

Summary of the Key Local Monetary and Banking Indicators

October 2023

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

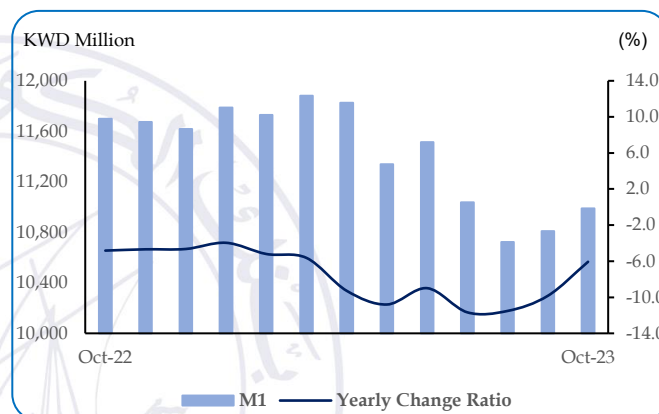
- Money Supply in its Broad Sense (M2) increased by 4.1% to KWD 39.34 billion.
- The total local banks' assets grew by KWD 3.06 billion (3.7%).
- The net foreign assets in the local banks increased by KWD 1.85 billion (19.0%).
- The utilized cash portion of credit facilities to residents increased by KWD 1.17 billion (2.5%).
- The total residents' deposits with local banks went up by KWD 1.26 billion (2.7%). Likewise, the resident private sector's deposits increased by KWD 1.57 billion (4.3%).

I. Monetary Developments (Money Supply)

1. Money Supply (M1):

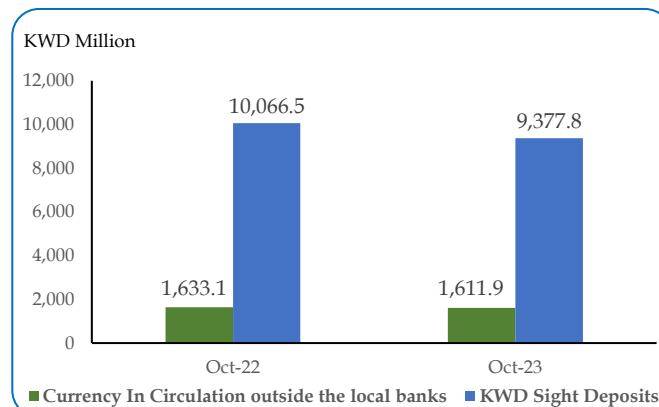
Money Supply in its Narrow Sense "Narrow Money" (M1) continued to slow down (on an annual basis since August 2022) by KWD 0.71 billion (6.1%) to KWD 10.99 billion at the end of October 2023 against KWD 11.70 billion at the end of the comparative month.

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



This decline mainly resulted from the decrease in KWD sight deposits by KWD 0.69 billion (6.8%) to KWD 9.38 billion, and the drop in currency in circulation outside the local banks by KWD 0.02 billion (1.3%) to KWD 1.61 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 1.55 billion (4.1%) to KWD 39.34 billion at the end of October 2023 against KWD 37.79 billion at the end of 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 2.26 billion (8.7%), and the decline in Narrow Money (M1) by KWD 0.71 billion (6.1%).

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

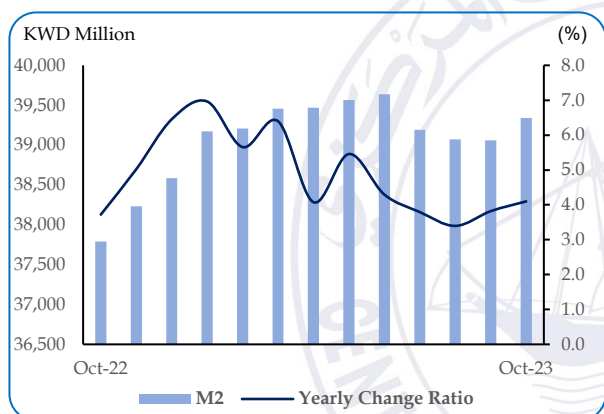
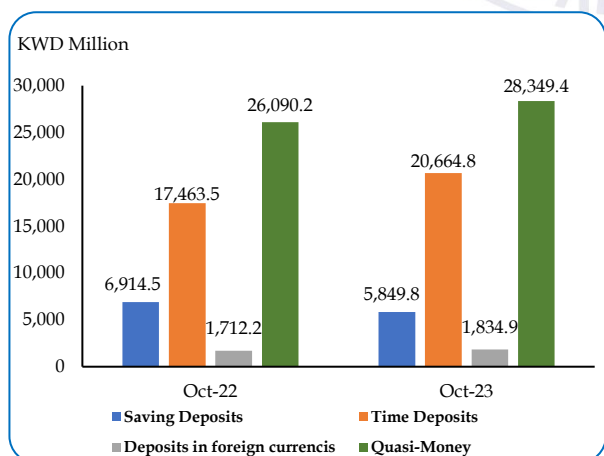


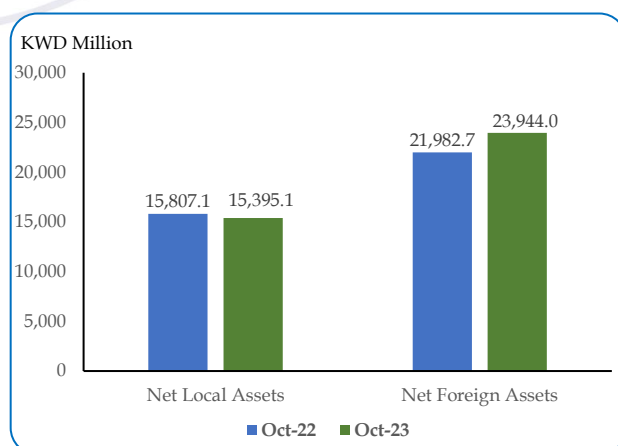
Figure (4): Developments and Components of Quasi-Money



Considering the combined monetary survey of CBK and the local banks during the period from the end of October 2022 to the end of October 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 1.96 billion, i.e. 8.9% (as a result of the increase in net foreign assets with local banks by KWD 1.85 billion, i.e. 19.0% and net foreign assets with CBK by KWD 0.12 billion, i.e. 0.9%), and the **decrease in net local assets** by KWD 0.41 billion, i.e. 2.6% (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)

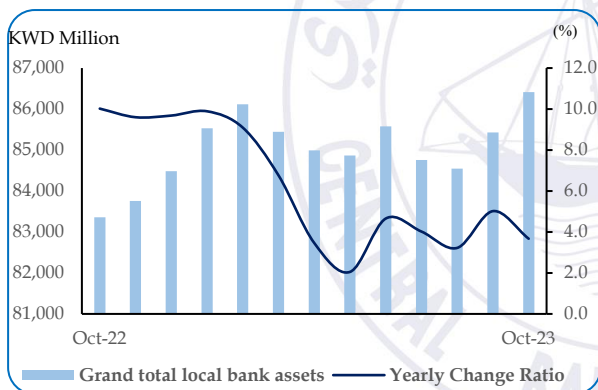


I. Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks grew by KWD 3.06 billion (3.7%) to KWD 86.41 billion at the end of October 2023 (historically, an all time high) against KWD 83.35 billion at the end of the comparative month. This was mainly driven by the rise in foreign assets by KWD 2.37 billion (10.9%) to KWD 24.25 billion, and claims on private sector by KWD 1.47 billion (3.4%) to KWD 45.23 billion. Likewise, the interbank deposits increased by KWD 0.11 billion (6.4%) to KWD 1.87 billion.

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

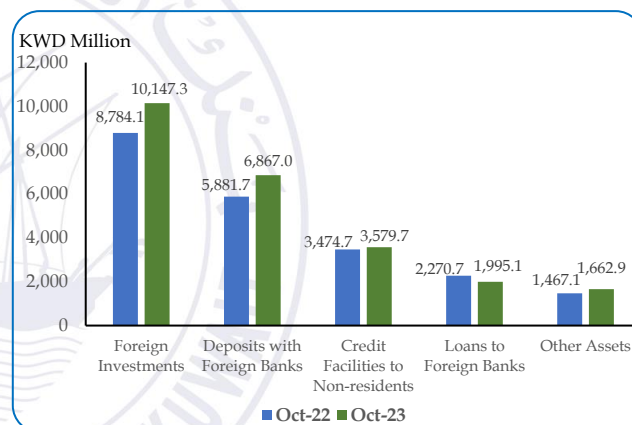


On another front, the balances of claims on CBK, claims on government, claims on public institutions, loans to banks and other assets fell by 7.7%, 17.6%, 0.2%, 2.2% and 5.7%, respectively.

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

- **Foreign assets** accounted for 28.1% of the local banks' total assets at the end of October 2023 (higher than the average percentage (26.8%) for the period from the end of October 2022 to the end of October 2023). This came from the rise in the balances of foreign investments, deposits with foreign banks, credit facilities to non-residents and other assets by 15.5%, 16.8%, 3.0% and 13.4%, respectively.

Figure (7): Components of Foreign Assets



- **Claims on private sector** represents the main source of local banks' assets. These claims accounted for 52.3% of the local banks' total assets in October 2023.

The claims on private sector are mainly credit facilities to residents (accounted for 95.0% of the claims on private sector, and 49.7% of the local banks' total assets) as well as other local investments as at the end of October 2023.

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	October 2022	October 2023	Change		to Total (%)
			Value	%	
Claims on CBK	7,872.3	7,265.7	-606.7	-7.7	8.4
Claims on Government	519.6	428.3	-91.2	-17.6	0.5
Claims on Public Institutions*	3,630.5	3,623.2	-7.3	-0.2	4.2
Claims on Private Sector, of which:	43,758.1	45,225.1	1,467.0	3.4	52.3
Credit Facilities to Residents	41,751.3	42,950.1	1,198.8	2.9	49.7
Foreign Assets	21,878.1	24,251.9	2,373.8	10.9	28.1
Loans to Banks	999.4	977.0	-22.4	-2.2	1.1
Local Interbank Deposits	1,761.7	1,874.3	112.6	6.4	2.2
Other Assets	2,935.1	2,768.6	-166.5	-5.7	3.2
Total Assets	83,354.8	86,414.2	3,059.4	3.7	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 1.85 billion (19.0%) to KWD 11.58 billion at the end of October 2023 against KWD 9.74 billion at the end of the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 2.37 billion (10.9%) and foreign liabilities by KWD 0.53 billion (4.4%).

Figure (8): Development of Net Foreign Assets in Local Banks

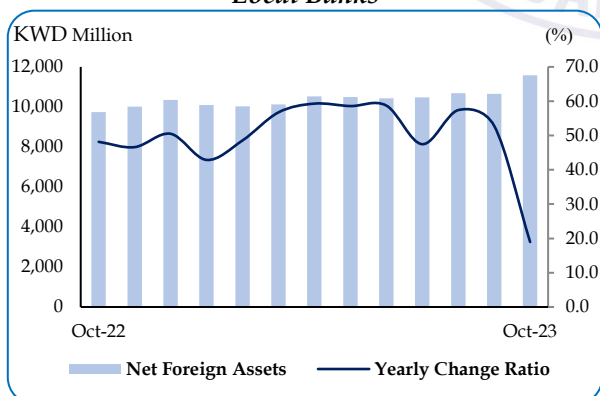
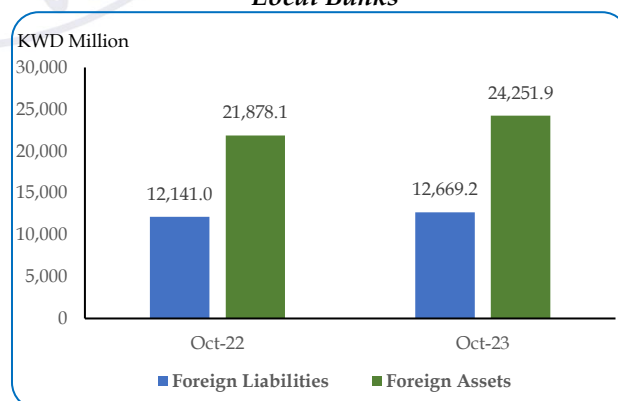


Figure (9): Foreign Assets & Liabilities in Local Banks



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

The utilized cash portion of the credit facilities to residents accounted for 89.5% of the overall facilities extended to residents and non-residents (considered a stable percentage during the period from the end of October 2022 to the end of October 2023).

The utilized cash portion of the credit facilities to residents increased by KWD 1.17 billion (2.5%) to KWD 47.55 billion at the end of October 2023 against KWD 46.38 billion at the end of the comparative month.

The personal credit facilities and the credit facilities to businesses accounted for 40.3% and 59.7%, 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 0.47 billion (2.6%) to KWD 18.77 billion at the end of October 2023 against KWD 18.30 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 "Installment"** by KWD 0.41 billion, i.e. 2.6% (housing credit facilities account for 85.4% of overall personal facilities) to KWD 16.03 billion at the end of October 2023 (historically, an all-time high), as well as a slight rise in the utilized cash portion of both **consumer credit facilities** (10.5% of the overall personal facilities) by 1.1% to

KWD 1.97 billion and that of **other personal credit facilities** (2.5% of overall personal facilities) by 14.6% to KWD 0.47 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 (7.1%) to KWD 0.30 billion. Data show a continued drop in personal credit facilities for private residential housing on an annual basis since the end of February 2023.

The utilized cash portion of credit facilities to businesses (60.5% of the overall facilities to residents) increased by KWD 0.70 billion (2.5%) to KWD 28.78 billion at the end of October 2023 against KWD 28.08 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 (KWD 0.63 billion, i.e. 5.5%), trade (KWD 0.20 billion, i.e. 6.1%), non-bank financial institutions (KWD 0.20 billion, i.e. 20.4%), purchase of securities "individuals, companies and institutions" (KWD 0.21 billion, i.e. 6.8%) and agriculture & fishing (KWD 0.01 billion, i.e. 36.7%). On another front, a **decline was noticed in the cash portion of credits** to crude oil & gas (KWD 0.18 billion, i.e. 8.4%), industry (KWD 0.13 billion, i.e. 5.2%), loans to banks (KWD 0.02 billion, i.e. 2.2%) and other services (KWD 0.21 billion, i.e. 5.8%) as well as a limited slowdown in the public services by 1.2% at the end of October 2023 against the comparative month.

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

Statement	October 2022	October 2023	Change		to Total (%)
			Value	%	
Personal Credit Facilities	18,299.7	18,771.3	471.5	2.6	39.5
Consumer Loans	1,946.9	1,968.2	21.3	1.1	4.1
Installment Loans	15,616.4	16,029.1	412.7	2.6	33.7
Private Residential Loans	322.6	299.6	-23.0	-7.1	0.6
Other Loans	413.8	474.3	60.5	14.6	1.0
Business Sector Credit Facilities	28,081.5	28,779.1	697.6	2.5	60.5
Trade	3,212.2	3,408.6	196.4	6.1	7.2
Industry	2,481.9	2,352.7	-129.1	-5.2	4.9
Agriculture & Fishing	21.9	29.9	8.0	36.7	0.1
Purchase of Securities	3,079.7	3,287.5	207.9	6.8	6.9
Real Estate	9,509.3	9,694.3	185.0	1.9	20.4
Constructions	1,966.0	2,411.6	445.7	22.7	5.1
Loans to Banks	999.4	977.0	-22.4	-2.2	2.1
Non-Bank Financial Institutions	958.8	1,154.6	195.8	20.4	2.4
Crude Oil & Gas	2,139.1	1,959.0	-180.1	-8.4	4.1
Public Services	118.1	116.8	-1.4	-1.2	0.2
Other Services	3,595.2	3,387.1	-208.1	-5.8	7.1
Total	46,381.2	47,550.4	1,169.2	2.5	100.0

3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 1.26 billion (2.7%) to KWD 47.90 billion at the end of October 2023 against KWD 46.64 billion at the end of the comparative month. This rise was driven mainly by the increase in total private sector's deposits by KWD 1.57 billion (4.3%) to KWD 37.73 billion, as well as the rise in government's deposits by KWD 0.37 billion (10.0%) to KWD 4.05 billion at the end of October 2023.

Meanwhile, public institutions' deposits decreased by KWD 0.68 billion (9.9%) to KWD 6.12 billion.

Resident private sector's deposits are the main source of financing for local banks (43.7% of the local banks' total liabilities at the end of October 2023). On another front, government's deposits and public institutions' deposits accounted for 4.7% and 7.1% of the local banks' total liabilities, respectively, at the end of October 2023.

Figure (10): Developments of Government Deposits

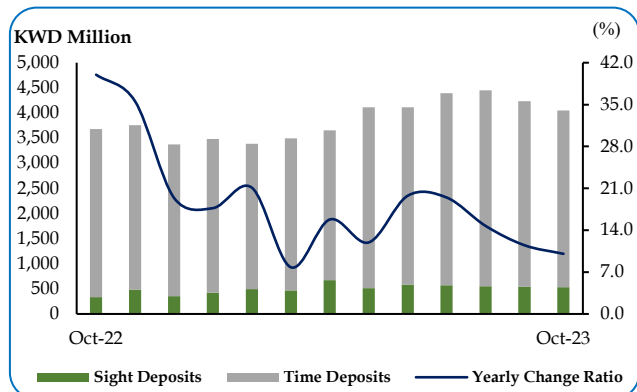


Figure (11): Developments of Public Institutions' Deposits

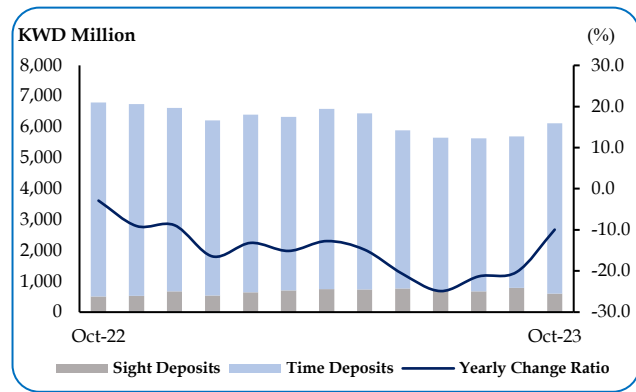


Figure (12): Developments of Private Sector's Deposits in Local Currency

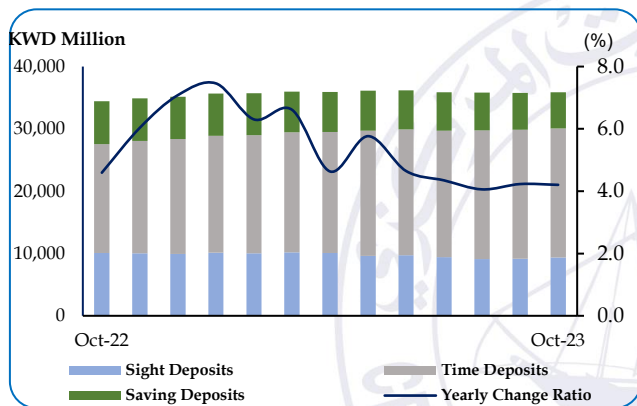


Figure (13): Developments of Private Sector's Deposits in Foreign Currencies

