

Summary of the Key Local Monetary and Banking Indicators

June 2023



This brief report highlights the foremost monetary and banking developments in the State of Kuwait as at the end of June 2023 compared to those reported in the corresponding month of 2022 (on an annual basis), as follows:

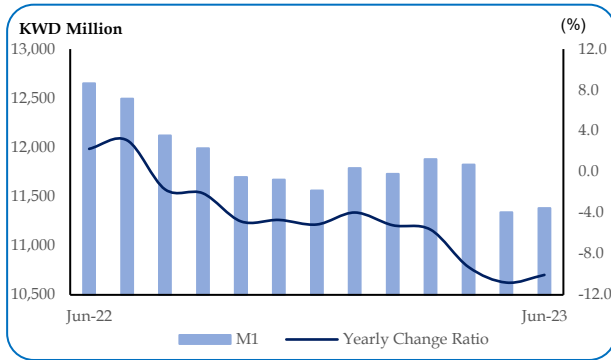
- Money Supply in its Broad Sense (M2) increased by 4.4% to KWD 39.68 billion.
- The total local banks' assets grew by KWD 3.81 billion or 4.7%.
- The net foreign assets in the local banks increased by KWD 3.86 billion or 58.7%.
- The utilized cash portion of credit facilities to residents increased by KWD 1.53 billion or 3.3%.
- The total residents' deposits with local banks and the resident private sector's deposits increased by KWD 0.73 billion or 1.6% and KWD 1.64 billion or 4.5%, respectively.

I. Monetary Developments (Money Supply)

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

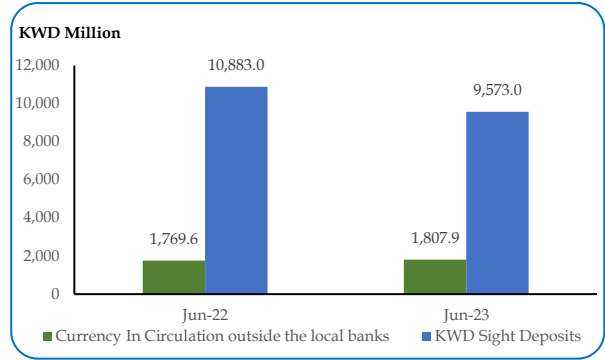
M1 declined by KWD 1.27 billion or 10.1% to KWD 11.38 billion at the end of June 2023 against KWD 12.65 billion at the end of the corresponding month in the previous year. This was mainly driven by the decrease in KWD sight deposits by KWD 1.31 billion or 12.0% to KWD 9.57 billion, and the increase in currency in circulation outside the local banks by KWD 0.04 billion or 2.2% to KWD 1.81 billion.

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



Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money Components

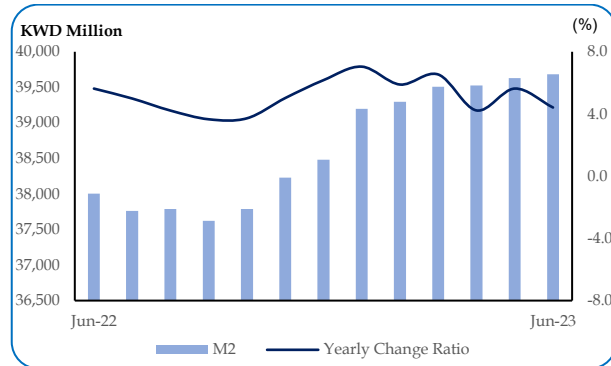


Source: Central Bank of Kuwait.

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

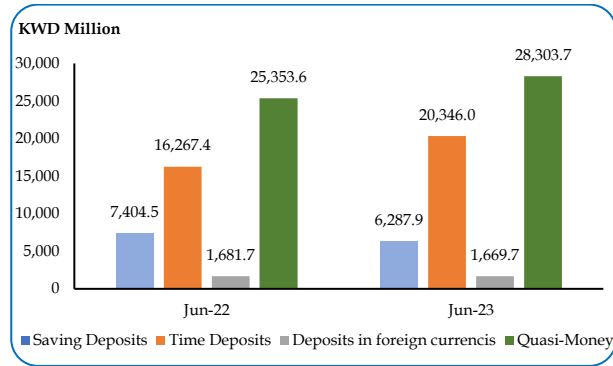
Money Supply in its Broad Sense (M2) went up by KWD 1.68 billion or 4.4% to KWD 39.68 billion at the end of June 2023 against KWD 38.01 billion at the end of the corresponding month in the previous year. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 2.95 billion or 11.6%, and the decline in Narrow Money (M1) by KWD 1.27 billion or 10.1%.

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



Source: Central Bank of Kuwait.

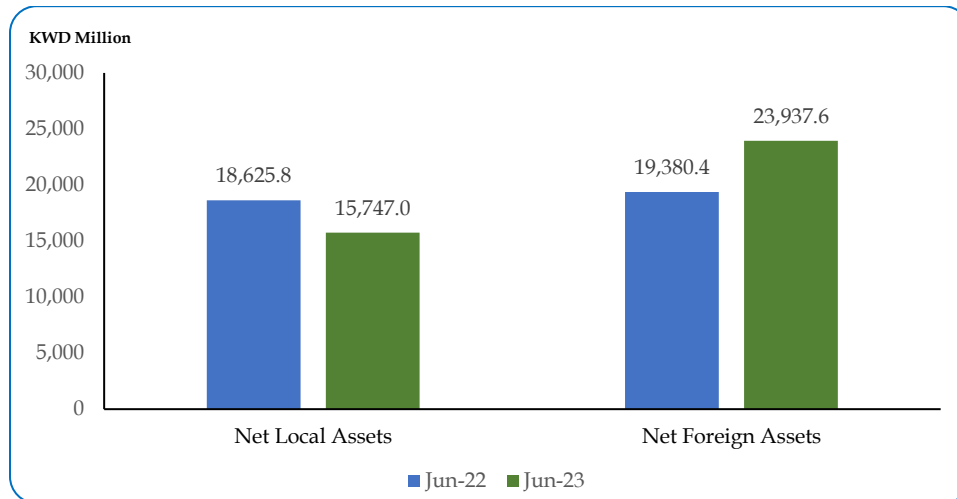
Figure (4): Developments and Components of Quasi-Money



Source: Central Bank of Kuwait.

Considering the combined monetary survey of the CBK and the local banks during the period from the end of June 2022 to the end of June 2023, the rise in M2 resulted from the increase in net foreign assets by KWD 4.56 billion or 23.5%, and the decline in net domestic assets by KWD 2.88 billion or 15.5%.

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



Source: Central Bank of Kuwait.

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 3.81 billion or 4.7% to KWD 85.57 billion at the end of June 2023 against KWD 81.77 billion at the end of the corresponding month in the previous year. This was mainly driven by the rise in foreign assets by KWD 3.99 billion or 21.3% to KWD 22.73 billion and claims on private sector by KWD 1.56 billion or 3.6% to KWD 44.69 billion.

On another front, balances of claims on government, interbank deposits, loans to banks, claims on CBK, claims on public institutions, and other assets fell by 36.5%, 34.6%, 5.6% 3.6%, 1.0% and 4.7%, respectively.

The claims on private sector represents the main source of local banks' assets. These claims accounted for 52.2% of the local banks' total assets at the end of June 2023. The claims on private sector are mainly credit facilities to residents (accounted for 95.1% of the claims on private sector) as well as other local investments. The foreign assets ranked second accounting for 26.6% of the total local banks' assets, followed by the claims on CBK (9.6% of the total local banks' assets) as at the end of June 2023. The total claims on private sector and foreign assets accounted for 78.8% of the local banks' total assets at the end of June 2023 against 75.7% at the end of the corresponding month in the previous year.

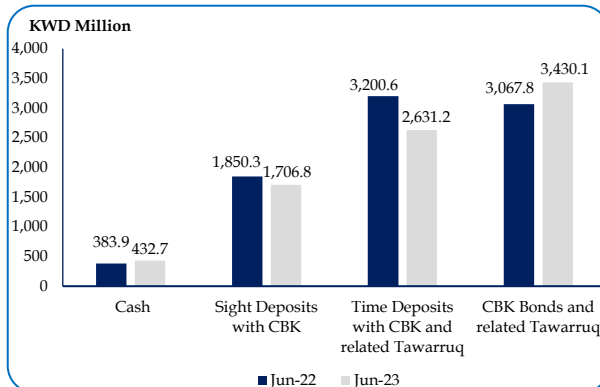
Table (1): Local Banks' Total Assets by Main Components (KWD Million)

Description	June	June	Change		to Total (%)
	2022	2023	Value	(%)	
Claims on CBK	8,502.5	8,200.7	-301.8	-3.6	9.6
Claims on Government	734.3	466.3	-268.1	-36.5	0.5
Claims on Public Institutions*	3,793.8	3,755.7	-38.1	-1.0	4.4
Claims on Private Sector, of which:	43,130.3	44,692.7	1,562.4	3.6	52.2
Credit Facilities to Residents	40,884.9	42,510.2	1,625.3	4.0	49.7
Foreign Assets	18,741.8	22,731.2	3,989.5	21.3	26.6
Loans to Banks	1,047.8	989.5	-58.3	-5.6	1.2
Local Interbank Deposits	2,707.4	1,771.5	-935.8	-34.6	2.1
Other Assets	3,111.9	2,967.2	-144.8	-4.7	3.5
Total Assets	81,769.8	85,574.8	3,805.0	4.7	100.0

Source: Central Bank of Kuwait

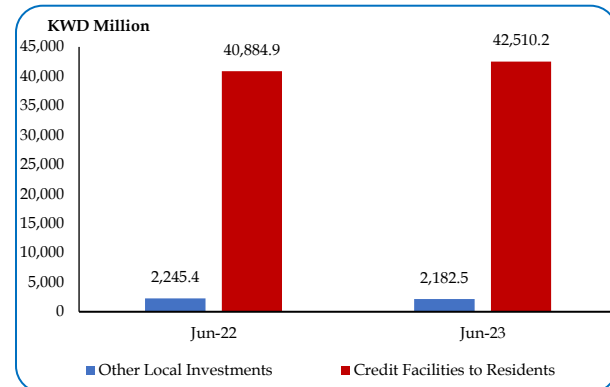
* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

Figure (6): Claims on CBK



Source: Central Bank of Kuwait.

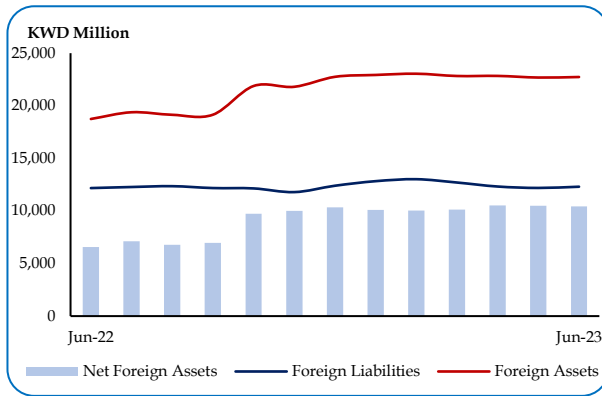
Figure (7): Claims on Private Sectors



Source: Central Bank of Kuwait.

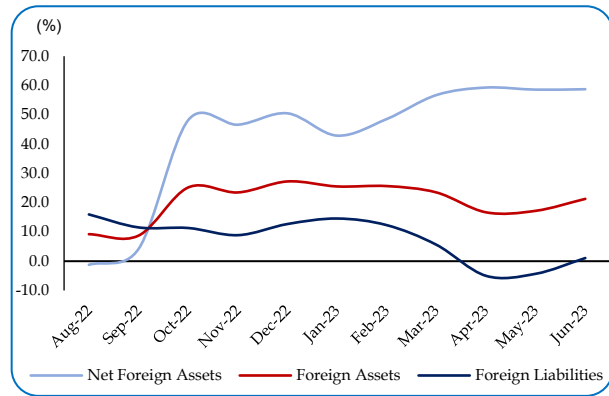
Data indicated that net foreign assets with the banking sector increased by KWD 3.86 billion or 58.7% to KWD 10.43 billion at the end of June 2023 against KWD 6.57 billion at the end of the corresponding month in the previous year. This was driven by the rise in foreign assets by KWD 3.99 billion or 21.3% and the limited increase in foreign liabilities (accounted for 14.4% of the total liabilities) by KWD 0.13 billion or 1.1%.

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



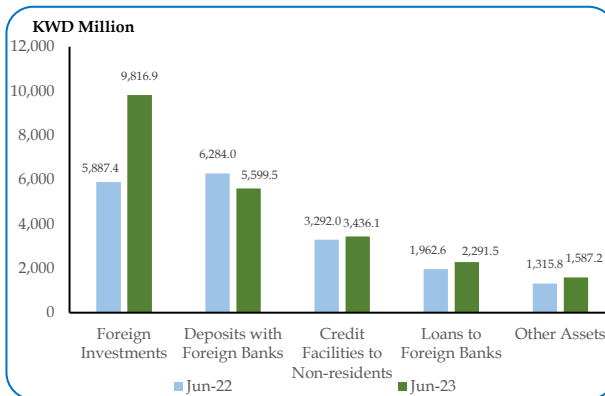
Source: Central Bank of Kuwait.

Figure (9): Growth of Foreign Assets & Liabilities in Local Banks (yearly change ratio %)



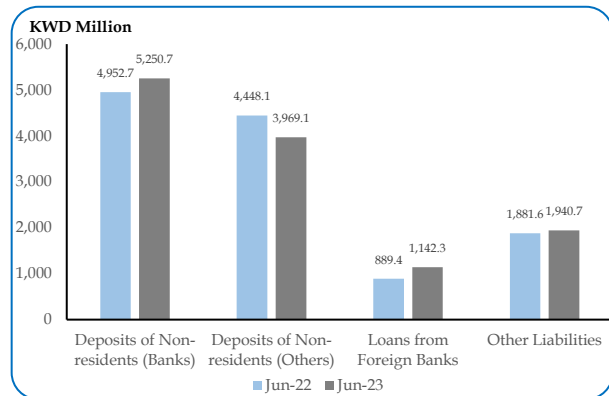
Source: Central Bank of Kuwait.

Figure (10): Foreign Assets Components in Local Banks



Source: Central Bank of Kuwait.

Figure (11): Foreign Liabilities Components in Local Banks



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 1.53 billion or 3.3% to KWD 47.26 billion at the end of June 2023 against KWD 45.73 billion at the end of the corresponding month in the previous year. In more detail, **Personal credit facilities** (accounting for 39.1% of the total cash portion of the overall facilities extended to residents) increased by KWD 0.67 billion or 3.7% to KWD 18.49 billion at the end of June 2023 against KWD 17.82 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 0.61 billion or 4.0% (housing credit facilities account for 85.6% of overall personal facilities) to KWD 15.83 billion at the end of June 2023. In addition, the utilized cash portion of both consumer credit facilities (accounting for 10.5% of the overall personal facilities) increased by 2.4% to KWD 1.94 billion and that of other personal credit facilities (accounting for 2.2% of overall personal facilities) by 6.1% to KWD 0.41 billion. On the other side, the utilized cash portion of the personal credit facilities extended for

private residential housing (accounting for 1.7% of overall personal facilities) went down slightly since the end of December 2022 (on a monthly basis), to KWD 0.31 billion.

The utilized cash portion of **credit facilities to businesses** (accounting for 60.9% of the overall facilities extended to residents) increased by KWD 0.86 billion or 3.1%, to KWD 28.77 billion at the end of June 2023 against KWD 27.91 billion at the end of the corresponding month in the previous year. The cash portion of credits to real estate sector (accounting for 33.3% of the overall credit facilities to businesses and 20.3% of the overall utilized cash portion of credit facilities extended to residents) inched up by KWD 0.14 billion or 1.5%, to KWD 9.59 billion at the end of June 2023 against KWD 9.45 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 0.23 billion or 11.6% to KWD 2.19 billion (accounting for 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 June 2023 against KWD 1.96 billion at the end of the corresponding month.

Credits to other services, non-bank financial institutions and purchase of securities, i.e. individuals, companies and institutions went up by 9.8%, 26.2% and 5.8%, respectively, in addition to a slight rise in credits to agriculture & fishing and trade by 58.1% and 1.9%, respectively. Meanwhile, credits to crude oil & gas, industry, loans to banks and public services decreased by 8.6%, 3.0%, 5.6% and 2.5%, respectively.

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

Description	June 2022	June 2023	Change		to Total (%)
			Value	(%)	
Personal Credit Facilities	17,819.8	18,485.3	665.5	3.7	39.1
Consumer Loans	1,895.6	1,941.7	46.1	2.4	4.1
Installment Loans	15,213.9	15,826.3	612.4	4.0	33.5
Private Residential Loans	322.7	306.2	-16.4	-5.1	0.6
Other Loans	387.6	411.1	23.5	6.1	0.9
Business Sector Credit Facilities	27,906.6	28,770.1	863.4	3.1	60.9
Trade	3,332.2	3,395.8	63.5	1.9	7.2
Industry	2,484.2	2,409.3	-74.9	-3.0	5.1
Agriculture & Fishing	20.1	31.7	11.7	58.1	0.1
Purchase of Securities	3,005.4	3,180.7	175.2	5.8	6.7
Real Estate	9,448.4	9,585.6	137.2	1.5	20.3
Constructions	1,959.3	2,185.9	226.6	11.6	4.6
Loans to Banks	1,047.8	989.5	-58.3	-5.6	2.1
Non-Bank Financial Institutions	974.9	1,230.1	255.2	26.2	2.6
Crude Oil & Gas	2,228.1	2,036.4	-191.7	-8.6	4.3
Public Services	118.9	115.9	-3.0	-2.5	0.2
Other Services	3,287.3	3,609.3	322.0	9.8	7.6
Total	45,726.4	47,255.4	1,529.0	3.3	100.0

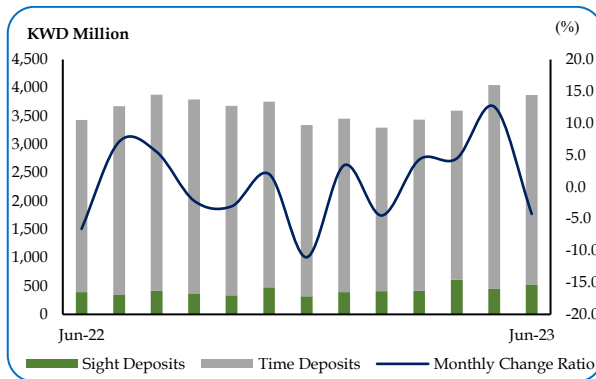
Source: Central Bank of Kuwait.

3. Deposits with Local Banks:

The total residents' deposits with local banks increased by KWD 0.73 billion or 1.6% to KWD 47.84 billion at the end of June 2023 against KWD 47.11 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 1.64 billion or 4.5% to KWD 37.88 billion, as well as the increase in government deposits by KWD 0.44 billion or 12.9% to KWD 3.88 billion at the end of June 2023. In contrast, public institutions' deposits decreased by KWD 1.35 billion or 18.2% to KWD 6.09 billion.

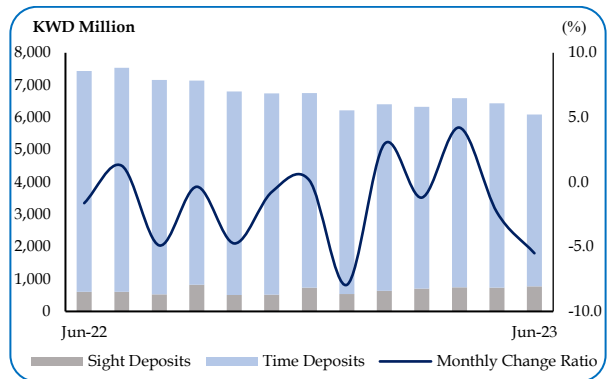
Resident private sector's deposits are the main source of financing for local banks accounting for 44.3% of the local banks' total liabilities at the end of June 2023 and at the end of the corresponding month in the previous year. Moreover, government's deposits and public institutions' deposits accounted for 4.5% and 7.1% of the local banks' total liabilities at the end of June 2023 against 4.2% and 9.1%, respectively, at the end of the corresponding month in the previous year.

Figure (12): Government Deposits with Local Banks



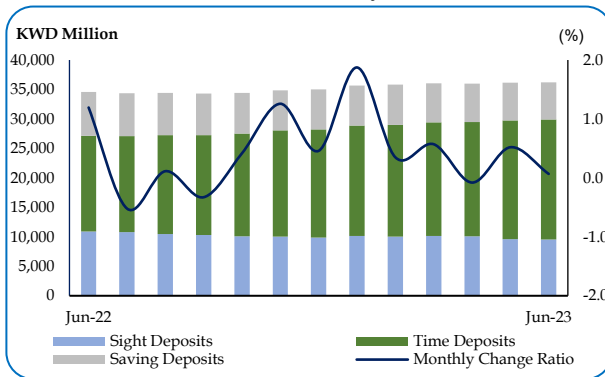
Source: Central Bank of Kuwait.

Figure (13): Public Institutions' Deposits with Local Banks



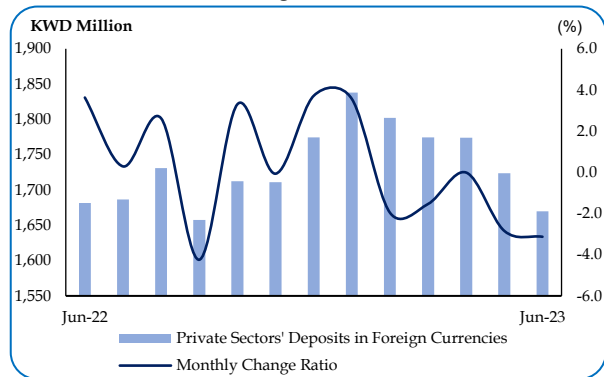
Source: Central Bank of Kuwait.

Figure (14): Private Sector's Deposits (Residents) in Local Currency



Source: Central Bank of Kuwait.

Figure (15): Private Sector's Deposits (Residents) in Foreign Currencies

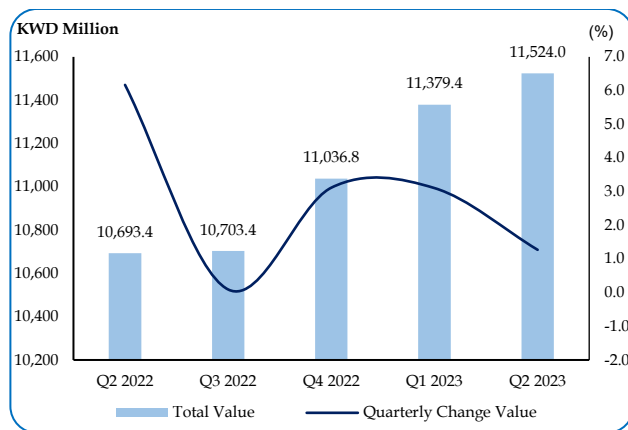


Source: Central Bank of Kuwait.

4. Value of Transactions Using Plastic Cards:

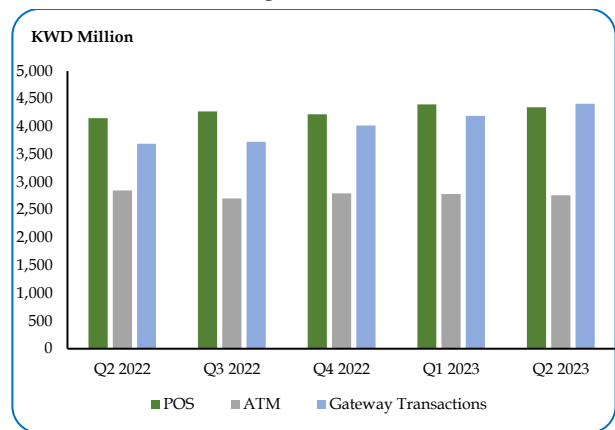
On a quarterly basis, total value of plastic cards transactions increased by KWD 11.52 billion during the second quarter of 2023 against KWD 11.38 billion during the previous quarter, i.e. a rise by KWD 0.14 billion or 1.3%. This increase was due to the rise in the value of payment gateway transactions (by KWD 0.22 billion or 5.2% to KWD 4.41 billion), and the decline in the Automatic Teller Machine (ATM) transactions (by KWD 0.02 billion or 0.8% to KWD 2.76 billion), and Points of Sale (POSs) transactions (by KWD 0.05 billion or 1.2% to KWD 4.35 billion).

Figure (16): Total Value of Transactions using Plastic Cards



Source: Central Bank of Kuwait.

Figure (17): Development of the Components of Transactions using Plastic Cards



Source: Central Bank of Kuwait.