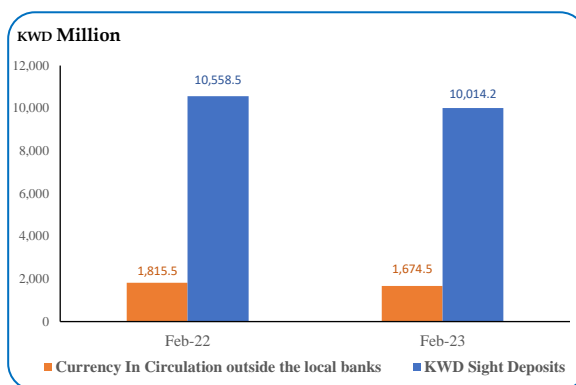
On a monthly basis, M1 decreased by KWD 0.07 billion or 0.6% compared to KWD 11.76 billion at the end of January 2023, mainly driven by a decline in KWD sight deposits by KWD 0.08 billion or 0.7% against a slight increase in currency in circulation outside the local banks by KWD 0.01 billion or 0.5%.

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



Source: Central Bank of Kuwait

Figure (2): Developments of Narrow Money Components

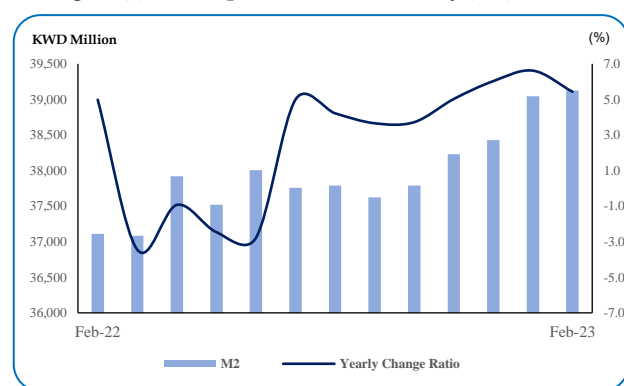


Source: Central Bank of Kuwait

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

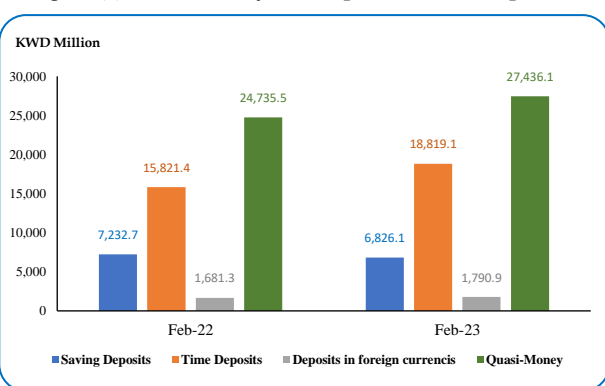
Money Supply in its Broad Sense (M2) went up by KWD 2.02 billion or 5.4% to stand at KWD 39.12 billion at the end of February 2023 against KWD 37.11 billion at the end of the corresponding month in the previous year. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 2.70 billion or 10.9%, and the decline in Narrow Money (M1) by KWD 0.69 billion or 5.5% (as previously indicated). **On a monthly basis**, data recorded an upward trend in M2 by KWD 0.08 billion or 0.2%.

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 inched up by KWD 7.18 billion or 9.1% to reach KWD 86.11 billion at the end of February 2023. This was mainly driven by the rise in foreign assets by KWD 4.70 billion or 25.7% and claims on private sector by KWD 2.74 billion or 6.6% as well as the increase in claims on CBK and loans to banks by 5.6% and 19.4% respectively. The balances of claims on government, claims on public institutions, interbank deposits, and other assets fell by 47.2%, 4.1%, 2.5% and 8.2% respectively.

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

	February 2022	January 2023	February 2023	Change (%)		to Total (%)
				Monthly	Annual	
Claims on CBK	8,071.2	8,201.9	8,519.7	3.9	5.6	9.9
Claims on Government	951.7	504.6	502.1	-0.5	-47.2	0.6
Claims on Public Institutions*	3,792.2	3,598.0	3,634.9	1.0	-4.1	4.2
Claims on Private Sector, of which:	41,487.9	44,209.5	44,232.7	0.1	6.6	51.4
Credit Facilities to Residents	39,370.7	42,218.7	42,252.2	0.1	7.3	49.1
Foreign Assets	18,340.2	23,399.9	23,044.5	-1.5	25.7	26.8
Loans to Banks	1,011.5	1,277.3	1,207.2	-5.5	19.4	1.4
Local Interbank Deposits	2,241.7	1,855.2	2,185.5	17.8	-2.5	2.5
Other Assets	3,038.4	2,955.0	2,787.7	-5.7	-8.2	3.2
Total Assets	78,934.8	86,001.4	86,114.4	0.1	9.1	100.0

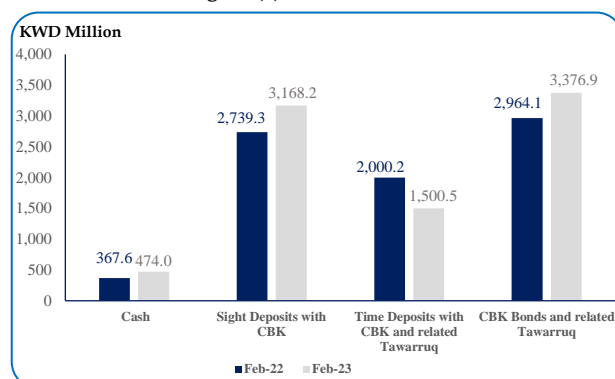
Source: Central Bank of Kuwait

* 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 78.1% of the local banks' total assets at the end of February 2023 against 75.8% at the end of the corresponding month in the previous year.

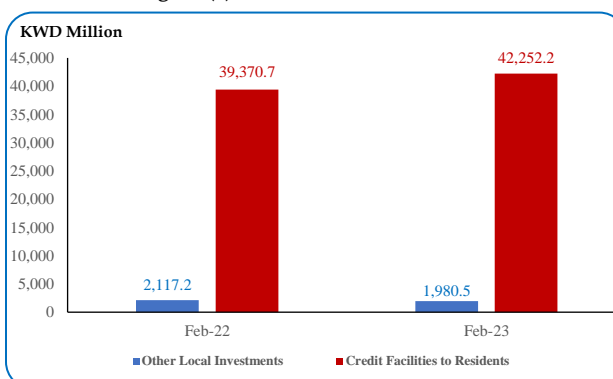
Meanwhile, data indicate that net foreign assets with the banking sector increased by KWD 3.28 billion or 48.6% to reach KWD 10.03 billion at the end of February 2023 against KWD 6.75 billion at the end of the corresponding month in the previous year. This was driven by the rise in foreign assets at a greater rate (by KWD 4.70 billion or 25.7%) than the rise in foreign liabilities (by KWD 1.43 billion or 12.3%).

Figure (5): Claims on CBK



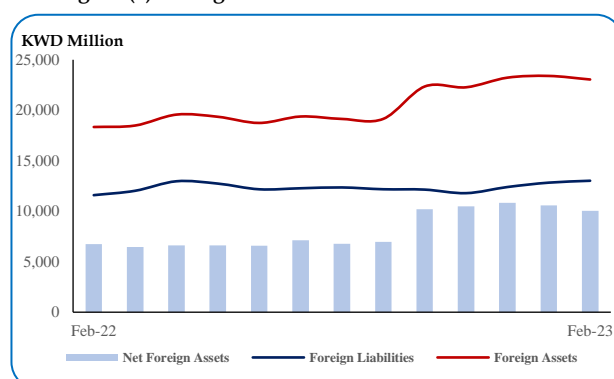
Source: Central Bank of Kuwait.

Figure (6): Claims on Private Sectors



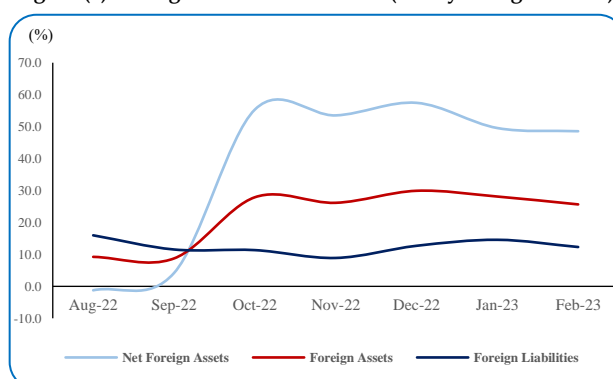
Source: Central Bank of Kuwait.

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. Cash Portion of the Credit Facilities Extended to Residents:

In line with the expectations of the International Monetary Fund (IMF) in the World Economic Outlook report (October 2022) that the real growth rate of the non-oil sectors will reach about 3.4% in 2023, the utilized cash portion of the credit facilities for residents continued to increase despite the tightening monetary policy initiated by the Central Bank of Kuwait (CBK) on March 2022. **On an annual basis**, data indicate a rise in the utilized cash portion of the credit facilities for residents by KWD 2.92 billion or 6.6% to reach KWD 47.09 billion at the end of February 2023 against KWD 44.17 billion at the end of the corresponding month in the previous year.

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 39.2% of overall facilities extended to residents) increased by KWD 1.34 billion or 7.8% to stand at KWD 18.48 billion at the end of February 2023 against KWD 17.14 billion at the end of the corresponding month in the previous year. This was driven by **the increase in the housing credit facilities** by KWD 1.18 billion or 8.1% (accounting for 85.4% of overall personal facilities) to reach KWD 15.78 billion at the end of February 2023, in addition to the rise in both **consumer credit facilities** (accounting for 10.6% of overall personal

facilities) and **other facilities** (accounting for 2.3% of overall personal facilities) by 6.7% and 11.2% respectively. On the other side, credits extended to **private residential facilities** (accounting for 1.8% of overall personal facilities) went down by 0.2%.

The utilized cash portion of the credit facilities to businesses (accounting for 60.8% of the overall facilities extended to residents) increased by KWD 1.58 billion or 5.8%, to stand at KWD 28.62 billion at the end of February 2023 against KWD 27.04 billion at the end of the corresponding month in the previous year. Credit to purchase of securities, real estate, constructions, loans to banks, trade, non-bank financial institutions, industry, agriculture & fishing and other services, increased by (KWD 0.27 billion or 9.1%, KWD 0.27 billion or 3.0%, KWD 0.25 billion or 13.1%, KWD 0.20 billion or 19.4%, KWD 0.10 billion or 3.2%, KWD 0.08 billion or 8.6%, KWD 0.02 billion or 1.0%, KWD 0.01 billion or 53.4%, and KWD 0.49 billion or 15.4%, respectively). Meanwhile, credits to crude oil & gas and public services dropped by 5.3% and 2.0% respectively.

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

	February	January	February	Change (%)		to Total (%)
	2022	2022	2023	Monthly	Yearly	
Personal Credit facilities	17,138.3	18,497.5	18,479.2	-0.1	7.8	39.2
Consumer Loans	1,837.8	1,966.4	1,961.3	-0.3	6.7	4.2
Installment Loans	14,600.2	15,777.3	15,776.2	0.0	8.1	33.5
Private Residential Loans	324.4	326.2	323.8	-0.7	-0.2	0.7
Other Loans	375.9	427.6	417.8	-2.3	11.2	0.9
Business Credit Facilities	27,036.0	28,596.6	28,615.1	0.1	5.8	60.8
Trade	3,083.0	3,191.3	3,182.7	-0.3	3.2	6.8
Industry	2,440.4	2,442.1	2,465.1	0.9	1.0	5.2
Agriculture & Fishing	19.7	29.1	30.1	3.4	53.4	0.1
Purchase of Securities	2,910.4	3,192.1	3,176.2	-0.5	9.1	6.7
Real Estate	9,132.1	9,437.8	9,406.5	-0.3	3.0	20.0
Constructions	1,889.7	2,126.0	2,138.2	0.6	13.1	4.5
Loans to Banks	1,011.5	1,277.3	1,207.2	-5.5	19.4	2.6
Non-Bank Financial Institutions	990.3	1,046.8	1,075.0	2.7	8.6	2.3
Crude Oil & Gas	2,220.5	2,059.7	2,103.7	2.1	-5.3	4.5
Public Services	119.1	116.4	116.7	0.2	-2.0	0.2
Other Services	3,219.4	3,677.9	3,713.7	1.0	15.4	7.9
Total	44,174.4	47,094.1	47,094.3	0.0	6.6	100.0

Source: Central Bank of Kuwait.

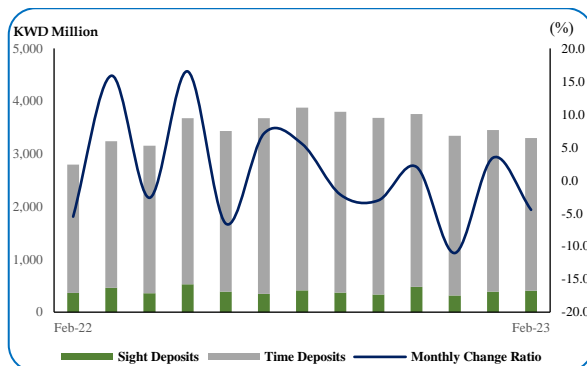
3. Deposits with Local Banks:

On an annual basis, the total residents' deposits inched up by KWD 1.86 billion or 4.1% due to increase of both government deposits and private sector's deposits by KWD 0.50 billion or 18.0% and 2.16 billion or 6.1%, respectively, at the end of February 2023. In contrast, public institutions' deposits went down by KWD 0.80 billion or 10.8%.

During the period from February 2022 to February 2023, the average ratio of the total resident private sector's deposits accounted for 77.4% of the total deposits in local banks followed by the average ratio of the total public institutions' deposits 15.2% 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 73.8% of the total residents' deposits with local banks and 95.3% of the total resident private sectors' deposits during the same period.

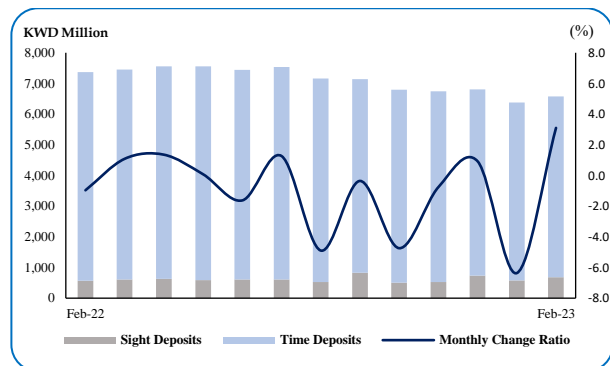
On a monthly basis, the total residents' deposits went up by KWD 0.12 billion or 0.2%, driven mainly by the rise in public institutions' deposits and private sectors' deposits by KWD 0.20 billion or 3.1% and KWD 0.07 billion or 0.2% respectively. In contrast, government deposits fell by KWD 0.15 billion or 4.5%.

Figure (9): Government Deposits with local Banks



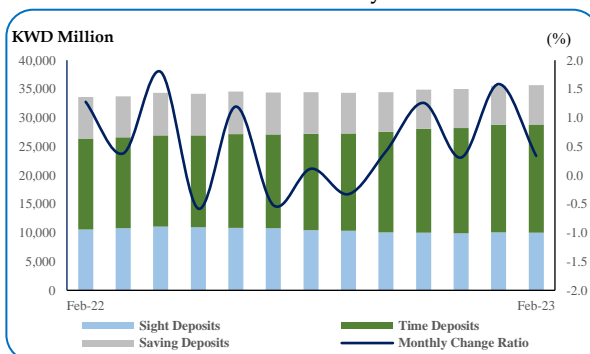
Source: Central Bank of Kuwait.

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



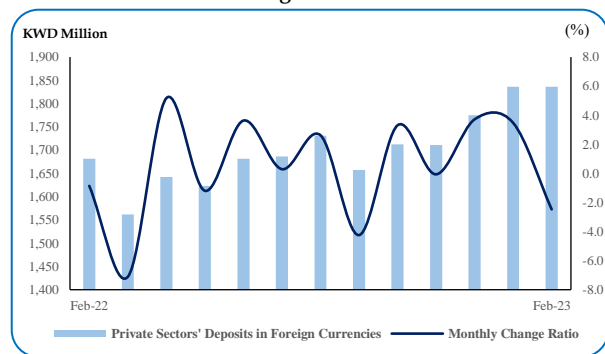
Source: Central Bank of Kuwait.

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.