

Summary of the
Key Local Monetary
and Banking Indicators
Sep, 2023

This summary covers the most prominent monetary and banking developments in the State of Kuwait as at the end of September 2023 compared to those reported in the corresponding month in the previous year (on an annual basis). Following are the key highlights:

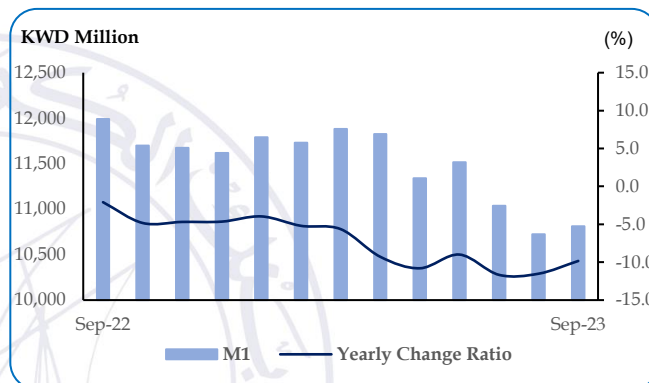
- Money Supply in its Broad Sense (M2) increased by 3.9% to KWD 39.11 billion.
- The total local banks' assets grew by KWD 4.08 billion (5.0%).
- The net foreign assets in the local banks increased by KWD 3.68 billion (52.8%).
- The utilized cash portion of credit facilities to residents increased by KWD 0.78 billion (1.7%).
- The total residents' deposits with local banks went up by KWD 0.45 billion (1.0%). Likewise, the resident private sector's deposits increased by KWD 1.51 billion (4.2%).
- The total value of transactions using plastic cards increased to KWD 11.52 billion during the third quarter of 2023 against KWD 11.48 billion during the previous quarter, i.e. a rise by KWD 0.04 billion (0.4%).

I. Monetary Developments (Money Supply)

1. Money Supply (M1):

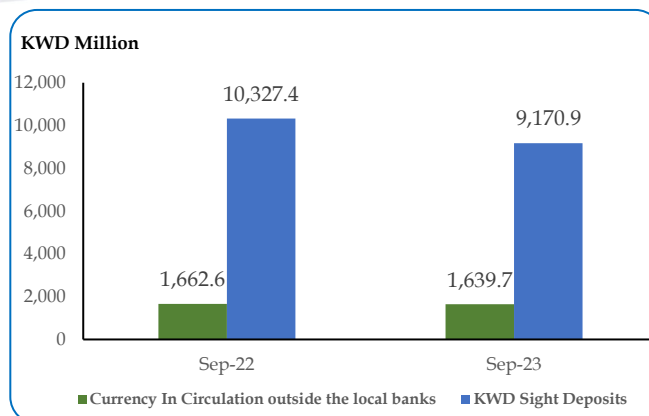
Money Supply in its Narrow Sense "Narrow Money" (M1) continued to slow down (on an annual basis since August 2022) by KWD 1.18 billion (9.8%) to KWD 10.81 billion at the end of September 2023 against KWD 11.99 billion for the comparative month.

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



This decline mainly resulted from the drop in KWD sight deposits by KWD 1.16 billion (11.2%) to KWD 9.17 billion, and the decline in currency in circulation outside the local banks by KWD 0.02 billion (1.4%) 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) increased by KWD 1.49 billion (3.9%) to KWD 39.11 billion at the end of September 2023 against KWD 37.62 billion for the comparative month. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 2.66 billion (10.4%), and the decrease in Narrow Money (M1) by KWD 1.18 billion (9.8%).

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

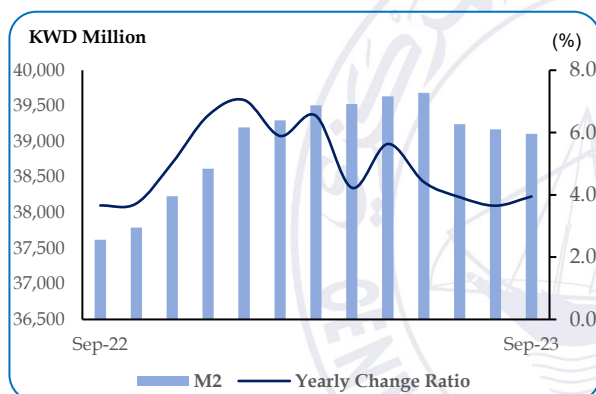
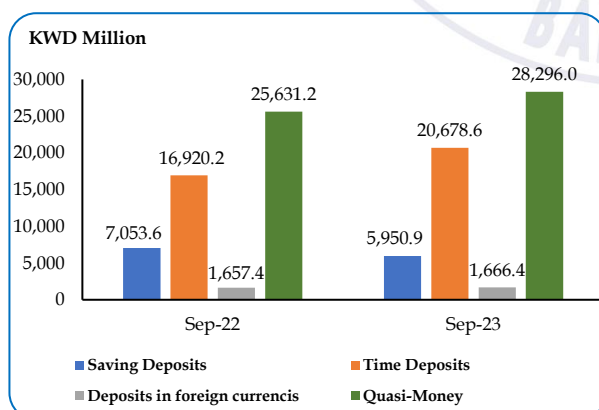


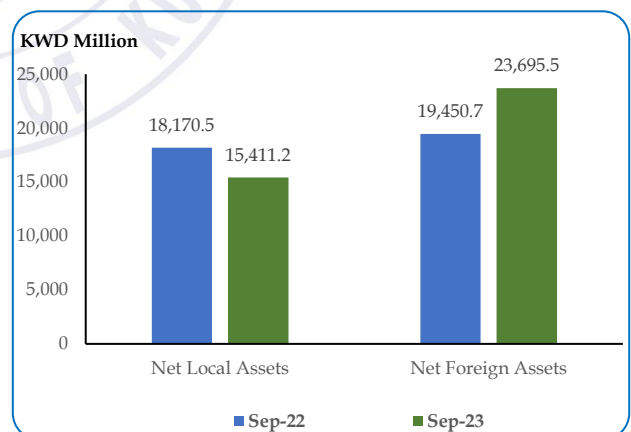
Figure (4): Developments and Components of Quasi-Money



Considering the combined monetary survey of CBK and the local banks during the period from the end of September 2022 to the end of September 2023, (M2) can be calculated according to the factors affecting it, namely (a) **Net Local Assets** (that includes net claims of CBK and local banks on government, public institutions and private sector less government's deposits and accounts, and other "net"), and (b) **Net Foreign Assets** with CBK and local banks.

The relevant data indicate that the rise in M2 was driven by the **increase in net foreign assets** by KWD 4.24 billion, i.e. 21.8% (as a result of the increase in net foreign assets with local banks by KWD 3.68 billion, i.e. 52.8% and net foreign assets with CBK by KWD 0.56 billion, i.e. 4.5%), and the **decline in net local assets** by KWD 2.76 billion, i.e. 15.2% (resulted from the rise in claims on private sector and other "net", in addition to the decline in claims on government, public institutions and government's deposits and accounts).

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

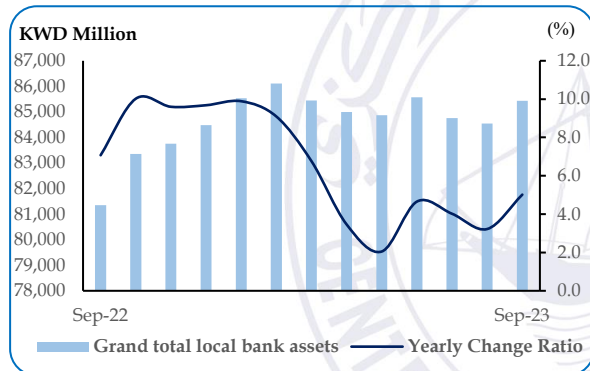


I. Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks grew by KWD 4.08 billion (5.0%) to KWD 85.43 billion at the end of September 2023 against KWD 81.35 billion for the comparative month. This was mainly driven by the rise in foreign assets by KWD 3.79 billion (19.8%) to KWD 22.94 billion, and claims on private sector by KWD 1.20 billion (2.7%) to KWD 44.86 billion.

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

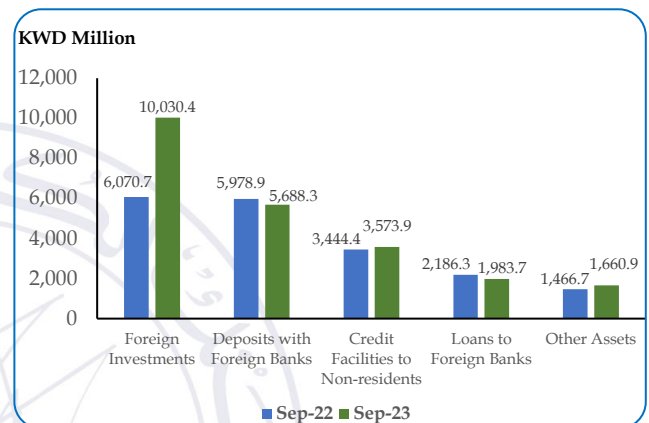


On another front, the balances of interbank deposits, claims on CBK, claims on government, claims on public institutions, loans to banks and other assets fell by 15.5%, 1.5%, 17.8%, 2.4%, 3.9% and 7.8%, respectively.

The components of foreign assets and claims on private sector can be detailed as follows:

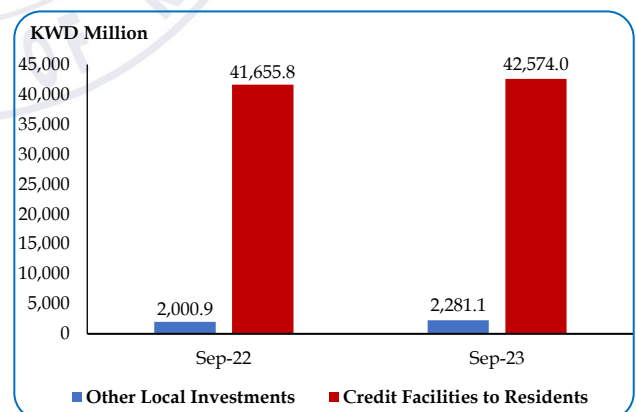
- **Foreign assets** accounted for 26.8% of the local banks' total assets at the end of September 2023. Foreign investments are considered a key component of local banks' foreign assets during the comparison period. These investments accounted for KWD 10.03 billion (43.7%) of the total foreign assets.

Figure (7): Components of Foreign Assets



- **Claims on private sector** represents the main source of local banks' assets. These claims accounted for 52.5% of the local banks' total assets in September 2023.

Figure (8): Components of Claims on Private Sector



The claims on private sector are mainly credit facilities to residents (accounted for 94.9% of the claims on private sector, and 49.8% of the local banks' total assets) as well as other local investments as at the

end of September 2023. The total foreign assets and claims on private sector accounted for 79.4% of the local banks' total assets at the end of September 2023 against 77.2% for end of the comparative month.

The following table shows the total assets of local banks by main components:

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

Statement	September 2022	September 2023	Change		to Total (%)
			Value	%	
Claims on CBK	8,002.7	7,884.5	-118.2	-1.5	9.2
Claims on Government	522.0	429.3	-92.7	-17.8	0.5
Claims on Public Institutions*	3,736.6	3,645.6	-91.0	-2.4	4.3
Claims on Private Sector, of which:	43,656.7	44,855.1	1,198.4	2.7	52.5
Credit Facilities to Residents	41,655.8	42,574.0	918.2	2.2	49.8
Foreign Assets	19,147.1	22,937.2	3,790.1	19.8	26.8
Loans to Banks	1,094.0	1,051.7	-42.3	-3.9	1.2
Local Interbank Deposits	2,047.7	1,730.2	-317.5	-15.5	2.0
Other Assets	3,140.6	2,894.7	-245.9	-7.8	3.4
Total Assets	81,347.4	85,428.2	4,080.9	5.0	100.0

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

Data indicate that **net foreign assets with local banks increased** by KWD 3.68 billion (52.8%) to KWD 10.66 billion at the end of September 2023 against KWD 6.97 billion for the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 3.79 billion (19.8%) and the limited rise in foreign liabilities by KWD 0.11 billion (0.9%).

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

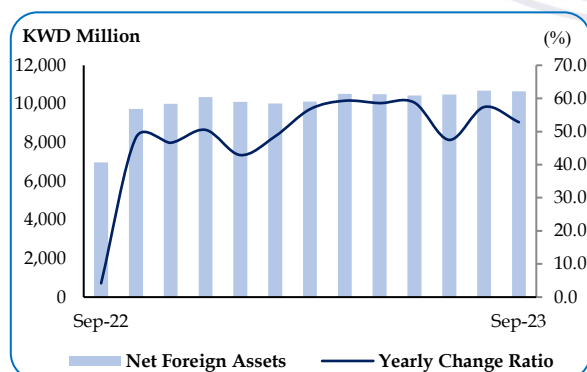
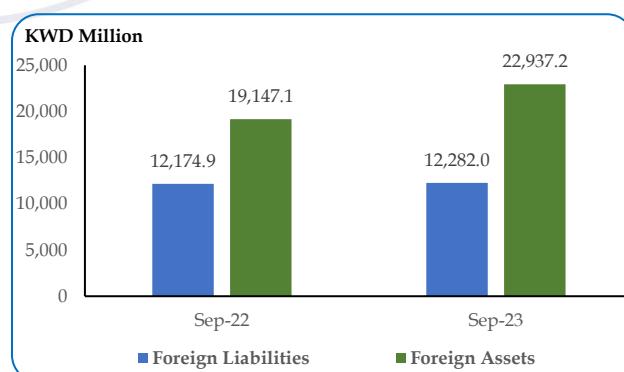


Figure (10): Foreign Assets & Liabilities in Local Banks



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

The utilized cash portion of the credit facilities to residents increased by KWD 0.78 billion (1.7%) to KWD 47.27 billion at the end of September 2023 against KWD 46.49 billion at the end of the comparative month. The personal credit facilities and the credit facilities to businesses accounted for 58.8% and 41.2%, respectively of the rise in the total utilized cash portion of the facilities extended to residents. In more detail, **personal credit facilities** (39.5% of the total utilized cash portion of the overall facilities to residents) increased by KWD 0.46 billion (2.5%) to KWD 18.65 billion at the end of September 2023 against KWD 18.19 billion at the end of the comparative month. This was mainly due to **the rise in the total utilized cash portion of housing credit facilities** by KWD 0.44 billion, i.e. 2.8% (housing credit facilities account for 85.6% of overall personal facilities) to KWD 15.97 billion at the end of September 2023, as well as a slight rise in the utilized cash portion of both **consumer credit facilities** (10.5% of the overall personal facilities) by 1.0% to KWD 1.95 billion and that of **other personal credit facilities** (2.3% of overall personal facilities) by 4.9% to KWD 0.43

billion. On the other hand, the utilized cash portion of the **personal credit facilities for private residential housing** (1.6% of overall personal facilities) declined by KWD 0.02 billion (5.2%) to KWD 0.30 billion.

The utilized cash portion of **credit facilities to businesses** (60.5% of the overall facilities to residents) increased by KWD 0.32 billion (1.1%) to KWD 28.62 billion at the end of September 2023 against KWD 28.30 billion at the end of the comparative month. This rise was mainly driven by the **increase in cash portion of credits** to real estate and construction sector (KWD 0.37 billion, i.e. 3.2%), trade (KWD 0.22 billion, i.e. 6.9%), non-bank financial institutions (KWD 0.16 billion, i.e. 15.8%), purchase of securities "individuals, companies and institutions" (KWD 0.11 billion, i.e. 3.5%) and agriculture & fishing (KWD 0.01 billion, i.e. 50.1%). On another front, a **decline was noticed in the cash portion of credits** to crude oil & gas (KWD 0.21 billion, i.e. 9.4%), industry (KWD 0.11 billion, i.e. 4.6%), loans to banks (KWD 0.04 billion, i.e. 3.9%) and other services (KWD 0.18 billion, i.e. 5.0%) as well as a slight slowdown in the public services by 1.8% at the end of September 2023 against the comparative month.

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

Statement	September 2022	September 2023	Change		to Total (%)
			Value	%	
Personal Credit Facilities	18,191.4	18,652.8	461.4	2.5	39.5
Consumer Loans	1,935.1	1,954.4	19.3	1.0	4.1
Installment Loans	15,528.8	15,967.2	438.4	2.8	33.8
Private Residential Loans	316.1	299.7	-16.4	-5.2	0.6
Other Loans	411.5	431.5	20.0	4.9	0.9
Business Sector Credit Facilities	28,295.0	28,618.5	323.5	1.1	60.5
Trade	3,215.4	3,438.0	222.6	6.9	7.3
Industry	2,462.8	2,348.4	-114.4	-4.6	5.0
Agriculture & Fishing	21.5	32.2	10.8	50.1	0.1
Purchase of Securities	3,163.7	3,275.3	111.6	3.5	6.9
Real Estate	9,473.3	9,509.3	36.1	0.4	20.1
Constructions	1,974.7	2,304.3	329.6	16.7	4.9
Loans to Banks	1,094.0	1,051.7	-42.3	-3.9	2.2
Non-Bank Financial Institutions	993.9	1,150.9	157.0	15.8	2.4
Crude Oil & Gas	2,218.1	2,009.9	-208.1	-9.4	4.3
Public Services	118.9	116.8	-2.1	-1.8	0.2
Other Services	3,558.8	3,381.6	-177.2	-5.0	7.2
Total	46,486.4	47,271.3	784.8	1.7	100.0

3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 0.45 billion (1.0%) to KWD 47.34 billion at the end of September 2023 against KWD 46.89 billion for the comparative month. This rise was driven mainly by the increase in total private sector's deposits by KWD 1.51 billion (4.2%) to KWD 37.47 billion, as well as the rise in government's deposits by KWD 0.39 billion (10.2%) to KWD 4.18 billion at the end of September 2023.

Meanwhile, public institutions' deposits decreased by KWD 1.45 billion (20.2%) to KWD 5.69 billion.

Resident private sector's deposits are the main source of financing for local banks (43.9% of the local banks' total liabilities at the end of September 2023). On another front, government's deposits and public institutions' deposits accounted for 4.9% and 6.7% of the local banks' total liabilities, respectively, at the end of September 2023.

Figure (11): Developments of Government Deposits

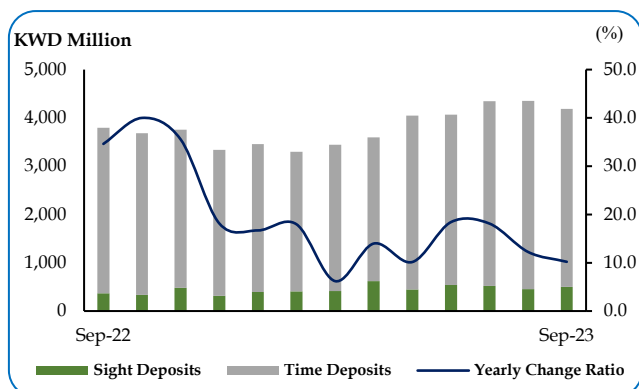


Figure (12): Developments of Public Institutions' Deposits

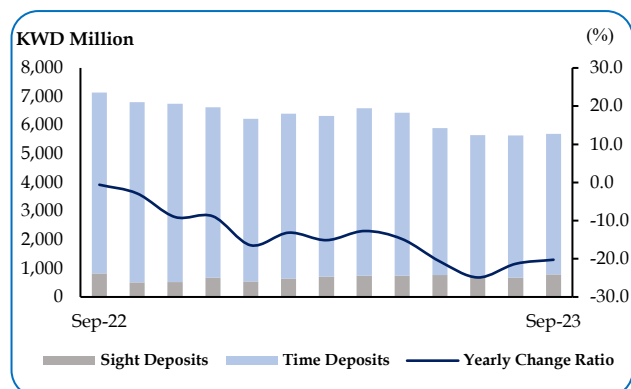


Figure (13): Developments of Private Sector's Deposits in Local Currency

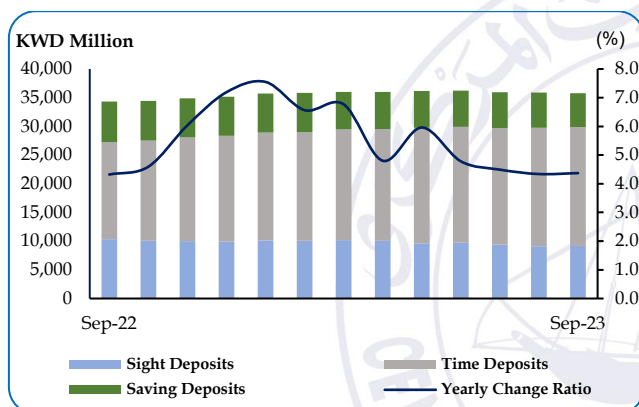
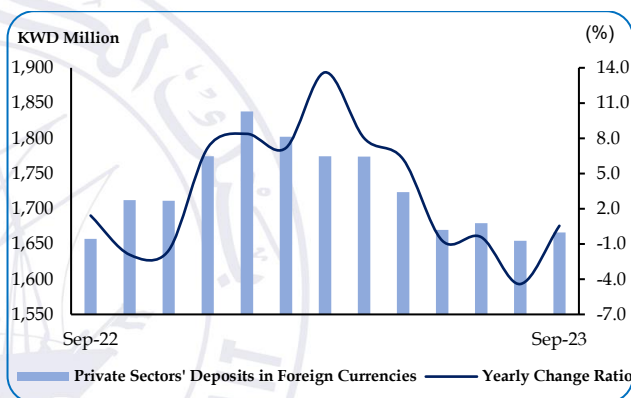


Figure (14): Developments of Private Sector's Deposits in Foreign Currencies



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 third quarter of 2023 against KWD 11.48 billion during the previous quarter, i.e. a rise by KWD 0.04 billion (0.4%). This increase was due to the rise in the value of payment gateway transactions (by KWD 0.02 billion, i.e. 0.4% to

KWD 4.44 billion), and the decline in the Automatic Teller Machine (ATM) transactions by KWD 0.15 billion, i.e. 5.4% to KWD 2.59 billion, and Points of Sale (POSs) transactions by KWD 0.17 billion, i.e. 4.0% to KWD 4.49 billion.