

Special Edition



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Sheikh Dr. Meshaal Jaber Al-Sabah
KDIPA has been working relentlessly to develop the three economic zones

Kuwait Fund for Arab Economic Development (KFAED)

The Fund has financed development projects in over 106 countries with a value of \$22bn

With a significant increase by 47.8%
KD 833.7 million net profits of Kuwaiti banks in the first half of 2023

The Central Bank of Kuwait and the banking sector: A solid bond and sustainable evolution



بيت التمويل الكويتي
Kuwait Finance House



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Kuwait Finance House



Baitak Rewards

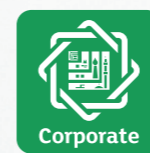
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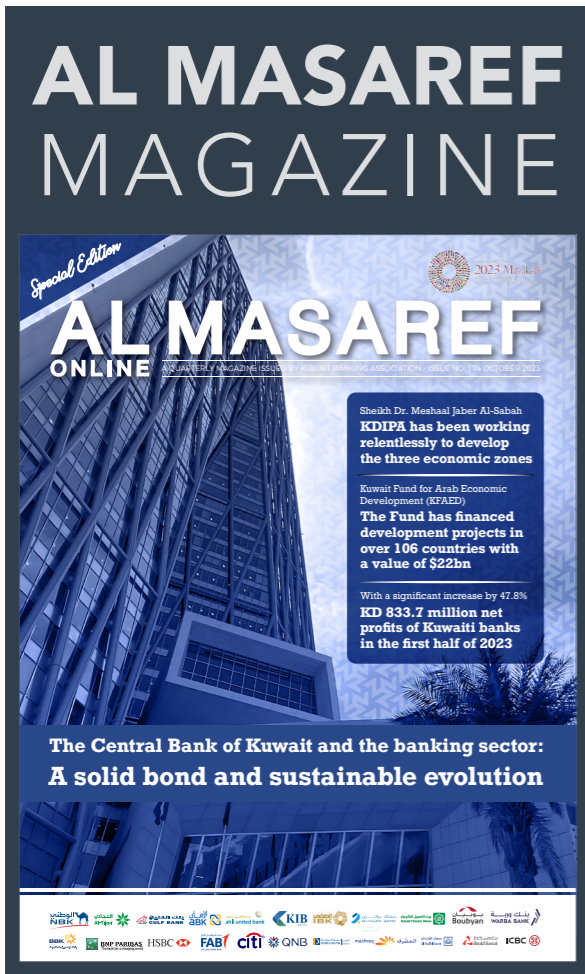


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Editing Manager



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Editor in Chief

Kuwaiti Banks looking to the future

Kuwaiti banks not only rely on their history but are always keen to look to the future. In light of the developments in financial technology and the digitalization of banks, banks have become in a position to keep pace with these developments and benefit from their advantages such as innovative new financial products and information technology with a focus on performance efficiency.

The goal for the Kuwaiti banking sector is to be in line with global standards, particularly in terms of digitalisation. The Central Bank of Kuwait (CBK) has taken significant steps towards creating a more digitalised economy, such as by launching a regulatory sandbox in November 2018 to encourage sector players to develop new applications in partnership with banks. In this regard, the CBK is carefully examining the relationship between the banking and telecommunications sectors, as well as between banking and financial technology (fintech) innovators, to strike a balance between innovation and stability, and promote fair competition within the sector.

By the end of 2023 we expect to see collaboration between telecommunications companies and banks to develop system products and services, establishing new companies and applications that can contribute to the digital economy. Joint ventures between mobile companies and banks could function as catalysts for innovation.



As for the future of the Kuwaiti fintech landscape, progress depends on the concerted efforts of multiple stakeholders, including banks, investment companies, the CBK and entrepreneurs. Collaboration and integration are key to fostering market-relevant innovation that addresses actual needs. This type of collaboration requires an ecosystem-wide effort to bring about the necessary transformation, which should avoid concentrating investment in segments that are yet to provide clear applications to clients and banks. The government, in cooperation with banks, plays a key role as an information provider and source of seed money.

On the other hand, Open Banking has become a rapidly evolving and increasingly important element in the banking industry in most parts of the world. Kuwait enjoys demographic advantages, a business-friendly environment and internet connectivity. Kuwait is one of the highest countries in the region in terms of access, Internet use and technology in the region, which reflects the readiness of the community to conduct electronic transactions at all levels. The percentage of mobile phone subscriptions is 158%, while the percentage of Kuwait's population uses the Internet 99.7%, and 95.7% of them use it on a daily basis, while the penetration of smartphones covers about 98.5% of the population.

Regulators play a vital role in open banking and can use different tools to encourage its development. In this regard, there is great interest from the Central Bank of Kuwait to support and regulate the activity of open banking, and the bank's specialists are conducting an extensive study on this matter, which concluded the need to develop a regulatory framework for open banking services and prepare standards for the application programming interface, and to achieve this purpose, the Central Bank formed the "Open Banking Working Group", which includes specialists in the Central Bank and representatives of Kuwaiti banks.

I believe that CBK will be careful to move cautiously in open banking with the aim of ensuring full compliance with the highest security standards, to ensure that the safety of the system and its customers is not compromised. As always, CBK will certainly work on developing the necessary infrastructure to implement it according to the best standards, especially since the possibility of allowing service providers to access customers' banking data requires following a data governance framework and setting regulations and laws that protect data internally and externally to ensure security and privacy.

The Central Bank of Kuwait and the banking sector:

A solid bond and sustainable evolution

The Governor of the Central Bank of Kuwait (CBK), Basel A. Al-Haroon, commenced this release by highlighting the vital role of the banking sector in the national economy to attract, retain and grow national savings, and plan for placement thereof in the best investment options, in a way that ensures the optimal allocation of economic resources, thus enhancing sustainable growth opportunities. He added that the higher the efficiency of the banking sector and financial intermediation, the higher growth rates and development patterns in the national economy. The Governor pointed out that the developments of the financial and banking sector in the State of Kuwait is driven by the changing conditions in the economic environment in which it operates and keep pace with the advanced innovations and new financial and banking tools in the banking industry. Though started with few foreign banks and branches, the Kuwaiti banking sector has evolved over the past decades to play a vital role in serving the Kuwaiti economy. In addition to providing traditional banking services, e.g. loans, savings accounts and credit cards, Kuwaiti banks deployed the financial technologies and developed the cybersecurity services and fast transfers, making financial operations faster and easier. Today, Kuwaiti banks are considered a key source for financing the local economy, providing loans and financial facilities to large, medium and small sized enterprises, thus contributing to enhancing economic growth and providing job opportunities. It also plays an important role towards financing other crucial sectors such as oil, petrochemicals and infrastructure. Moreover, Kuwaiti banks meet individuals' financial needs by providing several services and provide professional investment and asset management services to both individuals and institutions.



Basel A. Al-Haroon | The Governor of the Central Bank of Kuwait (CBK)

Banking Sector and Monetary System – Historical Glance

In a historical overview of the banking sector, the Governor noted that when the first Emir of the State of Kuwait, the Late Sheikh Sabah I, came to power in 1756, there was no currency in circulation in Kuwait. As a result of the travels of the people of Kuwait, they used many currencies that were then prevailing in many countries in the region, especially in the Arabian Peninsula.

The Governor explained that the economic structure had shaped Kuwait's monetary system in the past, which was limited to the circulation of some currencies of major countries. In 1886, during the reign of the fifth ruler of Kuwait, the Late Sheikh Abdullah bin Sabah Al-Sabah (Abdullah II, may Allah rest his soul), the first Kuwaiti currency "Baizah" was issued and put into circulation, declaring the emergence of

the monetary system in Kuwait, and signifying monetary sovereignty.

The first issuance of the Kuwaiti Dinar was in 1959 during the reign of the Late Sheikh Abdullah Al-Salem Al-Sabah (may Allah rest his soul), by virtue of an Amiri Decree issuing a Kuwaiti national currency, following the endorsement of the Kuwaiti Monetary Law as per the Amiri Decree No. 41 of 1960, whereby the Kuwaiti Dinar became the national currency, and the Kuwait Currency Board was established. Accordingly, the Kuwaiti Dinar was put into circulation on the first day of April 1961 to lay the foundation for a contemporary monetary system of the State of Kuwait. The establishment of the Kuwait Currency Board and the issuance of the Kuwaiti Dinar brought about a qualitative leap in the development of banking activity in Kuwait, keeping pace with the economic transformations resulting from the beginning of the oil era.

► *The first issuance of the Kuwaiti Dinar was in 1959 and was put into circulation on the first day of April 1961* ◀



On a related note, the Governor pointed out that CBK was established by virtue of the Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Regulation of Banking issued on June 30, 1968, replacing the Kuwait Currency Board and keeping pace with the local, regional and international economic developments in line with the role of central banks in the area of monetary policy formulation and implementation, and regulation of the banking system. CBK commenced operations on the 1st of April 1969, in fulfillment of the main objectives stated in Article 15 of its Law No. 32 of 1968, which

include: issuing the national currency on behalf of the State, maintaining the relative stability of the Kuwaiti Dinar, securing its free convertibility into foreign currencies, directing the credit policy to contribute to the social and economic progress and enhance the national income, supervising the State's banking system, and serving as a banker and a financial adviser to the government.

With regard to the establishment and development of Kuwaiti banks, the Governor indicated that on May 19, 1952, the Amiri Decree was issued establishing the first Kuwaiti bank,

► *The institutional structure of the Kuwaiti banking system, which is regulated by CBK, consists of 22 local banks: 5 conventional banks, 5 Islamic banks, 1 specialized bank, and 11 branches of foreign banks, including a branch of an Islamic bank* ◀



the National Bank of Kuwait, as the only bank that was operating in Kuwait before that date was a branch of a foreign bank (the British Bank for Middle East). This step reflected the aspirations towards prosperity of the national economy and formed a pillar for development of the monetary system in Kuwait. During the sixties of the past century, the faster pace of economic transformations in Kuwait was accompanied by expanding uses of money in the Kuwaiti economy. Two other Kuwaiti banks were established, namely Commercial Bank of Kuwait, established on June 19, 1960, and

Gulf Bank, established on October 23, 1960. As Kuwait's economy has been developing, the banking sector expanded and diversified over the years. Many banks and financial institutions were established to accommodate the needs of customers and provide various financial services. Kuwaiti banks have also adopted advanced financial technology commensurate with the global developments in the world of finance and business.

The Governor recalled the development seen in the Islamic banking industry in Kuwait, which gained a good share of the banking



and financing activity, providing a wide range of Shari'a-compliant services and products such as real estate services, financial trading, investment portfolios, commercial services, and financing services for both individual and corporate customers. He pointed out that the establishment of Islamic banks in Kuwait began at the end of 1970s, when Kuwait Finance House "KFH" was established by virtue of the Amiri Decree promulgated on 23 March 1977. The Governor added that the issuance of the Law No. 30 of 2003 "adding a special section on the Islamic banks to Chapter Three of the Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Regulation of Banking and its amendments", and the Resolution of the Kuwaiti Minister of Finance No. 17 of 2004 for registration of Kuwait Finance House in the Register of Islamic Banks, came in response

to an urgent need to issue legislation that regulate the business of the then established Islamic banks, i.e. Kuwait Finance House, and those established later.

In keeping pace with the liberalization of financial services, the Governor explained that a legislative amendment has been made pursuant to the Law No. 28 of 2004 to the provision under Article 56 of the Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Regulation of Banking and its amendments, authorized foreign banks to open branches in the State of Kuwait, including branches of Arab banks such as Bank of Bahrain and Kuwait, First Abu Dhabi Bank, Qatar National Bank and others. Branches of foreign banks are BNP Paribas, HSBC Bank Middle East Limited, Citibank and others.

The Pivotal Role of the Banking Sector

The Governor said that the institutional structure of the Kuwaiti banking system, which is regulated by CBK, consists of 22 local banks: 5 conventional banks, 5 Islamic banks, 1 specialized bank, and 11 branches of foreign banks, including a branch of an Islamic bank. As a result of the growth and expansion in business and activities of the banking sector, the local banks' consolidated balance sheet at the level of local activity (the activity of local banks and their branches in the State of Kuwait) has more than doubled since 2010 to reach KWD 85,574.8 million in June 2023.

As regards the role of the Kuwaiti banking sector in economic development and financing economic activities, the Governor mentioned that the utilized cash portion of credit facilities by residents provided by local banks to various local economic sectors have doubled since the end of 2010 to reach KWD 47,255.4 in June 2023. Likewise, the total balance of residents' deposits with local banks nearly doubled to KWD 47,839.1 in June 2023.

The Governor added that the financial indicators of Kuwaiti banks continuously confirm the resilience of the banking sector and its ability to withstand crises and continue serving the national economy efficiently and effectively, as demonstrated by the strong financial soundness indicators in terms of capital adequacy, liquidity, asset quality, and profitability, supported by the positive results of financial stress tests conducted by CBK on a regular basis.

The Governor pointed out that despite the repercussions of several external shocks on the economic and banking standing, Kuwaiti banks were able to maintain high levels of asset quality, and passed a non-easy test, which confirmed the strength of the banking sector to overcome shocks. This is supported by building up provisions to meet the requirements for

writing off bad debts, and continuing to make such provisions in a way that strengthens the financial buffers of banks, increases their solidity and enhances their ability to providing services to all sectors of the national economy with high efficiency, in a balanced manner that considers the interests of all concerned parties.

In this context, the Governor shed the light on the CBK's micro- and macro-prudential policies and the supervisory policies that take into account the future outlook and precautionary measures. CBK directed banks to strengthen their financial buffers and fortify the banking sector to increase its ability to resist shocks so that it remains resilient and continues serving the national economy with high efficiency even under stressful conditions.

The Governor also stressed that CBK strives to enhance the financial stability of the units of the banking and financial sector, taking into account the continuous review of economic, monetary and banking indicators that support the current course of monetary policy, in light of the lag effect of previous decisions on those indicators.

The Governor also noted that due to the Kuwaiti banks' efficiency and compliance with the CBK regulations and the international standards, they were able to serve the Kuwaiti economy, as evidenced by the financial soundness indicators as at the end of March 2023, that are all well above the CBK required ratios and represented by the high rates of Capital Adequacy Ratio (19.0%), Liquidity Coverage Ratio (158.1%) and Net Stable Funding Ratio (113.7%). These indicators are supported by asset quality standards, as the non-performing loan ratio maintained its historically low level of 1.5%. The results of these indicators indicate that the Kuwaiti banking sector is able to face the future challenges related to monetary tightening from a position of strength.

Monetary Policy and the Challenges of Economic Growth

In this context, the Governor indicated that due to the recent economic and geopolitical developments in the world, the global economy witnessed significant transformations that resulted in higher inflation in many countries and, accordingly, shift of the monetary policy in most economies to a tightening policy. Central banks utilized their available instruments that include raising interest/discount rates in order to achieve a set of intermediate goals, e.g. decelerating credit and reducing the money supply, towards achieving the ultimate goals, namely fighting inflation and reducing aggregate demand, the main driver of economic growth. The conduct of such policy varies from one country to another based on the economic nature of each country and the availability of policy instruments.

The Governor clarified that the CBK's decisions

► *The economic structure had shaped Kuwait's monetary system in the past, which was limited to the circulation of some currencies of major countries* ◀

are based on vigilant monitoring of the changes in the international markets and economies, and the indicators of the local economy and the local monetary and banking indicators. He confirmed that CBK did not follow the lead of the major central banks in their accelerated decisions to raise the interest rates during the monetary tightening cycle that began in March 2022 and threatened financial stability. Instead, CBK has taken a series of decisions on the formulation and implementation of monetary policy in a gradual and balanced approach aimed at consolidating monetary and





financial stability of the CBK-regulated entities, preserving attractiveness of the national currency as a lucrative store of domestic savings, and providing an environment supportive of sustainable economic growth.

Regulatory and Supervisory Efforts

In terms of regulatory and supervisory policy for the banking and finance system, the Governor stressed that CBK is keen on bolstering and developing its regulatory and supervisory programs and tools in light of lessons from the financial and banking crises and challenges of contemporary economies. Along these lines, CBK efforts, during the previous period, had so far been geared towards enhancing its regulatory and supervisory capacities and resources to guarantee proper professional conduct in banking business; fourth item under

Article (15) of CBK mandate within Law No. (32) of 1968 concerning Currency, the Central Bank of Kuwait, and the Organization of Banking Business, and amendments to said law, states upon supervising the banking system in the State of Kuwait.

The Governor pointed out that CBK had channeled all effort to counter the negative impact of the various financial and economic crises that hit world markets utilizing all tools at its disposal, without sacrificing its main goal of maintaining monetary stability and financial stability amid any repercussions, and in a manner that enables economy sectors to absorb crises and creates an atmosphere that boosts confidence in the national economy and that stimulates its recovery and sustainable growth .

Furthermore, and within its mandate, CBK

had focused on bolstering the backbones of monetary stability and financial stability in the State of Kuwait within an early-intervention and proactive approach. It also continued to effectively steer the overall systems comprising monetary policy instruments, regulatory policy, and macro-prudential instruments and to invest them all prudently and professionally to bolster economic growth on sustainable basis, to maintain the allure of the national currency as a lucrative and reliable store of local savings, and to guarantee that all units of the banking and finance sector continue to provide financial services to the economy and to the community in a smooth, swift, and secure manner.

Within its regulatory and supervisory policy, the Governor pointed that CBK maintained its supervision over regulated entities through on-site and off-site supervision, as the bank regulates these entities' business through issuing appropriate instructions and controls.

The Governor pointed out that Kuwaiti banking sector units successfully overcame previous crises that hit world economies as well as the Corona pandemic, thanks to the CBK's regulatory and supervisory policy that takes a proactive approach to bolster banking system units' conditions. Amid such sound and encouraging state of affairs, CBK spares no effort to regulate and supervise the banking sector so that Kuwaiti banks remain capable of offering their service efficiently to all sectors of the national economy, the Governor stressed. Furthermore, CBK shall continue to utilize the appropriate instruments at its disposal such as interest rate, regulation of liquidity, monetary market intervention, as well as public debt instruments with the aim of maintaining monetary stability and financial stability on the one hand and bolstering an atmosphere conducive to sustainable economic growth and stability of prices on the other.

► **Despite the repercussions of several external shocks on the economic and banking standing, Kuwaiti banks were able to maintain high levels of asset quality, and passed a non-easy test** ◀

Within efforts to encourage green financing, the Governor recalled CBK instructions to local banks concerning sustainable finance guidelines indicating the three sustainability standards as (Environment, Social, Governance – ESG). This step had been taken amid increasing global interest in sustainable finance and CBK is following up local banks' reports concerning their compliance with sustainable finance standards and their commitment to issue of products and financing tools harmonious with green finance, as well as implementation of principles of sustainability on banks' internal operations and activity.

Technology Development... Pathway for Growth and Development

When it comes to technological development, the CBK Governor noted that with digital conversion as a main basis of the Kuwait 2035 vision, the State of Kuwait is focused on adopting smart and digital technology to create services, boost the economy, enhance quality of life, as well as enhancing operational efficiency and performance of main sectors. Kuwait 2035 vision targets also include the development and update of the infrastructure, including the information technology and communications infrastructure. CBK, as a regulatory body, seeks to strike a balance between utilizing and encouraging technological growth in the field of financial services and the protection of the Kuwaiti



finance and banking sector through appropriate policy and regulations.

As for the future approach, the Governor said that CBK had decided upon for digitization of the Kuwaiti banking sector, and this comes within the context of its keenness to develop the banking and finance industry and stimulating innovation within it as well as promoting latest technology to bolster monetary and financial stability in a business environment that is seeing increasing risk. The Bank had therefore drafted the business parameters for banks' operation in Kuwait regarding the offer and development of digital banking services according to the three models of digital banking business; the first model is of a unit within a traditional bank, the second is a partnership with a third party, and the third and last model is establishment of a standalone digital bank.

Within the same lines, CBK is keen on creating a technology environment that offers more enablement, which supports sustainable innovation, and enables implementation of a set of remedies and related measures including regulation of e-payment and the issue of a strategic cyber security framework that requires Kuwaiti banks to develop and regularly update future strategies. CBK also issued the sandbox framework to provide a secure environment to test out innovative products that would contribute to digitization of the banking sector.

The Governor remarked there is a need to keep abreast with accelerating global and regional developments within modern and sophisticated mechanisms, marking the revolution seen in the banking environment and the avid competition among banks to meet their customers' expectations and increasing

► On May 19, 1952, the Amiri Decree was issued establishing the first Kuwaiti bank, the National Bank of Kuwait, as the only bank that was operating in Kuwait before that date was a branch of a foreign bank (the British Bank for Middle East) ◀

needs through offering the latest and best digital finance services in an accessible and easy manner and through building a well-rounded and sophisticated matrix for all their services. The Kuwaiti banking sector had indeed, the Governor stressed, taken serious steps towards digital conversion aimed at enhancing internal operations, procedures, and systems and offering advanced electronic services and working towards digital technology. The Governor further pointed out the important and growing role the banking sector is playing on economic and social levels, as Kuwaiti banks

continue to show keenness to fulfill their social responsibility and to enable individuals to realize their goals in all areas.

As part of the internal efforts towards digital conversion, the governor said that CBK maintains unwavering efforts at developing and updating the technology environment and the infrastructure of all Bank systems to stay abreast with the latest issues and technology, thus continuously enhancing both efficiency and security.

When it comes to cyber security, the Governor noted that CBK gives great care to management





of cyber risk and information technology threats, following the highest global standards in this field. CBK, he added, maintains unwavering effort to enhance cyber security within the cyber security framework of the banking sector in the State of Kuwait. He stressed that Kuwaiti banks' electronic networks and information systems are of highest security levels and utilize sophisticated information security and protection software and technology in line with global standards aimed at preventing all forms of fraud, and protecting against all forms of hacking and piracy.

CBK had also launched, in cooperation with Kuwaiti banks and under the management of Kuwait Institute of Banking Studies, the "Cyber Security Leaders" program serving Kuwaitis specialized in electronic security with the aim of enhancing their capabilities and honing their

skills and providing them with training on the latest technology and practices in the field. The Governor further pointed out the numerous media campaigns, both solely on the part of CBK or those in cooperation with Kuwaiti banks promoting public awareness to guard against banking fraud.

Fin-Tech

Amid the growing importance of technology within the banking and finance sector, CBK strives to enhance its cross-border payments systems and to adopt the latest technology in the field to improve efficiency and reduce reliance on external finance and transfers systems as well as reduce cost of transfers for customers. Along these lines, CBK had initiated implementation of the Gulf payments system (AFAQ) across the State of Kuwait in cooperation with the central

► *CBK seeks to strike a balance between utilizing and encouraging technological growth in the field of financial services and the protection of the Kuwaiti finance and banking sector through appropriate policy and regulations.* ◀



banks of the Gulf Cooperation Council countries. In addition, CBK is aiming to establish a center for innovation that aims to support activities and fields related to information security, cyber security, and information systems in CBK-regulated entities.

Keen to keep up with developments in and provide the regulatory and supervisory framework for e-payments, CBK issued in May 2023 instructions on regulation of e-payment business which specified requirements to be satisfied by current and newly-established

financial entities if they are to engage in e-payment or e-money activity or operate e-payment systems. The instructions included five types of permits to be issued befitting the volume and nature of the activity, and also stipulated the regulatory requirements and controls to be complied with by these entities spanning the areas of governance, overall risk management and AML/CFT framework, business continuity, and customer protection with the ultimate goal of bolstering the soundness and stability of the payment systems in the State of Kuwait.



Sheikh Ahmad Duaij Al Sabah,
Commercial Bank of Kuwait Chairman

Al-Tijari cares for quality over quantity and extend finance after comprehensive study to ensure customer's financial soundness, resilience and stability

► **The Banking sector in Kuwait is robust and well-regulated thanks to the conservative and stringent approach applied by Central Bank of Kuwait** ◀

How do you see the future of Kuwaiti banks in light of the rapid pace of development in the banking industry in Kuwait?

The Banking sector in Kuwait is robust and well-regulated thanks to the conservative and stringent approach applied by Central Bank of Kuwait. This makes Kuwaiti banks in good position to harvest the yields of the prevailing circumstances, and as the performance of Kuwaiti Banking sector is linked to the performance of Kuwait economy in general, let us stress on some of the points raised in the IMF recent report following discussions that ended on 30 May 2023, with the officials of Kuwait on economic developments and policies which revealed that:

- The banking system is stable and resilient to severe shocks. Banks are well-capitalized and highly liquid. Non-performing loans remain sufficiently provisioned. Profitability is also recovering.
 - The banking system is stable and systemic risk is contained, supported by a strong prudential framework that should continue to be enhanced.
- According to Moody's report, Kuwaiti banks are having a sound capital and strong liquidity, being the two factors that favors a stable future outlook for banks.
- Furthermore, as per latest credit rating report, Fitch Affirms Kuwait at 'AA-' with Stable Outlook. Kuwait economy has strong fundamentals and key areas of strengthen and Kuwait aims to boost capacity to 3.15 million bbl/day by FY27, with increases both onshore and in the neutral zone.

These factors plus the high interest rates will drive forward the performance of Kuwaiti banks and the expansion of credit as banks will reap the benefits of high interest rates. Banks' credit growth is estimated at about 3% this year, with the government's continued commitment to the national development plan and spending on infrastructure and large projects will boost the demand for loans.

As such, the banking sector will benefit from the latest technology enabling them to go digital. Delivery channels have been evolving radically. Now for over 50% of all banking transactions, customers use mobile banking applications and online banking. Digital banking offers convenience, ease-of-use, 24-hour service availability and better customer experience. Banks now offer virtual credit cards and e-wallets, fingerprint identification and facial recognition services, cardless cash withdrawals and online credit card issuance. The communications with customers have evolved as banks are now using social media and messaging applications.

What challenges are facing the banking sector? What impact do these challenges have on banks' competitive positions?

Kuwait has a robust and well-regulated financial services sector. The country's banking regulator, the Central Bank of Kuwait, is conservative with more stringent oversight of local banks than other countries in the region. It currently supervises and regulates 11 Kuwaiti banks and 12 foreign banks. Competition among these banks is high. The market is not considered to be over-banked. The sector has shown resilience in the face of the slowdown in government spending caused by the collapse in the price of oil from 2014 to 2016. In addition, the Kuwaiti banking sector has proven to be more resilient than its peers in the GCC. Since 2016, the performances of Kuwait's banks have shown a steady improvement in nearly all key bank ratios. Banks have been able to maintain high capital adequacy ratios well above

► **Kuwait banking system is stable and resilient to severe shocks, Banks are well-capitalized and highly liquid** ◀

the 13% mandated by the Central Bank and per Basel III rules of 10.5%. Even during Covid-19 Pandemic and the resultant implications on the economy, the Kuwaiti Banking sector was the main driver to overcome all such implications and arranged finance to corporate and helped individuals, with the support of the government, to pass over such critical circumstances.

- The challenges facing the Kuwaiti banks are the normal challenges facing banks all over the globe, namely the severe competition to increase the market share in terms of both corporate and retail segments.
- The high exposure to some business and geographical sectors may impose risks but still manageable.

However, Kuwaiti banks maintain large provisions to counter loan losses amounting to 270% of non-performing loans as of December 2022, in part due to the Central Bank's strict policy in building these provisions that would provide effective buffers.

- Banks efforts towards digital transformation to cater for the ever changing needs of their customers pose them to risks. Keeping up with changes in technology and customer preferences is another key challenge. Supported by the Central Bank of Kuwait, Banks now apply electronic payment of funds, avail from Central Bank's Regulatory Sandbox Framework and introduce new funds transfer systems such as instant pay.
- **Cyber security:** The banking sector has become the prime target of hackers.

Banks undergo continuous digitization of infrastructure that creates new attack surfaces and vulnerabilities. With customers' conversion to digital banking, banks process millions of transactions per minute. Thus, information and data security has become a main priority and regulatory requirements. Banks have to heavily invest in Cloud computing, AI, machine learning, and blockchain, apps, and staff training. Banks should have a comprehensive suite of data security solutions and services, including encryption, tokenization, key management to address the specific needs and challenges of the banking industry, providing a high level of protection and regulatory compliance. Banks must minimize their security risks, protect customers' data, and maintain banks reputation and trust.

What is your assessment of Kuwait Banking Association activities and the role it played during the past two years? What kind of support and representation does KBA offer to its members?

Established on May 16, 2001, under Ministerial Resolution No. 82 for the year 2001, Kuwait Banking Association replaced the Kuwait Banking Committee, which had been originally formed on December 12, 1981. It was created as a result of a mutual agreement among the Chairmen of local banks, with the primary objectives of enhancing cooperation, streamlining coordination to address shared challenges, staying informed about advancements in banking systems, and elevating the standards of their employees.

The principal activities of the Kuwait Banking Association include sponsoring professional training for member organizations, lobbying in favor of the interests of Kuwaiti banks and bankers, and developing research for the establishment of industry standards and banking

best practices. A part from this, KBA is supporting and developing banking performance in the State of Kuwait, ensuring the meeting requirements of national economy and the reinforcement of the country's monetary and financial systems.

The objectives of KBA included for example and not limitation:

- Strengthening collaboration and communication channels among association members, while operating within the framework of the state's established plans and adhering to economic and monetary policies.
- Addressing common issues faced by member banks across various business activities and striving to find viable solutions, including liaising with government regulatory bodies and the legislative branch.
- Coordinating with the Central Bank of Kuwait to advance the local banking sector and contribute to stability and economic growth goals.
- Enhancing the professional, cultural, and social development of the association members' employees.
- Promoting and refining banking performance in Kuwait to meet the needs of the national economy and enhance the country's monetary and financial systems.
- Supporting and encouraging initiatives within Kuwaiti society.
- Fostering relationships between

banks operating in the local market and cultivating connections with regional and global banks to safeguard the interests of member banks.

Driya Campaign

- The Central Bank of Kuwait in cooperation with Kuwait Banking Association (KBA) have launched "Diraya/ Let's Be Aware" campaign for the third year in row since it was first launched in early 2021. The campaign is overseen by the Central Bank and managed by the KBA and participation of all Kuwaiti banks.
- The goals of the campaign are to raise financial awareness of various segments of society, realize financial inclusion and strengthen the role of the Kuwaiti banking sector in social responsibility.
- The campaign is a great means to educate customers on their rights, duties and obligations. The campaign covers a diversity of topics, including increasing awareness to avoid scams, fraud and cybercrimes targeting customers in different ways, whether via e-mails, text messages or phone calls, as these means are used to obtain confidential banking information, such as account numbers, passwords and OTP numbers.
- Diraya campaign raises banking and financial awareness among customers of the banking sector through developing media content targeting all segments and nationalities.

► **The banking sector will benefit from the latest technology enabling them to go digital** ◀

► **Banks have to heavily invest in Cloud computing, AI, machine learning, and blockchain, apps, and staff training** ◀

► **Driya campaign raises banking and financial awareness among customers of the banking sector through developing media content targeting all segments and nationalities** ◀



► **Al-Tijari has zero NPL for five years in row and KD 216 million available provision of which KD 156 million is voluntary as at 30 June 2023** ◀

In your opinion, what are the elements of differentiation that CBK enjoys among Kuwaiti banks?

- Al-Tijari is the second oldest established bank in Kuwait with long deeply established relationships with government agencies, non government organizations, mega corporate as well as the public.
- We were the first Bank in Kuwait to embrace modern technology and introduced first ATMs much earlier than others. Through Al-Tijari ATMs,

customers can select the denominations they like while withdrawing cash.

- As for credit, we care for quality over quantity, i.e. we extend finance after comprehensive study of our customers whether retail, corporate or sovereigns to ensure customer's financial soundness, resilience and stability. Our loans portfolio is marked by good quality, low risk and the majority of our portfolio is with Kuwaiti Companies or International Companies working in Kuwait. Facilities are usually secured against local real estate or assignment of Government Contract proceeds. The Formation of new Non-performing loans "NPL" is extremely low. We have zero NPL for five years in row. In addition, we have KD 216 million available provision of which KD 156 million is voluntary as at 30 June 2023.
 - We finance national development projects in line with the Kuwait Strategic Vision "New Kuwait 2035" almost in all sectors including Oil and Gas, health care, education, industrial manufacturing etc. We adopt the GO Green initiative in extending sustainable finance. This is an area which the Bank is proactively pursuing through its financing and investment activities to encourage and support a "green" business that uses sustainable materials to make its products.
 - The Bank also invests in "green" loans and bonds dedicated towards funding environmental initiatives and sustainability projects.
 - We have a dedicated "GO Green" Task Force with the main responsibility for research, design, evaluation, implementation, coordination and administration of the GO Green pillars.
 - At Al-Tijari, we care for business, society, national development goals, youth and woman empowerment, Kuwaitization, heritage, environment and humanitarian activities, not only in Kuwait but also on the international level.
- All these elements make Al-Tijari a big difference from others.

In light of digital transformations... What is Commercial Bank of Kuwait's digital banking strategy? What are the Bank's plans to develop technical capabilities and digital transformation?

Digitization is another front we give priority as technology has made banking easier and more convenient for both banks and customers. In light of the technological transformation seen in the banking industry, and the trend towards digital banking services shaping the future of the banking industry, we have established a specialized unit named Digital Transformation and Innovation Division "DTID" that works closely with our long established Information Technology Division. The cooperation between the two divisions as well as the business areas has resulted in many achievements such as:

- Customers no longer have to wait in long queues at the bank or worry about bank hours. With the help of online banking and mobile apps, customers can perform banking transactions anytime, anywhere.
 - The Bank is equipped with the latest technology and digital services, enabling it to continue its successful digital transformation journey by improving its digital platforms and introducing new customer services as follows:
- Al-TijariBot "T-BOT" Service:** That is a Live Chat Service via the "WhatsApp." the service enables

the customer to directly speak with the Bank's Customer Service agent via the same application.

- Upgrading Corporate Online Banking:

"Corporate Online Banking" service has been upgraded so that the corporate customer can raise the level of user authorities, and be able to give instant permissions to other users.

- Introducing "Prepaid and Virtual Debit Card Issuance" Service:

The Bank has introduced a service for issuing a prepaid card and a virtual debit card without need to print a plastic card.

- New Account Opening Service Upgrade via CBK Mobile App.

The new account opening service has been upgraded on the Bank's application. The upgrade permits the customer to enter a username and pin code (login password) during the account opening process.

- Prepaid and Debit Cards Password Change Service:

A service for changing the passwords of prepaid and debit cards has been added via CBK Mobile App.

The Bank introduced T-Locker machines at all our branches, enhancing customer experience. T-Locker is a smart machine that helps in the delivery of check books, debit and credit cards, documents such as the Balance Certificate, Liability and Clearance Certificate.

- The Business Island machine (BI)

leverages on the biometric technology using facial recognition

► **Al-Tijari was the first Bank in Kuwait to embrace modern technology and introduced first ATMs much earlier than others** ◀

► **Al-Tijari finances national development projects in line with the Kuwait Strategic Vision "New Kuwait 2035" almost in all sectors including Oil and Gas, health care, education, industrial manufacturing etc** ◀

► ***Al-Tijari is equipped with the latest technology and digital services, enabling it to continue its successful digital transformation journey by improving its digital platforms and introducing new customer services*** ◀

for user authentication. Customers can perform banking transactions such as internal fund transfer, swift transactions, check deposit, issuance of managers' checks and credit card settlements.

- Al-Tijari was the first bank to introduce **Bulk Teller Machine (BTM)** where customers can withdraw bulk amounts in multiples of KD 5,000 and the amount withdrawn can reach KD 50,000.

• Through Al-Tijari mobile application, customers can digitally track their complaints without need to visit branches resulting in traffic reduction. In addition, customers can also digitally request for "Account closure" and "Dormant account reactivation". Additional features have been added to Al-Tijari mobile application to facilitate and enhance international transfers.

What role does Commercial Bank of Kuwait play in the area of corporate social responsibility and support to civil society institutions?

Corporate social responsibility is a management concept whereby banks integrate social and environmental concerns in their business operations and interactions with their stakeholders. Since its establishment in the sixties of the past century, Al-Tijari strongly believes that social responsibility is an ongoing mission and commitment towards society. As such, the Bank has been a leader in

developing the concept of comprehensive social responsibility.

Al-Tijari has been proactive in providing all forms of support and care for social, cultural, educational, sports and medical initiatives as well as other societal activities and events. These endeavors came on the back of the Bank's perception of its social role in the society where it operates and for enhancing the values of cooperation with social, humanitarian and charitable institutions.

Every year, Commercial Bank of Kuwait prepares its Social Responsibility and Sustainability Report that usually covers environmental, social and corporate sustainability across the Bank. The Report always highlights the Bank's key achievements and efforts over the year for promoting sustainability, social responsibility, and various activities and events in cooperation with governorates and civil society institutions for serving society and the environment.

The Bank caters for providing sustainable finance to corporate with the aim of supporting national projects that foster environmental factors and drive development. The Bank's efforts in spreading banking awareness, realizing financial inclusion, building national human capital by enhancing the skills of its employees, offering job opportunities for citizens and equal chances for women, supporting them to occupy leading positions and creating a sound work environment that nurtures innovation are among the key drivers of its social responsibility endeavors.

The Bank has set a comprehensive and diversified Social Responsibility Program to ensure having a positive impact and that the activities and events sponsored and organized by the Bank will benefit all segments of society in general and the People of Determination in particular to attain social sustainable development.

The Bank has long been having a substantial and unique impact compared to other institutions

in terms of the revival of the old Kuwaiti heritage through the Bank's dedicated publications and events that accentuated this concept for almost 40 years.

I can easily say that Commercial Bank is a socially responsible bank with social responsibility at the heart of its operations. The Bank is genuinely using its CSR strategy to promote sustainability and optimize stakeholder engagement.

Can you tell us about the project "Double Your Reward with Al-Tijari", which was selected as a leading project in the field of social responsibility and is scheduled to be honored at the Pioneering Projects Ceremony in Oman?

In fact, Al-Tijari has not won this award only. It has also won the "Jobs Localization Award". The Kuwaiti manpower percentage in the Bank has far exceeded the threshold prescribed by the regulators.

The idea of the "Double Your Reward with Al-Tijari" Campaign was born, proposed and approved by the Bank's board of directors in July 2020 and then approved by the Ministry of Social Affairs and Labor in September 2020. The Bank has been searching for channels and ways to back philanthropic & humanitarian activities targeting relief of the burdens specially for needy people following the outbreak of the Novel Corona

Virus Pandemic (Covid-19) in 2020.

Under this innovative Campaign, the Bank donates an amount equal to the one donated by any customer in favor of charitable societies & organizations participating in the Campaign through their accounts at the Bank. The Bank also arranges visits to workers locations, patients at hospitals, and people with determinations societies particularly during National and Liberation Days, the Holy Month of Ramadan, Eid Fiter and Eid Adha for sharing them such happy occasions.

It is nice to say this one of its kind "Double Your Reward" Campaign, is renewed, re-launched and the number of participating members have been growing up by adding more charitable societies and organizations.

We have the honor to mention that this initiative is not the first to win a GCC award. The Bank's efforts in humanitarian field have been earlier recognized through the GCC-CSR leading Project Award winning campaign "Hawwin Alaihom" which has been ongoing for over 11 years now.

We have also supported, through Kuwait Red Crescent Society, the efforts for relieving the burdens in the aftermath of the earthquake that struck Turkey and Syria causing devastating losses in lives and property. As such, the Bank has made generous donations to the victims and those affected by the earthquake in both countries.

► ***Al-Tijari has set a comprehensive and diversified Social Responsibility Program to ensure having a positive impact and that the activities and events sponsored will benefit all segments of society*** ◀

► ***"Double Your Reward with Al-Tijari" Campaign, Al-Tijari donates an amount equal to the one donated by any customer in favor of charitable societies & organizations participating in the Campaign through their accounts at the Bank.*** ◀



**Sheikh Dr. Meshaal
Jaber Al-Sabah**
Director General of Kuwait
Direct Investment Promotion
Authority (KDIPA)

Sheikh Dr. Meshaal Jaber Al-Sabah

KDIPA has been working relentlessly to develop the three economic zones

► ***KDIPA aims to balance the defining challenge to mobilize resources and regulatory measures in licensing investment and granting incentives*** ◀

What is the approach KDIPA adopt, and the activities carried on for promoting quality investments into Kuwait?

KDIPA is the national IPA established under Law No. 116 of 2013, in charge of promoting Kuwait, showcasing its unique attributes to attract value added direct investments that yield the aspired economic and social impact in the domestic economy and contribute to achieve the developmental objectives of the national Vision 2035.

KDIPA adopted an accommodating approach in developing its investment promotion strategy and conducting various promotional and advocacy activities to maintain its agility and resilience in face of emerging global trends, accelerating technological changes, and rising need for the integration of sustainability and governance policies.

In this regard, KDIPA aims to balance the defining challenge to mobilize resources and regulatory measures in licensing investment and granting incentives, with offering a well-structured investment facilitation paradigm, adopting digital transformation, sustainability, and good governance, as well as consolidating communications channels with potential and existing investors, managing economic and free zones, engaging in various promotional events, forums, and exhibitions to build an effective partnership network with the business community, regional and global specialized organizations, and various other stakeholders.

How is KDIPA contributing to the national efforts of economic diversification and private sector development?

KDIPA is one the economic implementing arms of the country dedicated to attaining the aspired developmental goals of economic diversification and private sector support, serving the pillars of the National Vision 2035 of effective government, sustainable growth, creative human capital, quality infrastructure, quality healthcare, sustainable smart cities and prominent international position, and the accompanied mid-term developmental plans comprising the overall economic policy framework along with the approved government work program.

KDIPA derives its impetus from its establishment Law No. 116 of 2013 that mandates it with the core task to attract quality direct investments, that upon becoming a licensed investment entities operating in the country, receive an ongoing aftercare and facilitation services throughout their investment journey, to ensure they are well settled and consider reinvesting and expanding in the Kuwaiti market. These investments impact is assessed by KDIPA team through their contribution to transferring and settling modern technology, encouraging innovation, research and development (R&D), providing job opportunities for Kuwaitis, capacity building programs for national workforce, supporting local content, linking with local suppliers and producers, expanding national exports base, and endorsing sustainability. Furthermore, KDIPA assesses cumulative economic and social benefits accrued from the expenditure of the licensed investment entities in the local economy.

What are the developments regarding the establishment of Al Abdali and other Economic zones?

KDIPA has been working relentlessly to develop the three economic zones, as well as the free zones and the commercial plots



►► **The bid for the implementation and management of Al Abdali Economic Zone is in the process of being finalized and ready to be offered** ◀◀

allocated around the country. The bid for the implementation and management of Al Abdali Economic Zone is in the process of being finalized and ready to be offered. While Al Wafra Economic Zone is witnessing the execution of the 3 phases of the contract awarded to a local consulting firms for the implementation of

the collection of information, development of the initial design, and the development of the final masterplan. As to Al Nayeem Economic Zone, it is at the early stage to be considered as a PPP project among other options.

These recent developments have followed and abided by the required regulatory

KDIPA

هيئة تشجيع الاستثمار المباشر
KUWAIT DIRECT INVESTMENT PROMOTION AUTHORITY

measures especially that they are the first economic zones to be developed in Kuwait and it is crucial to ensure consistent, transparent, and effective implementation measures throughout the process.

The economic zones will offer a dynamic project pipeline in the years to come and a host of viable opportunities and in light to medium industries, logistics and storage, creative industries, transport, among others.

What is the facilitation provided by KDIPA to support investors and address their concerns?

KDIPA has a multifaceted service delivery offer to ensure optimal investment facilitation for investors featuring seamless procedures in establishing and operating their businesses in Kuwait under transparent and consistent measures.

KDIPA efforts include establishing a dedicated One Stop Shop (OSS) department,

a local office in the national OSS (Kuwait Business Centre KBC established under the Ministry of Commerce & Industry), an online portal for booking appointments, inquiries, and complaints, a transparent criteria adopted for approvals and granting incentives, a Dashboard dedicated to manage the whole investment process, a strong working relations with relevant government entities, a Grievances Committee established under the Board of Directors, and a dedicated section for the follow up & monitoring to ensure good aftercare management of the relations with KDIPA partners amongst the licensed investment entities to encourage business retention and expansion (BRE). KDIPA will be working more to enhance its international cooperation on investment facilitation, technical assistance, and capacity building with its partners.

► **KDIPA will be working more to enhance its international cooperation on investment facilitation, technical assistance, and capacity building with its partners** ◀

► **KDIPA assesses cumulative economic and social benefits accrued from the expenditure of the licensed investment entities in the local economy** ◀



Waleed S. Al-Bahar
Acting Director General
for Kuwait Fund for Arab
Economic Development
(KFAED)

Kuwait Fund for Arab Economic Development (KFAED)

The Fund has financed development projects in over 106 countries with a value of \$22bn

► **Kuwait Fund has become a major partner in global development efforts through its supervision and management of Kuwaiti aid abroad** ◀

How do you see the current strategy implemented by the government of Kuwait to achieve the vision 2035? What challenges await Kuwait?

To achieve Vision 2035, the current development strategy of Kuwait focuses on key pillars aimed at transforming Kuwait into an attractive country for regional and global investment. The strategy aims at making Kuwait a pivotal center for trade, culture, and business. These pillars are economic diversification, infrastructure development, human capital development, privatization, implementing economic reforms to reduce bureaucracy and enhance efficiency, and promoting sustainable development. As for the challenges that Kuwait faces in achieving its Vision 2035, they include the Kuwaiti economy's high dependence on oil, bureaucracy and the complexity of government operations, improving political stability, attracting foreign investment, developing human capital, environmental sustainability, and geopolitical factors resulting from Kuwait's strategic location in the region.

Over the last 62 years, how would you describe the positive growth of The Kuwait Fund for Arab Economic Development (KFAED) and its roles? Give us some indicators?

Over the past 62 years, Kuwait Fund for Arab Economic Development has played an effective role in promoting economic development in many developing countries. The Fund has become a major partner in global development efforts through its supervision and management of

Kuwaiti aid abroad, and financing high-priority projects in beneficiary countries. The Fund also contributed significantly to humanitarian efforts in the field of health (disease control), refugee relief, and mitigating the effects of natural disasters and armed conflicts.

Below are some indicators of the growth of the Kuwait Fund for Arab Economic Development over the past 62 years:

- The Fund's capital amounted to the equivalent of 6.6 billion US dollars, and its general reserves amounted to the equivalent of 12 billion US dollars.
- Since its inception in 1961, Kuwait Fund has financed development projects in over 106 countries and development institutions.
- The Fund has provided a total of 1,012 loans to developing countries, with a total value of about 22 billion US dollars.

The Fund has provided and managed 400 technical and humanitarian grants, amounting to more than 1.1 billion US dollars.

- The Fund contributed more than 1.5 billion US dollars to the capital of regional and international development institutions.
- The Fund's contributions within the State of Kuwait amounted to approximately 2.4 billion Kuwaiti dinars.

What do you consider to be the most important achievements of the Fund over the last five decades?

Kuwait Fund is an active financing body, providing financing and technical assistance to many development projects in various developing countries of the world. Its activities include a variety of sectors such as infrastructure, education, health, agriculture, energy, and water. Therefore, one of its most important achievements is supporting comprehensive and sustainable development in beneficiary countries. In addition, the Fund has strengthened cooperation with regional and international development



Republic of Sudan Roseires Dam Raising Project

organizations, through implementing joint development projects and participating in global humanitarian and development efforts. There is no doubt that the Fund's activity has contributed to supporting sustainable development, by encouraging the implementation of projects that promote sustainability, improve social and environmental conditions and the standard of living, and develop infrastructure in developing and least developed countries.

What are the ongoing KFAED's efforts to assist Arab and other developing countries in evolving their economies?

The Fund continues to provide development and humanitarian aid to Arab and other developing countries. It has become a major partner in global development efforts through its supervision and management of Kuwaiti aid abroad and financing high-priority projects in beneficiary countries. The Fund is constantly developing its work methods to obtain the best development results. It focuses on priority development projects that achieve the

highest possible contribution to developing the economies of beneficiary countries.

What kind of increasing contribution would you say the KFAED has made to the developing countries, especially in terms of poverty alleviation and the economic empowerment of the poor?

Kuwait Fund for Economic Development has always focused on many projects and programs that support sustainable economic development in beneficiary countries. This includes alleviating poverty and enhancing the economic empowerment of the poor. In the forefront of Kuwait Fund's objectives are a variety of activities and projects, including infrastructure projects, such as building roads, bridges, power plants, and water treatment plants. These projects strengthen basic infrastructure in developing countries and contribute to improving access to basic services. The Fund is also increasingly financing education and health projects, including schools and hospitals, and providing education and health

care for the poor. The Fund has recently increased its focus on the agricultural sector and enhancing food security. Several projects have been financed and implemented to develop agriculture, improve food production, and support small and medium enterprises in that field. The Fund also focuses on economic empowerment programs that aim to develop skills and increase employment opportunities for the poor and youth. More recently, the Fund has increased its financing to renewable energy projects and increasing awareness of the importance of sustainable energy and the reduction of carbon emissions.

In your opinion, how then has the KFAED brought Kuwait closer to those countries in need and contributed to Kuwait's diplomacy?

Kuwait Fund is one of the tools used by the State of Kuwait in its diplomacy to strengthen relations with governments and people in other countries, by providing economic and humanitarian assistance to countries in need. This assistance is part of the Kuwaiti diplomatic strategy to enhance the diplomatic influence of the State of Kuwait. The contributions have shown success in building stronger bilateral relations and partnerships, and diplomatic alliances with other countries. On the other hand, providing humanitarian aid, in times of crises and natural disasters, has contributed to strengthening

the image of Kuwait as a country keen to provide humanitarian assistance to affected countries. Overall, Kuwait Fund's assistance contributes to achieving the sustainable development goals of the United Nations and thus increases the impact of Kuwaiti diplomacy in the regional and international spheres.

What are the top initiatives and the main projects that you have lined up for 2023 and what do we have in the pipeline for 2024?

The Fund has planned and is ready to finance several new projects and initiatives for the years 2023 and 2024. The financing plan is ready to be presented to the next Fund's Board of Directors, to obtain the green light for its implementation.

What are the main challenges when Funding international projects?

Financing development projects involves multiple challenges related to financing, implementation and sustainability. Among these challenges is providing sufficient Funding for projects that require huge investments, as funding must be attracted from multiple sources, and consequently need coordination and harmony between financiers. Financing also includes assessing and managing various types of risks. Economic, political, social, and environmental risks require that the Fund evaluates them and develops appropriate risk management

► ***Kuwait Fund contributed significantly to humanitarian efforts in the field of health, refugee relief, and mitigating the effects of natural disasters and armed conflicts*** ◀

► ***One of Kuwait Fund's most important achievements is supporting comprehensive and sustainable development in beneficiaries' countries*** ◀

► ***Most of the Fund's development and humanitarian work was undertaken and carried out by capable Kuwaiti staff at the highest levels*** ◀



Would you tell us about the countries that receive the most loans and assistance from the KFAED?

The Government of Kuwait has established Kuwait Fund in 1961 as a development institution with the aim of providing financial and technical support exclusively to developing Arab and Islamic countries. In the sixties and seventies, the Fund provided financial and technical support to several of these countries. In 1974, the Fund's statute was amended to extend its activities to include the rest of the developing countries around the world, in addition to the Arab and Islamic countries. Therefore, the Arab and Islamic countries received the largest number of loans and aid by virtue of the Fund's activity beginning in them more than 13 years before the rest of the world.

In your opinion, how did the establishment of the KFAED and its commitment reflect the essence of Kuwaitis?

Kuwait Fund for Development was established a few months after Kuwait's independence from the United Kingdom in 1961. The Fund has been part of Kuwaiti efforts aimed at providing support and assistance to developing countries and promoting economic and social development in those countries. This early interest, in helping countries in need, reflected the essence of Kuwaitis and their traditions, which emphasize human solidarity and sharing wealth with countries and peoples in need of support. These profound Kuwaiti values and principles represent a willingness to contribute to the development and well-being of others, which is part of Kuwait's vision to achieve sustainable development and world peace. The Fund works around the world to achieve development and aid countries and communities in need of support. It can therefore be considered an extension of Kuwait's humanitarian commitment to providing assistance to everyone, regardless of their religion or nationality. In general, the establishment of the Kuwait Fund for Development and the Kuwaiti

commitment to providing support to developing countries reflects the essence of Kuwaitis and their humanitarian and cooperative values

The KFAED receives all the respect and appreciation from many countries for the role it plays in development and poverty alleviating... As a Kuwaiti, how do you feel about that?

The global respect and appreciation for Kuwait Fund's successful role in development and alleviating poverty around the world makes every Kuwaiti feel proud, because that appreciation is in fact the result of governmental and popular support for the Fund in carrying out its tasks around the world. It is worth noting that most of the Fund's development and humanitarian work was undertaken and carried out by capable Kuwaiti staff at the highest levels. The Fund spares no effort in training its national cadres to make them capable of implementing the Fund's mission at the highest levels of efficiency and effectiveness.

Please share a final message to investors about doing business in Kuwait.

We invite investors and businessmen from outside the State of Kuwait to come and develop their businesses, commercial and industrial projects here. The State of Kuwait has several features that make it an attractive destination

for investors and businessmen. One of these advantages is a stable economy rich in oil and gas resources. This provides a strong economic base for business. The country enjoys political stability and a favorable legal and regulatory environment that protects the rights of investors and enhances the ease of establishing and operating companies. Perhaps one of the most important features of commercial and industrial work in Kuwait is the absence of taxes on profits, making it one of the preferred tax destinations for companies.

Kuwait also enjoys a distinguished geographical location near major markets such as Saudi Arabia, the Emirates, and Qatar, which makes it a strategic base for trade and investment in the region. Kuwait has an advanced infrastructure that includes airports, ports, and advanced transportation networks, which facilitates transportation and trade operations. In addition to oil and gas, Kuwait is working to diversify its economy by supporting other sectors such as financial services, trade, industrial investments, and real estate. The Kuwaiti government provides support to businessmen and investors through initiatives and incentive programs to enhance investment. In addition to investment advantages, Kuwait offers a high-quality lifestyle, with excellent health and educational facilities, making it an attractive place to live and work.

► ***Kuwait Funds's assistance contributes to achieving the sustainable development goals of the United Nations and thus increases the impact of Kuwaiti diplomacy in the regional and international spheres*** ◀

► ***One of the important challenges when Funding international development projects that they must be able to achieve financial sustainability in the long term after implementation*** ◀



Ali Ibn Issa,
Ambassador of
the Kingdom of
Morocco to Kuwait

Morocco has strong relations with Kuwait and is opening its doors for Kuwaiti investors

IMF Annual Meetings to be held in Morocco in October 2023 come in recognition of its role.. Can you tell us about that?

In October 2018, the Kingdom of Morocco was officially designated as the host country for the

Annual Meetings of the World Bank Group and the International Monetary Fund. This choice is highly symbolic as it marks the return of these Annual Meetings to Africa after they were held for the first time in Nairobi in 1973. It also affirms



ANNUAL MEETINGS
2023 | **مراكش Marrakech**
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Morocco's position on the African continent and the MENA region.

The choice of Morocco to host this global meeting reflects the particular interest that these international financial institutions have for the Kingdom.

It is worth noting that the World Bank Group and the International Monetary Fund announced on September the 19th their decision, in coordination with the Moroccan government, to proceed with holding the meetings on October 9 – 15 in Marrakech. This decision reflects once more the trust Morocco enjoys with these two institutions, particularly after the effective and efficient management of the effects of the tragic earthquake in Al Haouz region in accordance with the high instructions of His Majesty King Mohammed VI.

This was made possible as Morocco has established itself as a privileged destination to host global events requiring a high quality of organization, and thanks

to the exceptional development process that our country has experienced over the last two decades.

Marrakech will thus be the host city of Finance ministers and Governors of central banks of 189 member countries. Public sector leaders, parliamentarians, decision-makers and experts from the private sector, representatives of NGOs, economists, academics and international media will also meet in the city to debate global economic issues, development challenges and financing policies in a context of slowdown exacerbated by rising geopolitical tensions.

How would you describe the importance of relations between Kuwait and Morocco historically, politically and diplomatically, especially in light of the reshaping of the world?

Morocco and Kuwait have secular strong relations based on common and identical visions, thanks to

► **Morocco has established itself as a privileged destination to host global events requiring a high quality of organization** ◀

► **The relations between Morocco and Kuwait are characterised by a strategic cooperation based on effective partnership** ◀



► **Thanks to Kuwait for humanitarian supplies to Morocco following the earthquake that hit the country on September 8th 2023** ◀

the directives of the leaders of the two countries, His Majesty King Mohammed VI and his brother, His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah. The relations between the two countries are characterised by a strategic cooperation based on effective partnership.

Thanks to the foresight of the leadership of the two countries since the 1960s, relations have strengthened through bilateral visits, as well as through mutual support on major national issues and coordination in international forums, be it related to the positions of the two countries

on specific issues or to their candidacies to international and regional organizations.

What are the regional issues of common interest between Morocco and Kuwait?

Morocco and Kuwait share common principles in their foreign policy. This is mainly manifested in the respect for the sovereignty and territorial integrity of states, non-interference in their internal affairs, commitment to the values of cooperation, solidarity and synergy, encouraging dialogue to end settle disputes and crises.

In this regard, Morocco has always demonstrated a firm and lasting commitment to regional peace, development and international cooperation through its contribution to the fight against terrorism, organized crime and criminality, which are global concerns,

and through its long-standing contribution to UN peacekeeping missions. Indeed, Morocco is currently the 11th largest contributor to UN peacekeeping operations, with more than 1,700 military and police officers serving in some African countries. So far more than 51,000 Moroccan peacekeepers have participated within 5 UN peacekeeping missions in Africa and 11 Medical and Surgical Field Hospitals were deployed in 10 African countries and provided more than 530,000 medical services to the local populations.

Likewise, Kuwait has been a long-standing contributor to maintain peace, humanitarian support, and development. Kuwait is effectively leading efforts in hosting international donor conferences to end crises regionally and globally, and generous contributions in support of humanitarian situations in countries affected by wars and disasters.

I seize this opportunity to extend the Kingdom of Morocco's sincere thanks to His Highness the Amir Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah for his prompt directives to all concerned institutions to prepare humanitarian supplies to Morocco following the earthquake that hit the country on September 8th 2023.

I also extend my heartfelt thanks to the brotherly people of Kuwait who expressed their sympathy and solidarity with their brothers and sisters in Morocco. This humanitarian tradition is not strange when we see the level of official and popular support to countries and peoples around the world in an upsurge of solidarity, which attests the good heartedness of our Kuwaiti sisters and brothers.

Can you tell us about the investment climate in Morocco? How successful is Morocco in attracting Arab and international investments?

The Kingdom of Morocco, under the wise leadership of His Majesty King Mohammed VI, is positioned as a distinguished destination for investors, as Morocco ranked 53rd in the latest classification of the World Bank on doing business. The business climate in Morocco is in line with the ambitions of foreign investors, whether with regard to the legal framework for investment or the free trade agreements it has concluded with a number of countries, in addition to the flexibility in the tax system, as well as the incentives and protection it provides to foreign investors. Morocco has undertaken bold measures to modernize its legal framework dedicated to

► **Kuwait has become the third Arab investor and the tenth in terms of foreign investments in Morocco (its investments reached 1.2 billion US dollars until 2019)** ◀

► **Reopening direct flights in June 2022 by the Kuwait Airways will certainly play a major role in stimulating trade exchange between the two countries** ◀



► **The two countries are in the process of preparing a set of legal texts to be signed on the occasion of the 10th session of the Joint Committee** ◀

investment, aligning with the principles of its “New Development Model.” To achieve its vision of raising private investments to two-thirds of total investments by 2035, a new “investment charter” has been introduced, which guides investments towards strategic priorities and provides an attractive incentive framework. The charter is structured around three key pillars: the creation of investment support mechanisms, the improvement of the business environment and the promotion of unified and decentralized governance.

► **What are the main areas of cooperation between Kuwait and Morocco?**

The economic field is of particular importance for Morocco and Kuwait, and is at the forefront of cooperation sectors, whether through investments made by Kuwaiti financial institutions or through Kuwaiti businesspersons in Morocco.

Kuwait has become the third Arab investor and the tenth in terms of foreign investments in Morocco, and its investments reached 1.2 billion US dollars until 2019.

Morocco has been able to build an important wealth of expertise especially in the sectors of agriculture, renewable energies, industries, infrastructure, tourism, etc, and it is opening its doors and providing promising prospects for Kuwaiti investors.

► **How many Moroccan workers are there in Kuwait?**

The strong ties and bonds between the peoples of the two countries are strong and diverse. Kuwait is home to a Moroccan community of more than 6000 citizens, and they live in this hospitable country in complete harmony and with their Kuwaiti brothers. Over the decades, strong social relations were established between Moroccans and Kuwaitis through marriage and tourism and through business exchanges.

► **How would you describe the development and future prospects of Kuwaiti-Moroccan relations at various levels, specially the economic and investment levels?**

If the volume of Kuwaiti investments in Morocco is at this good level, the commercial sector does not answer the expectations, as the volume of trade exchange between the two countries in 2017 did not exceed \$84 million.

Reopening direct flights in June 2022 by the Kuwait Airways will certainly play a major role in stimulating trade exchange between the two countries, and prospects remain open for businesspersons who can benefit from the opportunities available whether in Morocco or in Kuwait.

► **What is the importance of Joint Committee for both countries?**

The Joint Committee is an important mechanism in activating and developing bilateral cooperation between Morocco and Kuwait and in developing ambitious plans to advance cooperation in various development sectors or strengthen the legal framework by signing agreements and memoranda of understanding and developing executive programs for these agreements.

It is also a regular opportunity for the two countries' officials to meet and discuss the various issues of common interest and find ways to further cooperation between the two countries and determine the important areas which serve best the two parties' interests in a win-win situation.

► **How has this been manifested at the level of trade and intra-regional investments? Tell us about some of these major projects?**

After sixty years of diplomatic relations, Morocco and Kuwait have established a rich and diverse legal framework regulating their bilateral cooperation, as the two countries have so far signed about 110 agreements, memorandums of understanding and executive programs.

The first agreement signed

► **After sixty years of diplomatic relations, Morocco and Kuwait have established a rich and diverse legal framework regulating their bilateral cooperation (so far signed about 110 agreements, memorandums of understanding and executive programs)** ◀

► **We are working with the Kuwaiti and Moroccan authorities on organizing economic events in both Kuwait and Morocco** ◀



► **The development of tourist facilities and the modernization of the infrastructure of airports and road and railway networks has greatly contributed to achieving this position** ◀

between the two parties' dates back to April 26, 1965, under which Kuwait granted a loan to Morocco to finance an agricultural project in the Tasaout region. Since then, as mentioned before, Kuwaiti investments have gone to important levels contributing to the efforts delivered by Morocco to enhance its development.

The two countries are in the process of preparing a set of legal texts to be signed

on the occasion of the 10th session of the Joint Committee that concern various areas of cooperation, so that they can establish a legal framework for new areas of cooperation or to update legal texts that no longer keep pace with the economic and trade developments worldwide.

Tell us about issues of cooperation on the agenda of the Joint Committee? What is the date and place of the next session?

The Moroccan-Kuwaiti Joint Committee is to hold its tenth session in Morocco. As mentioned before, the two countries are in the process of preparing a set of legal texts to be signed on this occasion.

We are also working with the Kuwaiti and Moroccan authorities on organizing economic events in both Kuwait and Morocco.

This will enable the two countries' economic institutions and the private economic stakeholders to hold one to one meetings and exchange over the existing opportunities in trade and investments.

Morocco has attractive tourism potential...Tourism conditions according to the latest available data and your expectations in this regard?

Morocco has an advanced privileged position on the world tourism map, thanks to its natural, cultural, and historical assets. The development of tourist facilities and the modernization of the infrastructure of airports and road and railway networks has greatly contributed to achieving this position.

The Moroccan National Tourism Office launched a campaign for international and national marketing of the Moroccan destination with the aim of accelerating the pace of relaunching tourism sector

activities, bearing the slogan "Morocco, Land of Lights".

This campaign includes three main components: the new visual identity of the Morocco brand, a short film about the destination's image, and several advertisements that constitute a shift in the advertising style directed at international tourists who have interests in the arts, cultural and natural experiences, rural heritage, beaches, and recreational activities. To this end, the campaign focuses on introducing the natural resources of Morocco and the environmental diversity that the Kingdom abounds in addition to its living and authentic culture and ancient heritage.

As a matter of fact, the number of tourist arrivals rose to 6.5 million in the first six months of this year 2023, up 21% compared to 2019. In terms of sector productivity, tourism, a major foreign currency earner, generated 41 billion dirhams in foreign currency travel receipts to the end of May 2023.

► **Morocco has undertaken bold measures to modernize its legal framework dedicated to investment, aligning with the principles of its "New Development Model."** ◀

► **Morocco is opening its doors and providing promising prospects for Kuwaiti investors** ◀

With a significant increase of 47.8% KD 833.7 million net profits of Kuwaiti banks in the first half of 2023

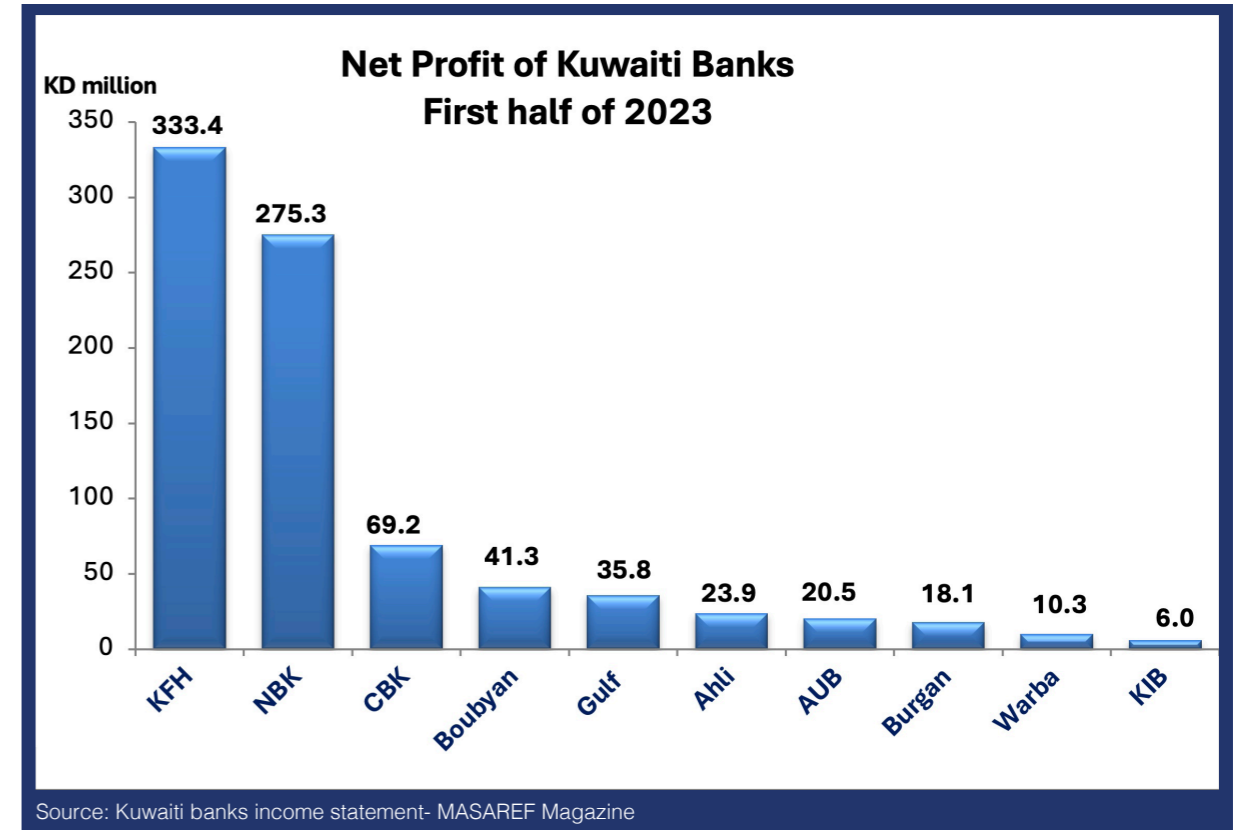
The ten Kuwaiti banks recorded an increase in their net profits during the first half of 2023 by 47.8% and worth KD 269.5 million, rising from about KD 564.2 million in the first half of 2022 to about KD 833.7 million. The value of total provisions decreased; therefore, total provisions held by banks during the first half of this year reached KD 142.4 million compared to KD 166.1 million, declining by KD 23.7 million or by 14.3%.

99.3% increase in profits of Islamic banks

The Islamic Banks Group recorded an increase in its contribution to the profits of Kuwaiti banks from 36.6% in the first half of 2022 to 49.3% in the first half of 2023 (KFH's profits constitute 40% of the total profits of all banks). The net profit of this group increased by about KD 204.9 million and by 99.3% to reach 411.4 million in the first half of 2023 compared to 206.4 million in the first half of 2022. This was mainly due to KFH's remarkable increase of (95.3% of the total increase achieved by the Islamic Banks Group).

Kuwaiti Banks Net Profits					
KD million	2022		2023		Change
	H1	H1	Value	%	
Total	564.2	833.7	269.5	47.8	
Traditional Banks	357.7	422.3	64.6	18.0	
National bank of Kuwait	237.8	275.3	37.5	15.8	
Commercial Bank of Kuwait	44.0	69.2	25.2	57.4	
Gulf Bank	30.3	35.8	5.5	18.3	
Burgan Bank	27.2	18.1	-9.1	-33.5	
Ahli Bank	18.4	23.9	5.5	29.8	
Islamic Bank	206.4	411.4	204.9	99.3	
Kuwait Finance House	138.1	333.4	195.3	141.4	
Boubyan Bank	33.1	41.3	8.2	24.8	
Ahli United Bank	20.2	20.5	0.3	1.3	
Warba Bank	11.9	10.3	-1.6	-13.7	
Kuwait International bank	3.2	6.0	2.8	87.5	

Source: Kuwaiti banks income statement.



18.0% increase in conventional banks' profits

The first half of 2023 witnessed a better performance of the conventional banks group compared to the first half of 2022, as the total net profit of this group recorded an increase of KD 64.6 million or by 18.0% to reach KD 422.3 million in the first half of 2023 compared to 357.7 million in the first half of 2022, mainly due to the remarkable increase achieved by the National Bank of Kuwait. However, the contribution of conventional banks in the total profits of Kuwaiti banks recorded a significant decline from 63.4% in the first half of 2022 to 50.7% in the first half of 2023 (the National Bank's profits constitute 33% of the total profits of all banks).

KFH Records Highest Profits and Highest Growth Rate Among Kuwaiti Banks

1. Kuwait Finance House (KFH) recorded the highest net profit among the ten banks, recording about KD 333.4 million during the first half of 2023 compared to KD 138.1 million in the first half of 2022, with a remarkable growth of KD 195.3 million or by 141.4%, which is the highest growth rate in net profits among all banks. This increase in the level of net profits is due to the completion of the acquisition of AUB-Bahrain, and the increase in total operating income by KD 276.6 million or by 60.4% alongside the decrease in total provisions by KD 19.4 million or by 42.8%. On the other hand, total operating



expenses increased by a lesser value, as it increased by KD 95.9 million or by 64.2%.

It was followed in second place by the National Bank of Kuwait (NBK) to reach KD 275.3 million during the first half of 2023 (topping the list of conventional banks) compared to KD 237.8 million in the first half of 2022, with a growth of KD 37.5 million or by 15.8%. The rise in the bank's net profit was due to the rise in the operating profit (resulted from increase in total operating income by KD 89.5 million or by 18.8%, Total operating expenses increased by KD 22 million or by 12%) by a greater value than the rise in total provisions by KD 26.9 million or by 127.9%.

In third place is Commercial Bank of Kuwait, recording about KD 69.2 million, with a growth of KD 25.2 million, or by 57.4%, compared to about KD 44 million in the first half of 2022. The increase in net profits is due to the increase in the operating income by KD 18 million or by 27.5%, greater than the increase in the operating expenses by KD 3.6 million or by 16%, in addition to the increase in recoveries against provisions by KD 12.2 million.

Boubyan Bank came fourth with about KD 41.3 million and a growth of KD 8.2 million or by 24.8% compared to KD 33.1 million in the first half of 2022. The rise in net profits was due to the operating income rising by KD 6.9 million or by 6.8%, higher than the rise in the operating expenses by KD 4 million or by 8.1%, in addition to the decrease in total provisions by KD 5.4 million or by 24.9%.

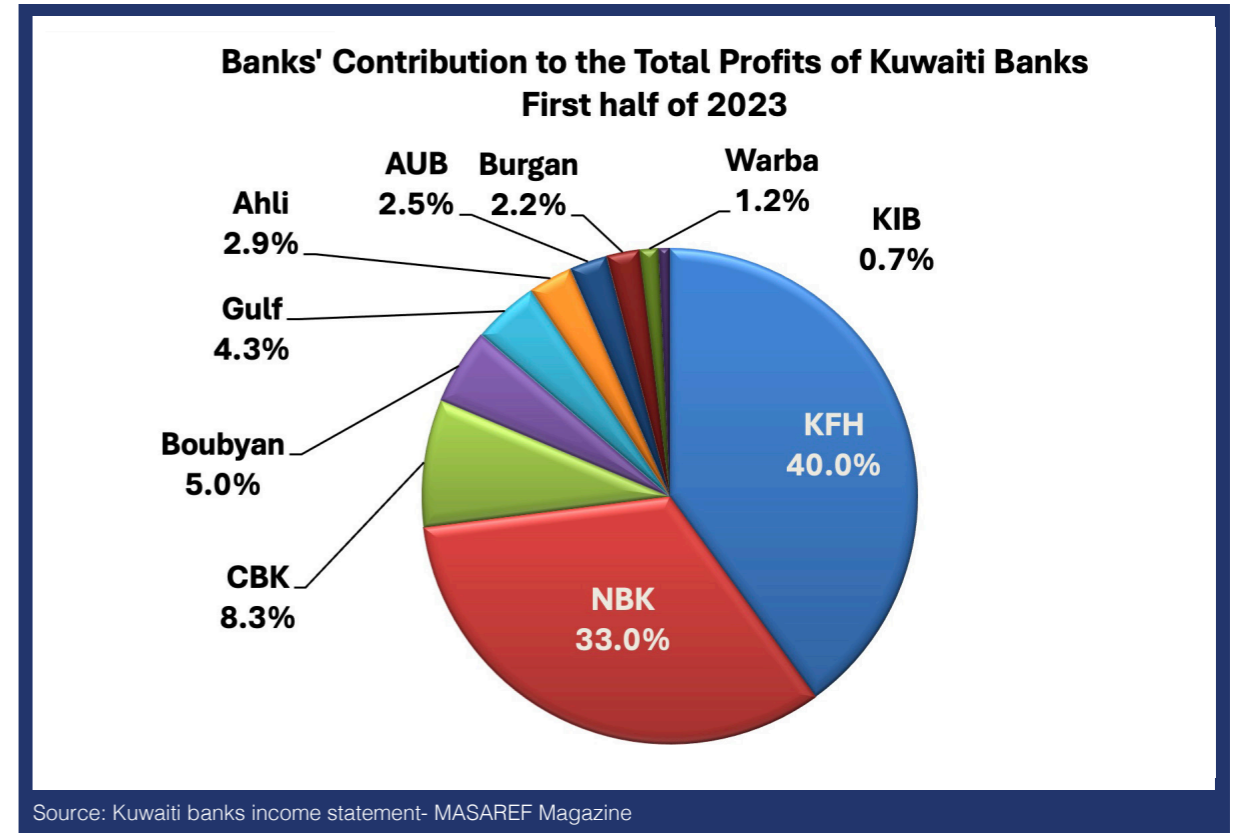
Gulf Bank came fifth with a value of KD 35.8 million and a growth of KD 5.5 million by 18.3%

compared to KD 30.3 million in the first half of 2022. The increase in the bank's net profits is due to the increase in total operating income by (KD 6.9 million or by 8.1%) higher than the increase in total operating expenses (increased by KD 1.7 million or by 4.1%) and the total provisions decreased by KD 595 thousand or by 4.8%.

In sixth place, is Al Ahli Bank of Kuwait with profits of KD 23.9 million and a growth of KD 5.5 million or by 29.8% compared to KD 18.4 million in the first half of 2022. The increase in the bank's net profit was due to the decline in total provisions (by KD 5.3 million or by 24.9%) higher value than the decrease in total operating profit (resulted from operating income increase by KD 2 million or by 2.3%, operating expenses increased by KD 3.1 million or by 7.5%)

It came in seventh place Ahli United Bank with a profit value of 20.5 million dinars, with a growth of KD 0.3 million dinars or by 1.3%, compared to about KD 20.5 million dinars in the first half of 2022. This was achieved as a result of the decrease in total provisions by a value higher than the decrease in the operating profit, as the operating profit (prior to provisions deductions) decreased by KD 3.5 million or by 12.6%, while total provisions decreased by KD 3.7 million or by 56.8%.

In eighth place is Burgan Bank with a profit of about KD 18.1 million dinars and a decline of KD 9.1 million dinars or by 33.5% compared to about KD 27.2 million dinars in the first half of 2022. This decrease in the net profits is due to the decrease in total operating income by KD 2.4 million or by 2.2%, and the increase in total operating expenses by KD 5 million or by 10.3%,



in addition to the increase in total provisions by KD 4 million or by 18.3%.

Warba Bank came in ninth place with profits of KD 10.3 million and a decrease of KD 1.6 million or by 13.7% compared to KD 11.9 million in the first half of 2022. This was achieved as a result of the decrease in total operating income by KD 8.3 million or by 20.3%, against an increase in total operating expenses by KD 1.6 million or by 9.7%. Total provisions decreased by KD 8.2 million or by 65.5%.

In tenth place came Kuwait International Bank with a profit of KD 6.0 million and a growth of KD 2.8 million or by 87.5% compared to KD 3.2 million in the first half of 2022. This increase in the level of net profits is due to the increase in total operating revenues by KD 4.2 million or by 13.6%, higher than the increase in total operating expenses by KD 1.1 million or by 5.3%. Total provisions rose by KD 178 thousand or by 2.7%.



NBK reports KD 275.3 million in net profit for 1H 2023

A 15.8% Year-on-Year Growth

National Bank of Kuwait (NBK) has released its financial results for the six-month period ended 30 June 2023. The Bank reported a net profit of KD 275.3 million (USD 896.7 million), recording a year-on-year growth of 15.8% compared to the same period in 2022, where it recorded KD 237.8 million (USD 774.6 million). In the three-months period ended 30 June 2023, NBK achieved a net profit of KD 141.1 million (USD 459.7 million), reflecting a year-on-year growth rate of 16.4%.



Hamad Al-Bahar
NBK Group Chairman

► **Al-Bahar: Our financial performance in the first six months of 2023 demonstrates the strength of our diverse business portfolio and our solid financial position** ◀

Commenting on the bank's 1H2023 financial results, Hamad Al-Bahar, NBK Group Chairman, said: "NBK delivered robust financial results in the first half of 2023. Our performance during that period reflects the great value derived from our diversified business portfolio and the resilience demonstrated by our balance sheet. It further reinforces our dedication to delivering sustainable and long-term added value to our customers, communities, and shareholders".

"In the face of a challenging global economic landscape, we demonstrate our resilience and strength through our growth strategy, prudent risk and capital management, and diverse business portfolio," Al-Bahar added.

Furthermore, Al-Bahar highlighted that NBK is reaping the benefits of its strategic investments in technology and its people, expressing his unwavering confidence in the bank's ability to continue its successful path, effectively addressing the growing needs of its customers, and achieving accomplishments that cater to their increasing demands.

"Our dedication to fostering customer loyalty, community contributions, and upholding the highest sustainability standards, strengthens our position as a regional leading bank. Moreover, it facilitates long-term growth opportunities," Al-Bahar stated.

► **Al-Bahar: We are confident in our ability to deliver further achievements that cater to the evolving demands of our customers** ◀

Total assets as of the end of June 2023 grew by 5.3% year-on-year to reach KD 36.1 billion (USD 117.5 billion), whereas total loans and advances increased by 7.1% year-on-year to KD 21.6 billion (USD 70.2 billion), while total shareholders' equity reached KD 3.6 billion (USD 11.7 billion), growing by 6.6% year-on-year.

NBK Board of Directors has resolved to distribute semi-annual cash dividends of 10 fils per share for the period ended 30 June 2023 representing 10% of the nominal value of the shares.



Mr. Isam J. Al-Sager
NBK Group Vice Chairman and CEO

► **Al-Bahar: Our resilient performance empowers us to support our customers and improve our leading digital experiences, distinguishing us from our competitors** ◀

Meanwhile, Mr. Isam J. Al-Sager, NBK Group Vice Chairman and CEO, said: "In the first half of 2023, we demonstrated our commitment to our shareholder-focused strategy by successfully achieving strong profits and maximizing returns".

Al-Sager highlighted that the sentiment in the operating environment in Kuwait is gradually improving following the election of the new parliament. He also expressed his optimism that this could result in improved momentum in the operational environment during the second half of the year.

► **Al-Sager: We maintained a robust momentum in the key drivers of our operational performance and experienced growth across business segments** ◀

Furthermore, he emphasized the exceptional performance of NBK's core business activities during the reporting period, building upon the continued positive performance achieved since the beginning of the year.

"Thanks to substantial growth in net interest income and net fees and commissions, the net operating income experienced a notable increase of 18.8% in the first half of 2023, reaching KD 565.9 million," Al-Sager stated.

"Leveraging its robust foundation and a proven track record of maintaining resilient financial performance in various scenarios, NBK is well-positioned to provide its customers with comprehensive and tailored services from professional financial advice, to all products and services they require. Furthermore, the bank is dedicated to advancing its innovative digital experiences, distinguishing itself from competitors, and creating long-term value for its shareholders," Al-Sager explained.

He highlighted the significance of strong business growth, robust liquidity, and prudent levels of asset quality as factors that will continue to drive profit growth throughout 2023. Furthermore, he emphasized that these factors have also empowered the bank to successfully navigate substantial challenges within the global banking industry.

"The first six months of the year witnessed

NBK's unwavering commitment in executing its strategic priorities and initiatives, resulting in notable revenue growth and strong operational performance. Additionally, significant milestones were achieved in the bank's digital transformation journey, bolstering relationships with existing customers and attracting new ones," Al-Sager noted.

Furthermore, Al-Sager expressed the bank's pride in being awarded the "Best Bank for Corporate Responsibility in the Middle East" by Euromoney Awards for Excellence 2023. He also highlighted NBK's advancements in digital innovation, initiatives for women's empowerment, sustainable development of resources and talent. These achievements are the results of the diligent efforts of the bank's employees in creating a unique customer experience and executing the bank's strategic priorities.

"In its pursuit to become the leading partner for customers and the community, NBK has unveiled its strong commitment to business practices and sustainable financing activities, including dedicated efforts towards achieving carbon neutrality. In alignment with these endeavors, NBK has recently re-envisioned the ESG strategy, with a focus on integrating its pillars throughout the group's operations and various activities. The bank has also published its Sustainability Report 2022, employing a new methodology and framework that effectively highlights the progress achieved in its initiatives. Additionally, NBK has organized training programs to equip employees with accredited certificates, ensuring that they possess the necessary knowledge and skills to fully understand the standards established by the Global Reporting Initiative (GRI)," Al-Sager concluded.

► **Al-Sager: We continue to be committed to maximizing returns for our shareholders** ◀

► **Al-Sager: As a testament to our accomplishments in community commitment, NBK has been named "The Best Bank for Corporate Responsibility in the Middle East-2023".** ◀

Key financial indicators for 1H2023

- **Net operating income stood at KD 565.9 million (USD 1.8 billion) in 1H2023, up 18.8% year-on-year**
- **Total assets grew by 5.3% year-on-year, at KD 36.1 billion (USD 117.5 billion)**
- **Total loans and advances increased by 7.1% year-on-year to KD 21.6 billion (USD 70.2 billion)**
- **Customer deposits grew by 7.1% year-on-year to KD 20.3 billion (USD 66.0 billion)**
- **Strong asset quality metrics, with NPL/gross loans ratio at 1.75% and an NPL coverage ratio of 218%**
- **Robust Capital Adequacy Ratio of 16.4%, comfortably in excess of regulatory requirements**



Al Tijari declared Net Profit of KD 69.2 million for half year 2023

Interim Cash Dividend 12 fils per Share

Commercial Bank of Kuwait announced a net profit of KD 69.2 million for the half year ended 30 June 2023 compared to KD 44.0 million for the same period of last year. Earnings per share for the current period is 36.8 fils (June 2022: 22.2 fils)



Sheikh Ahmad Duaij Al Sabah
The Bank's Chairman

► *The Bank is equipped with the latest technology and digital services, enabling it to continue its successful digital transformation journey* ◀

Regulatory Ratios

Regulatory ratios remained strong and continue to be well above the Central Bank's statutory requirements. Capital Adequacy Ratio is at 16.1%, Liquidity Coverage Ratio 264.5%, Net Stable Funding Ratio 112.6% and Leverage ratio 10.8%.

Operational Performance

Sheikh Ahmad Duaij Al Sabah, the Bank's Chairman, is pleased to present the Bank's results. Net Profit for half year 2023 at KD

► *Sheikh Ahmad Duaij Al Sabah: Regulatory ratios remained strong and continue to be well above the Central Bank's statutory requirements* ◀

69.2 million and reflects a strong year-on-year growth of KD 25.2 million (57.4%). The results and recommendation of 12 fils per share of interim cash dividend reflect a strong operating performance driven by higher benchmark interest rates, 6.9% increase in fee income and 12.7% growth in FX income. Net profit also benefitted from lower provision charge due to loan loss recoveries from various customers.

Performance Ratios

A strong operational performance resulted in a significant improvement in key performance metrics. Net interest margin 2.70% (HY 22: 2.04%) and Cost to income ratio 31.3% (HY 22: 34.4%).

Business updates

Al-Tijari opened a new branch, equipped with latest technology and digital services, in Khairan to meet customer's needs. Further, a "Book an Appointment" service is introduced whereby customers can book an appointment through the Mobile application to take a loan. The Bank also relocated its Salmiya branch to a much bigger place in Al Salam Mall.

Digital Enhancements, Innovation and Customer Solution

Sheikh Ahmad added that the Bank is equipped with the latest technology and digital services, enabling it to continue its successful digital

transformation journey by improving its digital platforms and introducing new customer services.

Customers can now submit their “Contractual complaints” digitally through Al-Tijari mobile application, without the need to visit the Branch resulting in traffic reduction and enabling digital tracking of complaints. In addition, customers can also digitally request for “Account closure” and “Dormant account reactivation”. Additional features have been added to Al-Tijari mobile application to facilitate and enhance international transfers.

The “Business Islands” which are now available in most of Al-Tijari branches have been further enhanced with additional features to facilitate the customer journey through providing seamless services at one station.

Sustainability and Social responsibility

Al-Tijari showed a strong commitment to social responsibility throughout the year. As such, the Bank has issued its first comprehensive suitability report for the year 2022. The report covered all ESG areas and shed light on the Bank’s endeavours towards sustainable finance, go green advocacy and social responsibility as a socially responsible bank.

On customer awareness front, Al-Tijari continues

▶ *The “Business Islands” in most of Al-Tijari branches have been further enhanced with additional features to facilitate the customer journey through providing seamless services at one station* ◀

its support for the third year to the “Let’s Be Aware” campaign launched by the Central Bank of Kuwait in cooperation with Kuwait Banks Association to spread banking and financial culture amongst various segments of society. The Bank uses its electronic channels and accounts on social media networks to educate customers on the importance of protecting their banking information against fraud attempts.

Thank You Note

Sheikh Ahmad concluded by extending his appreciation to the Central Bank of Kuwait and other regulatory authorities for their supervision and support to the banking sector and to the Bank’s Executive Management as well as all staff for their dedication and rigorous efforts to make Al-Tijari as Bank of Choice.

Financial highlights:

	Half Year 2023	Half Year 2022	Change
▶ Net profits attributable to Shareholders of the Bank (KD Million)	69.2	44.0	57.4%
▶ Operating profits before provision (KD Million)	57.1	42.8	33.5%
▶ Fee and Commission Income (KD Million)	21.6	20.2	6.9%
▶ Net gain in dealing of foreign currency (KD Million)	4.3	3.8	12.7%
▶ Customer Loans and advances (KD Million)	2,385.7	2,311.4	3.2%
▶ Total Assets (KD Billion)	4.2	4.3	-1.8%



Because giving back is our choice

CBK wins two prestigious awards

“Pioneering Corporate Social Responsibility Project - GCC - CSR Award”
Double Your Donations

“Job Succession and Localization Award”

at the GCC level

Muscat, 19 September 2023



An increase of 18.3% compared to 2022 Gulf Bank records KD 35.8 million in Net Profit for the first half of 2023

Gulf Bank K.S.C.P. announced its financial results for the first half ending 30 June 2023. The Bank reported a net profit of KD 35.8 million, an increase of KD 5.6 million or 18% compared to 2022 first half net profit of KD 30.3 million. The increase in the Bank's net profit was mainly driven by a 9% or KD 6 million increase in net interest income for the first half 2023. As a result, operating income grew by 8% or KD 6.9 million to reach KD 92.3 million and operating profit before provisions grew by 12% to reach KD 49.3 million for the same period.



Mr. Jassim Mustafa Boodai
Gulf Bank's Chairman

► **For the second quarter of 2023, the Bank reported a net profit of KD 18.5 million, an increase of 22% over the second quarter of 2022** ◀

Subsequently, the Bank's return on assets improved from 0.9% in the first half of 2022 to 1.1% in first half of 2023 and return on equity grew from 9.1% to 10.1%.

For the second quarter of 2023, the Bank reported a net profit of KD 18.5 million, an increase of 22% over the second quarter of 2022. Operating income for the second quarter of 2023 was to KD 45.9 million, an increase of 5% compared to the same period of last year and operating profit was KD 24.3 million, with an increase of 9% over the same period of last year.

► **Jassim Mustafa Boodai: We are proud of the notable achievements and strong financial performance Gulf Bank has accomplished in the first half of 2023** ◀

As for asset quality, the non-performing loans (NPL) ratio stood at 1% as of 30 June 2023, similar to the prior year. Additionally, the Bank continues to have significant non-performing loans coverage ratio of 546% including total provisions and collaterals.

Total credit provisions as of 30 June 2023 reached KD 307 million whereas IFRS 9 accounting requirements (i.e., ECL or expected credit losses) were KD 185 million. As a result, the Bank has very healthy excess provision level of KD 122 million, which is above what is required by the IFRS9 accounting requirements.

Compared to first half 2022, total assets increased by 1% to KD 6.9 billion while loans and advances reached KD 5.2 billion. Shareholders' equity increased by 7% to reach KD 723 million and total deposits stood at KD 5.2 billion.

The Bank's regulatory Tier 1 ratio as of 30 June 2023 was 13.9%, above the regulatory minimum of 12% and the Capital Adequacy Ratio (CAR) was 16.1%, which is above the regulatory minimum of 14%.

Commenting on the first half of 2023 financial results, Gulf Bank's Chairman Mr. Jassim Mustafa Boodai said: "We are proud of the notable achievements and strong financial performance Gulf Bank has accomplished in the first half of 2023. We remain focused on delivering exceptional services, launching

innovative products, and prioritizing customer satisfaction to meet their evolving needs.”

Core Banking System Implementation

One of the key milestones of Gulf Bank during the first half of 2023 was the implementation of phase I of the new core banking system. This milestone represents a major leap forward in the Bank’s digital transformation journey. It empowers the Bank to provide enhanced services, improve efficiency, and deliver seamless customer experiences. The new system’s deployment showcases Gulf Bank’s commitment to better serve its valued customers using cutting-edge technology.

By going live with the core banking system, Gulf Bank has demonstrated its dedication to adaptability, innovation, and pioneering in an increasingly competitive environment. The phase I of the new system’s integration will enable Gulf Bank to streamline operations and optimize processes to further solidifying its position as a trusted financial partner.

Commenting on the launch of phase I of the new core banking system, Mr. Boodai said: “The successful deployment of the first phase of the new core banking system is a testament of our commitment to innovation and digital transformation. We are confident that these strategic milestones will further enhance our ability to deliver unparalleled banking experiences to our customers. With a clear vision and robust strategies in place, Gulf Bank is poised for continued success and sustainable growth.”

AIDanah Grand Price Increase

During the first half of the year 2023, Gulf Bank has announced an increase in the

► ***We remain focused on delivering exceptional services, launching innovative products, and prioritizing customer satisfaction*** ◀

annual grand prize value of the AIDanah account, in celebration of AIDanah’s 25th anniversary. The annual grand prize has been raised from KD 1.5 million to KD 2 million, becoming the world’s largest cash prize linked to a bank account.

Empowering and Mentoring Youth

Gulf Bank is happy to complete the second edition of the “Datathon” competition that empowers young talents in the areas of data analytics, data modeling, and visualization. This initiative aims to attract and invest in youth, fostering their growth and providing them with valuable mentorship opportunities. By nurturing young talents, Gulf Bank contributes to the development of the data analytics community and promotes an innovation mindset in the future generations. As a result of this commitment, Gulf Bank was awarded during the eighteenth 2023 Finnovex Awards Summit, Qatar, with The Prestigious Excellence in Data Innovation Award, in recognition of its unparalleled excellence in leveraging data to drive transformative change and create new opportunities in the banking industry.

Recognition of Credit worthiness

Gulf Bank’s credit worthiness and financial strength is recognized internationally.

During the first half of 2023, Capital Intelligence affirmed the Bank’s Long-Term Foreign Currency Rating at ‘A+’ with a Stable Outlook. In addition, Capital Intelligence has affirmed the Bank’s KWD50 million Basel III-compliant Tier 2 Subordinated Bonds at “BBB+” with a “Stable” Outlook. Furthermore, Fitch Ratings has assigned Gulf Bank a Long-Term Issuer Default Rating of ‘A’ with a ‘Stable’ Outlook, and Moody’s Investor Services has assigned the Bank a Long-Term Deposits rating of ‘A3’ with a ‘Stable’ Outlook.

These ratings are a testament to Gulf Bank’s solid financial performance, experienced management, and ability to navigate the global banking landscape successfully.

Appreciation

Mr. Boodai concluded his remarks by stating: “Gulf

Bank remains dedicated to its long-term vision of delivering sustainable growth to its various stakeholders. We look forward to the second half of 2023 with great optimism, building upon the successes of the first half and to further elevate our position as a leading financial institution in Kuwait.”

He added: “On behalf of the Board of Directors, I would like to thank our shareholders for their ongoing trust, and our employees for their commitment and dedication. I would also like to thank the Central Bank of Kuwait for their continuous support. Finally, I want to thank our clients for their loyalty, and reiterate our commitment to offering them the best banking experience.”

► ***The successful deployment of phase I of our new core banking system is a testament to our commitment to innovation and digital transformation*** ◀

► ***Gulf Bank remains dedicated to its long-term vision of delivering sustainable growth to its various stakeholder*** ◀

Key positive indicators:

- ***First Half 2023 net profit of KD 35.8 million, an increase of 18.3% compared to the same period of 2022.***
- ***Return on assets improved in the first half of 2023 to 1.1% and return on equity grew to 10.1%.***
- ***Non-performing loan ratio for the First half 2023 was 1%, with a strong non-performance loan coverage ratio of 546%.***
- ***Capital ratios as of the First half 2023, Tier 1 ratio was 13.9% and Capital Adequacy Ratio (CAR) was 16.1%.***



Al Ahli Bank of Kuwait Group First Half Financial Results: KD 23.9 million Net Profit – 30% Growth

Al Ahli Bank of Kuwait (ABK) recently announced its financial results for the first half of the fiscal year 2023 ended 30 June 2023. ABK reported a Net Profit of KD 23.9 million compared to KD 18.4 million in the same period in 2022, reflecting a 30% increase. Earnings Per Share stood at 11 fils compared to 8 fils in the previous year. ABK reported an Operating Profit of KD 44.3 million, Total Assets of KD 6.3 billion, Customer Deposits of KD 4.0 billion, and its loan portfolio totaled KD 4.3 billion. The Non-Performing Loan (NPL) ratio stood at 1.36%, NPL Coverage at 376%, Capital Adequacy Ratio (CAR) at 15.06%, and Shareholders' Equity at KD 497.5 million.



Mr. Talal Behbehani
Chairman of ABK

► *I would like to reaffirm our preparedness to actively contribute to development initiatives aligned with Kuwait Vision 2035* ◀

Financial Performance

Commenting on the results, Mr. Talal Behbehani, Chairman of ABK, stated, "ABK's performance in the first half of 2023 is a result of proactive financial management focused on achieving sustainable growth and enhancing value despite the economic challenges prevalent in the local, regional, and global markets. Our strategy focuses on enriching customer experience and simplifying our offerings by adopting the latest digital and technological solutions. We also continue to enhance and build on cross-

► *Talal Behbehani: ABK's performance in the first half of 2023 is a result of proactive financial management focused on achieving sustainable growth* ◀

border offerings for our customers across the markets in which we operate and continue to capitalize on growth opportunities in these markets."

He afranchise and inprudent and cautious in managing our risks, securing the interests of our shareholders and stakeholders, protecting the intrinsic value of our franchise, and enhancing the solidity of our balance sheet. Our investment grade credit ratings by Moody's (A2) and Fitch (A) are a reflection of the confidence ABK has secured at the global level."

"I would like to also reaffirm our preparedness to actively contribute to development initiatives aligned with Kuwait Vision 2035 and our determination to foster successful outcomes in line with the national strategic vision," continued Mr. Behbehani.

The Chairman expressed his appreciation to the central banks and regulatory authorities in Kuwait, Egypt, and the UAE, alongside the Dubai International Financial Centre (DIFC), for their ongoing support and guidance. Mr. Behbehani also lauded the efforts of ABK's shareholders, Board of Directors, Executive Management, and staff for their persistent dedication in ensuring that ABK continues to demonstrate high levels of performance.

Mr. Abdulla Al Sumait, Acting Group CEO at ABK, reiterated, "Our financial results depict



Mr. Abdulla Al Sumait
Acting Group CEO at ABK

► **Abdulla Al Sumait: Our commitment to expanding our market presence remains unwavering, encompassing both individual and corporate clients** ◀

Mr. Al Sumait attributed the positive financial results to the consistent efforts of employees. He emphasized, “ABK places a significant emphasis on attracting top talent to join our workforce. We also continue to place particular focus on increasing the percentage of national employment, specifically amongst the youth segments. This is in addition to women empowerment with an aim of achieving gender equality in the workplace.”

He shared that it is crucial to continuously develop employees’ skillsets and capabilities, foster innovation, and provide training sessions with specialized institutes. Highlighting their importance, he said, “These efforts are imperative for developing a conducive work environment, enhancing employee productivity, and strengthening competitiveness in the banking sector.”

Environmental, Social, and Governance (ESG) Considerations

Recognizing the increasing importance of ESG factors to investors and stakeholders, ABK has diligently endeavored to incorporate these principles into its business.

ABK disclosed its firm belief that robust ESG practices have a direct and positive impact on its financial results. This contributes to sustainable development, ultimately fostering long-term growth.

Through the integration of ESG into our

► **Digital transformation is vital when it comes to empowering banks to meet changing customer expectations, drive operational efficiency, reduce costs, enhance security, and explore new business opportunities.** ◀

notable growth across several key financial indicators, reflecting the effectiveness of our implemented strategy.”

He continued, “Our commitment to expanding our market presence remains unwavering, encompassing both individual and corporate clients. We ensure to meticulously analyze any developments to proactively devise strategies to effectively navigate obstacles that may arise.”

In addition to the strength of ABK’s strategy,

operations, the Group strives to minimize environmental impact, promote social wellbeing, and deliver responsible governance practices. This, in turn, greatly contributes to positioning ABK as a responsible and ethical financial institution.

Digital Transformation

ABK strongly believes that digital transformation is vital when it comes to empowering banks to meet changing customer expectations, drive operational efficiency, reduce costs, enhance security, and explore new business opportunities.

“This is an important enabler to offer seamless, convenient, and personalized service to customers,” said Mr. Al Sumait. This was exemplified in the recent inauguration of ABK’s digital branch in Al Khiran Mall, boasting cutting-edge technology, alongside the launch of various digital services. He continued, “These endeavors aim to enhance customer confidence, trust, and convenience by simplifying banking transactions.”

Corporate Social Responsibility

ABK shed light on its leading role in corporate social responsibility, which includes supporting, sponsoring, and implementing various initiatives, activities, sports, and wellness events. This includes participation in career fairs at universities to support students and education where involvement in such events reflects its pledge to give back to society and strengthen its presence in the community.

ABK also continues its support of the ‘Let’s Be Aware’ banking awareness campaign. In



collaboration with the Central Bank of Kuwait and Kuwait Banking Association, the goal of the campaign is to raise financial and banking awareness among customers and promote financial inclusion in society.

ABK was recognized as one of the top three contributors to the campaign’s success in 2022, as announced earlier this year. As such, ABK remains dedicated to spreading relevant information through its branches, social media platforms, and other potential opportunities.

Since its establishment in 1967, ABK has progressed to become one of the leading Kuwaiti banks in the region that is today known for offering a simpler banking experience. The Bank offers personal, corporate, and private banking of which includes a wide array of products and services. ABK also provides a broad range of local, regional, and global investment solutions and services through its subsidiary, ABK Capital. Enjoying equal stability and strength, the Bank also offers the convenience of banking across the region, servicing other markets in Egypt and the UAE.



AUB Reports KD 20.5 Million Net Profits for the First Half of 2023

Ahli United Bank (AUB) announced its results for the first six months of year ended June 30, 2023, achieving a net profit of KD 20.5 Million compared to KD 20.2 Million of net profits recorded for the same period last year, with an increase of 1%. The Bank also recorded total operating income of KD 42.7 Million in H1 2023 vs. KD 46.4 Million in H1 2022. Total Assets reached KD 4.54 Billion at the end of June 2023, lower than KD 4.71 Billion recorded as in December 2022. The Financing Receivables at the end of June 2023 reached KD 3.28 Billion vs. KD 3.41 Billion at the end of December 2022.



Dr. Anwar Ali Al-Mudhaf
The Chairman of Ahli United Bank

In addition, AUB has maintained a solid capital adequacy ratio of 18.32% as of June 30, 2023, which is comfortably higher than the CBK's current minimum required ratio creating opportunities for future expansion in credit facilities, businesses and operations.

As of June 30, 2023, the Bank's return on average equity (ROAE) recorded 8.4% and return on average assets (ROAA) recorded 0.9%. Earnings per share recorded 7.5 fils per share in H12023 (7.4 fils in H12022).

Commenting on the financial results for the first half of 2023, the Chairman of Ahli United Bank, Dr. Anwar Ali Al-Mudhaf, said: "The operational environment still experiences a state of uncertainty. Nevertheless, we continue our cautious efforts to leverage the available opportunities at the operational environment in Kuwait."

Al-Mudhaf added, "The financial indicators achieved by the bank have reflected the solidity of its financial position and its ability to maintain a satisfactory level of profitability, relying on a

► **Dr. Al Mudhaf: The operational environment still experiences a state of uncertainty. Nevertheless, we continue our cautious efforts to leverage the available opportunities at the operational environment in Kuwait** ◀

conservative strategy and low risk appetite. This is in addition to the bank's balanced performance and its ability to sustain growth."

Dr. Al Mudhaf emphasized that AUB managed to end the first half of the fiscal year 2023 with acceptable financial results. This is attributed to the bank's resilient and balanced business strategy, its solid financial footing and the prudent strategy on which the bank is relying, and its solid banking capabilities. Dr. Al-Mudhaf emphasized that the bank is committed to implement robust governance principles and to pursue its ongoing efforts to support various segments of society through its ambitious corporate social responsibility program.

Dr. Al-Mudhaf expressed his gratitude to the bank's shareholders for their continuous support to the bank. He also extended sincere thanks to the bank's valued customers for their persistent loyalty, trust, and interaction with more apt services provided by the bank in response to the changes of life, especially digital banking services with their ability and resilience in meeting their needs and aspirations.

Additionally, Dr. Al-Mudhaf expressed his thanks and appreciation to the Bank's employees for their dedication and hard work, underlining that AUB has a great pride in its human wealth, which it considers the key pillar of the Bank's continued success and progress.

Commenting on the bank's financial performance in the first half, Mrs. Jehad Saud Al-Humaidhi,



Mrs. Jehad Saud Al-Humaidhi

Chief Executive Officer and Board Member
of Ahli United Bank

Chief Executive Officer and Board Member of Ahli United Bank said, "We continue to maintain satisfactory profitability in the first half of 2023, despite all the challenges facing the economy in general. Through the resilience of financial management and prudent risk-taking, we have achieved this balanced performance, which boosts our confidence in our business model and our ability to achieve the bank's strategic objectives."

Al-Humaidhi added: "We continue to focus our efforts to keep pace with and meet customers' evolving needs. We take pride in affirming our leading role and prominent position, as well as our ability to deliver the best offerings and services that rely on innovative and advanced digital technologies, ensuring the highest levels of banking services for our customers. The bank also persists in maintaining its position at the forefront of local banks in Kuwait by providing distinguished financing solutions and savings schemes."

► **Al-Humaidhi: AUB continues its resolute pursuit of digital transformation, driven by a strategic vision aimed at enriching the digital experience for the bank's esteemed customers** ◀

Al-Humaidhi emphasized that Ahli United Bank continues its resolute pursuit of digital transformation, driven by a strategic vision aimed at enriching the digital experience for the bank's esteemed customers. The bank unwavering commitment lies in catering to all its customers' needs, surpassing their expectations, and providing them with cutting-edge, innovative banking solutions and services. She underscored that digital transformation has become an imperative for all institutions, standing as the optimal choice to advance the mechanisms of banking operations.

Al-Humaidhi pointed that AUB pursues endeavors to enhance its banking competencies and provides all means of support for its human resources through an attractive work environment capable of developing business. Al-Humaidhi also underlined that AUB is moving at an accelerated pace towards achieving comprehensive sustainability

Al-Humaidhi emphasized that AUB, being the first bank to run its operations in Kuwait more than 80 years ago, has been able to play a prominent role in social work. Over these long years, AUB has proven its ability to provide a role model in social responsibility and sustainable development. Moreover, it provides a groundbreaking and distinguished experience in social responsibility, as are its enduring achievements at all fronts.

At conclusion, Al-Humaidhi conveyed her sincere appreciations to the Central Bank of Kuwait and the Chairman and members of the Board of Directors

of Ahli United Bank. She, also extended heartfelt thanks and appreciation the bank's shareholders and customers. Further, Al-Humaidhi expressed deep appreciation to the bank's Executive Management team and all its employees for their outstanding efforts and dedication in their work.

Bank Credit Ratings

Ahli United Bank enjoys prestigious international ratings. On May 2, 2023, Fitch Ratings, the International Credit Rating Agency, has affirmed Ahli United Bank K.S.C.P.'s (AUBK) Long-Term Issuer Default Rating (IDR) at 'A' with Stable Outlook, Short-Term Issuer Default Rating (IDR) 'F1' and Government Support Rating (GSR) 'a'.

Prestigious Awards

In the first half of 2023, Ahli United Bank received numerous awards and accolades. The global prestigious magazine MEED honored the efforts and achievements of Mrs. Jehad Al-Humaidhi; Chief Executive Officer and Board Member of Ahli United Bank by awarding her the MENA Islamic Banker of the Year at the MENA Banking Excellence Awards 2023. The award recognizes Al-Humaidhi's exceptional leadership throughout her professional career spanning over 38 years and her support for technological innovation in the banking sector, diverse expertise, and active membership in several boards of different institutions.

In recognition of its exceptional efforts in customer protection and fraud prevention, Ahli United Bank has been honored with the Excellence in Customer Protection-Fraud Control award in the Middle East and North Africa 2023 by MEED, the renowned international magazine. The bank received this award based on its implementation of advanced security measures, fraud detection systems, and customer protection protocols.

Moreover, Ahli United Bank has been awarded Best Remittance Service in the Middle East and

North Africa for 2023 by MEED magazine. This recognition is attributed to the bank's collaboration with SWIFT Payment Controls, SWIFT GPI, Afaq, and KNPS, which have provided the bank with the latest technologies and security features. These partnerships have given the bank a significant competitive advantage in the region. Additionally, the bank stands out for its fast, secure, and convenient online money transfer platform, offering competitive exchange rates.

Furthermore, Ahli United Bank won Best Bank in Internal Sharia Audit Award in Kuwait for the year 2023 by the renowned International Finance magazine. This recognition is based on the efficiency and effectiveness of the bank's internal Sharia control system, its framework for assessing Sharia risks, the Sharia audit procedures guide, and effective Sharia training methods. The bank also demonstrated effective implementation of Sharia governance instructions in line with a well-structured internal Sharia audit framework, ensuring the efficiency and effectiveness of Sharia audit operations. In addition, the bank's contribution to the promotion of Islamic banking was highlighted through the development and dissemination of Islamic financial awareness materials on its official social media channels.

The bank's internal Sharia audit team exhibited the necessary knowledge and skills to excel in their duties.

In addition to the aforementioned achievements, Ahli United Bank received the prestigious ISO 9001:2015 certification for information technology infrastructure for the second year in a row. This reflects the bank's leadership and excellence in the field of information technology and its ability to adhere to the highest standards of technical services to ensure quality, continuity, and security for all banking operations and services provided to its customers. ISO 9001:2015 is an internationally recognized quality management standard developed and published by the International Organization for Standardization (ISO).



in H1 2023

KIB records growth by 88% in net profit to reach KD 6 million

KIB Chairman Sheikh Mohammed Jarrah Al Sabah has revealed the Bank's financial results for the first half of the year, ending on 30 June 2023. During this period, the Bank achieved almost KD 6 million of net profit attributable to shareholders, with earnings per share (EPS) standing at 2.87 fils (i.e. 88% growth). Total operating income amounted to KD 35.4 million, which grew 14% compared to the first six months of 2022.



Sheikh Mohammed Jarrah Al Sabah
KIB Chairman

► *H1 results are a testament to our track record of good performance, competitive advantages, and unwavering commitment to provide the 'best' banking experience to our customers* ◀

Announcing the Bank's results, Al-Jarrah pointed to the Bank's solid financial foundation and resilient business model, which are vital for navigating the banking landscape with confidence, clarity, and agility. He said: "KIB's FY2023 first-half financial results are a testament to our track record of good performance, competitive advantages, and unwavering commitment to provide the 'best' banking experience to our customers and the most significant value to our shareholders, in line with our slogan's promise of being a 'Bank for Life.'"

► *Sheikh Mohammed Jarrah Al Sabah: Bank's solid financial foundation and resilient business model are vital for navigating the banking landscape with confidence, clarity, and agility* ◀

Delving into the Bank's interim financial statement for H1 2023, Al-Jarrah disclosed that KIB's financing portfolio was KD 2.47 billion as at 30 June 2023. In addition, Al-Jarrah noted that KIB's investment securities portfolio "focused on high quality Sukuk" stood at KD 308 million, compared to almost KD 298 million for the same period in 2022, an increase of 4%.

On his part, KIB's Vice Chairman and CEO Raed Jawad Bukhamseen stated that depositors' accounts amounted to almost KD 1.89 billion at the end of 30 June 2023. In addition, the shareholder equity, stood at almost KD 314 million (i.e. 28% growth) due to the successful completion of the KIB's capital increase during H1 2023. Bukhamseen further affirmed that KIB continued to successfully maintain adequate levels of Basel III total capital adequacy ratio, which was 19.8% at the end of H1 2023.

In his statement, Bukhamseen said: "Fueled by a transformative, innovative-focused strategy, the Bank has been marching ahead in its mission to achieve additional progress by seeking to offer unrivaled customer experience, keeping pace with the trends reshaping the banking industry, and investing in digital infrastructure to stay competitive and relevant."

Bukhamseen also shed light on notable achievements that defined the second quarter (Q2) of 2023, saying that the period was distinguished by a successful capital increase, in line with the Bank's modernization of its business model to achieve further development



Borgan Bank Group Reports KD 108 Million in Revenues and KD 18 Million in Net Profit in H1'23

Borgan Bank announced its financial results for the first half of 2023 (H1'23), for the period ending June 30, 2023. The Bank reported robust Revenue of KD 108 million during H1'23 which was up 8% year-on-year (y-o-y). Higher revenues were driven by a strong Non-Interest Income of KD 47 million (+28% y-o-y) and Net-Interest Income of KD 61 million (vs KD 63 million in H1'22).



Sheikh Abdullah Nasser Al-Sabah
Bank's Chairman

► **Borgan continued to receive recognition for its creditworthiness during the second quarter of 2023, which is a clear indication of the Bank's solid financial core and its stable standing** ◀

The Net interest Margins (NIM) were almost flat at 1.9% in H1'23, as compared to 2.0% in H1'22; while the Cross-Sell Ratio improved from 37% in H1'22 to 44% in H1'23 (+680bps), due to higher fee and commission-based income supported by recoveries. The Operating Expenses stood at KD 54 million in H1'23 as compared to KD 46 million in H1'22. The marginal y-o-y increase in expenses was largely attributable to higher staff expenses amongst others, and mainly in Kuwait and Turkey.

► **Sheikh Abdullah Nasser Al-Sabah: The Bank's financial results for H1 2023 signify a stable performance, bolstered by a strong foundation as we continue pursuing excellence and innovation in the banking sector** ◀

Consequently, the Bank reported stable Operating Profits of KD 54 million during H1'23 (H1'22: KD 54 million). The Bank's Credit Costs were higher in H1'23 at 90bps, comparable to 30bps in H1'22, however the impacts from the net monetary losses were lower at KD 7 million, compared to KD 11 million in H1'22. As a result, the Bank reported a Net Income of KD 18 million for the first half of 2023. For accurate comparison, the above H1'22 financial figures have been adjusted for Bank of Baghdad's (BoB) contributions, as it was sold in February 2023 and these contributions are not part of H1'23 financials.

Borgan maintained its strong asset quality during H1'23 with a Non-performing Loan (NPL) ratio of 2% and a Provision Coverage of 216%. Moreover, the Bank's capital metrics remained solid with a higher Common Equity Tier 1 (CET1) ratio of 11.5%, Tier I capital ratio of 14.1% and a Capital Adequacy Ratio (CAR) of 17.8%.

Commenting on Borgan's H1 results, the Bank's Chairman, Sheikh Abdullah Nasser Al-Sabah, said: "The Bank's financial results for the first six months of 2023 signify a stable performance, bolstered by a strong foundation as we continue pursuing excellence and innovation in the banking sector. From this standpoint, we remain persistent in implementing the Bank's proactive long-term strategy, which is crucial in supporting our sustainable growth ambitions, fortifying our

► **Burgan continues to seek out innovative ways to reward its loyal customers and offer the best banking products, services and benefits** ◀

competitiveness, and driving shareholder value.”

The Chairman added: “What we’re conveying is a renewed commitment to positioning ourselves as a top Bank in Kuwait; delivering a superior customer experience, growing our human capital, achieving key environmental, social and governance (ESG) commitments, and investing heavily in digitalization. Speaking of human capital, we are pleased to report that our Kuwaitization employment percentage was 82% at the end of June 2023.”

Moreover, the Chairman highlighted that Burgan continued to receive recognition for its creditworthiness during the second quarter of 2023, which is a clear indication of the Bank’s solid financial core and its stable standing. He noted that Capital Intelligence (CI) affirmed the Long-term Foreign Currency and the Short-term Foreign Currency ratings of Burgan at “A+” and “A1”, respectively. At the same time, CI also confirmed Burgan’s

Standalone Rating at “bbb+”, Core Financial Strength at “bbb+”, and Extraordinary Support Level as “High”.

As a further testament to investor confidence in Burgan’s overall credit profile, the Bank successfully closed the syndication for its global USD 800 million unsecured term loan facility due to strong demand from international and regional partners. “Completing a landmark syndication with commitments exceeding the proposed issue size reflects the trust of international markets in Burgan’s brand and, by extension, the Kuwaiti banking system,” the Chairman said, highlighting that this transaction will strengthen Burgan’s bank sheet, further diversify its funding sources, and safeguard against unforeseen risks and fluctuations.

Burgan Bank remains steadfast in employing the latest innovative banking practices and cutting-edge technologies centered around the ongoing and constant evolution of digital transformation.

In this regard, the Bank has been striving to help serve customers better and faster to address their modern needs, working toward providing the ultimate streamlined banking experience. As an illustration, Burgan announced, during Q2’23, that all customers may easily open its Al-Rateb Salary Account and Kanz Account in just less than a minute using the Burgan Bank Mobile Application.

In addition to striving to provide a seamless banking experience, Burgan Bank continues to seek out innovative ways to reward its loyal customers and offer the best banking products, services and benefits that suit their daily lifestyles. Accordingly, the Bank launched a new series of Cashback cards featuring the highest cashback rate in the Kuwaiti market, up to 15%, and a wide range of benefits designed for customer convenience. In the same vein, the Bank revamped its Kanz Draw Account to reward its customers and maximize their chances of winning valuable and life-transforming prizes. The

remodeled draw account prizes grant customers an exclusive opportunity to win KD 2,000 in the monthly draw and KD 500,000 in the semi-annual draw, while the annual draw awards one lucky winner with the grand prize of KD 1,500,000.

Concluding his statement, the Chairman thanked Burgan Bank’s Board of Directors, Executive Management, shareholders, customers, and all employees across every department for their invaluable contributions to drive the Bank forward and help it achieve sustainable growth.

It serves to note that the consolidated financials for Burgan include the results of the Group’s operations in Kuwait, as well as its share of results from its subsidiaries, namely: Burgan Bank Turkey, Gulf Bank Algeria, and Tunis International Bank. Through this regional reach, Burgan Bank has one of the largest regional branch networks across Kuwait, Turkey, Algeria, Tunisia and a representative office in the United Arab Emirates.

► **As a further testament to investor confidence in Burgan’s overall credit profile, the Bank successfully closed the syndication for its global USD 800 million unsecured term loan facility due to strong demand from international and regional partners** ◀



KFH reports record net profit of KD 333.4 million (US 1.086 billion) in H1 2023 up 141.4%

EPS for H1 2023 reached 22.03 fils, an increase of 73.3%

Chairman of Kuwait Finance House (KFH), Hamad Abdulmohsen Al Marzouq said that KFH has, by the grace of Allah, reported record net profit for its shareholders of KD 333.4 million (US 1.086 billion) for the first half of 2023, an increase of 141.4% compared to the same period last year. KFH showed its highest-ever quarterly profit in history and the biggest in the Kuwaiti banking sector.



Hamad Abdulmohsen Al Marzouq
Chairman of Kuwait Finance House (KFH)

► **Increasing investment in green finance and contributing effectively to building low-carbon economy** ◀

Earnings per share for the first half of 2023 reached 22.03 fils; an increase of 73.3% compared to the same period last year.

Net financing income for H1 23 reached KD 458.5 Million; an increase of 43.2% compared to the same period last year.

Net operating income for H123 reached KD 489.1 Million; an increase of 58.6% compared to the same period last year.

Financing receivables as of the end of H123 reached KD 19.1 Billion, an increase of KD 268 million or 1.4% compared to the end of last year.

Total assets as of the end of H123 reached KD

► **Al Marzouq: KFH showed its highest-ever quarterly profits in history and the biggest in the Kuwaiti banking sector** ◀

37.02 Billion, an increase of KD 51.0 million or 0.1% compared to the end of last year.

Also, shareholders' equity as of the end of H123 reached KD 5.2 Billion.

Depositors' accounts as of the end of H123 reached KD 22.9 Billion, an increase of KD 459 million or 2.0% compared to the end of last year.

In addition, the capital adequacy ratio reached 16.45% which is above the minimum limit required by regulators. This ratio confirms the solid financial position of KFH.

The Board of Directors approved distribution of an interim cash dividend of 10% to the shareholders.

Record profits

Al Marzouq said that the record profits KFH achieved cement its standing and positively contribute to raising the performance of the Kuwaiti banking sector.

He pointed out that the outstanding profitability ratios confirm the benefits and significance of the acquisition deal and reflect the efficient operational performance, the flexible business model of KFH and the disciplined execution of KFH's strategy. The distinct ratios also reflect the continuous momentum in all KFH's business areas and the contribution of operations at the Group level.

Al Marzouq said that KFH showed positive growth in all key financial indicators and maintained good ratios in terms of ROAA, ROAE, improving asset quality ratios as well as the



Abdulwahab Iesa Al Rushood
KFH Acting Group Chief Executive Officer

coverage ratio of provisions for non-performing debt, cost to income ratio and other financial indicators.

He added that KFH tops the Kuwaiti banks in terms of assets and market capitalization. It also ranked first among the listed companies on Bursa Kuwait in terms of market capitalization exceeding KD 11 billion. This means that KFH is the largest player in the private sector in Kuwait.

Financial Technology

Al Marzouq said that KFH sustained excellence in developing innovative products and services as well as financial and investment solutions, and in adopting FinTech and AI tools to enhance operations, customer experience, leadership, and market share.

He noted that KFH succeeded in expanding customers base, achieving growth in operating income, which reflected positively on the H123 financial results.

▶ **Al Rushood: KFH has solid credit ratings, high liquidity ratios and strong capital base that support business growth** ◀

ESG adoption

Al Marzouq emphasized increasing investment in green finance, expanding ESG-linked investments, contributing effectively to building low-carbon economy for a sustainable future. He indicated that KFH won Best Islamic Bank for ESG- global category 2023 award from Euromoney and Kuwait's Best Bank for Sustainable Finance in 2023 from Global Finance. KFH received these awards in recognition of its spectacular efforts in adopting ESG principles in all its banking and business activities, the annual growth of sustainability products and green finance, becoming the first Bank in Kuwait to receive the Global Sustainability Assessment System GSAS – Gold Level Certificate in addition to the fruitful partnership with UNDP.

CSR Leader

Al Marzouq emphasized the pioneering role KFH maintains in CSR by supporting added-value initiatives, including health, sport, education, environment, women empowerment, supporting youth and students and people with special needs, as well as enhancing financial literacy, among others.

He indicated that the societal role KFH plays is essential and influential as it keeps executing strategic initiatives inside and outside Kuwait in collaboration with stakeholders, such as signing design and supervision contract for Al Mubarakiya reconstruction project with Gulf

Consult Co. It is worth mentioning that KFH contributed around KD 8 million to this project.

Remarkable growth

KFH Acting Group Chief Executive Officer, Abdulwahab Iesa Al Rushood, explained that the remarkable growth KFH achieved compared to the same period last year enhances its local and global standing, supports its financial strength and creditworthiness and its ability to assist companies and lead mega financing deals.

He noted that KFH has solid credit ratings, high liquidity ratios and strong capital base that support business growth and development plans in Kuwait and countries where KFH Group operates including Bahrain, Turkiye, UK, Germany, Egypt, Malaysia, and others.

Digital leadership

"KFH has made great strides in its digital transformation strategy where customers carried out more than 135 million e-banking

transactions through KFHonline on mobile and website in H123, with a growth rate of about 40% compared to the same period last year. This noticeable growth confirms KFH's leadership in offering innovative digital financial solutions that boost customers experience and give KFH a competitive advantage". Al Rushood said.

High competencies

Al Rushood said that KFH is proud of its young national banking talents and competencies, and the continuous efforts in training and localizing workers and attracting talents among graduates in partnership with public and private universities. He added that the record financial results of H123 reflect the efforts exerted by KFH staff, the trust of shareholders and customers, and the efficient strategic directions of Board of Directors.

He also praised the role of the regulatory authorities and all partners and stakeholders which reinforces KFH's leadership locally and globally.

▶ **40% growth in the customers' use of digital financial solutions provided by KFH** ◀

▶ **KFH is proud of its young national banking talents and competencies** ◀

Key indicators:

- ▶ **Financing receivables reached KD 19.1 billion, an increase of 1.4%.**
- ▶ **Depositors accounts reached KD 22.9 billion, an increase of 2.0%.**
- ▶ **The Board of Directors approved distribution of an interim cash dividend of 10% to the shareholders.**
- ▶ **With more than KD 11 billion market capitalization, KFH topped the largest listed companies on Bursa Kuwait.**
- ▶ **KFH achieved remarkable growth compared to the same period last year.**



At a Growth Rate of 25% Boubyan Bank Increases Net Profits to KD 41.3 million for H1 of This Year

Boubyan Bank maintained its outstanding financial results as the bank recorded KD 41.3 million during H1 of this year, at a growth rate of 25% compared with past year, while the earnings per share amount to 9.65 fils. Boubyan Bank's Vice-Chairman & Group Chief Executive Officer, Mr. Adel Al-Majed stated: "Thanks to Almighty Allah, we finished H1 of this year with positive results, which are the fruit of our successful expansion plans and the increase in our market share, in addition to our diversified offerings and innovation to achieve sustainable growth based on clear bases and approach."



Mr. Adel Al-Majed
Boubyan Bank's Vice-Chairman & Group
Chief Executive Officer

► The Bank Received Many International Awards and Rankings Due to Its Achievements across Various Business Sectors ◀

"Through well-studied steps, Boubyan managed to be among the early Islamic financial institutions to consider digital transformation to be the fulcrum of regional expansion and the upgrade of the digital infrastructure, thus driving Boubyan's digital products and services towards new regional markets, and achieving more growth to reinforce its leadership and status as a leading digital Islamic financial institution.", he added.

Al-Majed thanked the executive management for their efforts as well as all the bank's staff who are highly professional. He went on to recognize their efforts towards achieving the best results

► Al-Majed: The Positive Results Coupled with Ongoing Improvement Reflect Our Contribution to Islamic Banking Region-Wise ◀

and positive indicators across all areas, making this year a special year in Boubyan's journey, especially with additional expansion plans.

Positive Results and Continued Strong Performance

Al-Majed highlighted the most significant numbers recorded by the bank during the first half of this year where the total of customers' deposits grew by 9% to reach KD 6.2 billion, while the financing portfolio grew by 6% to reach KD 6.1 billion, and operating income grew by 7% to reach KD 109.2 million. Speaking of the bank's market shares, the bank's share of local financing increased overall to 11.51% approximately.

The first half of this year witnessed the launch of the bank's new brand identity titled "Imagine the possibilities". The launch is aligned with the bank's success and achievements over the past years as well as its ambitions for the future. The rebranding process aimed to keep up with our growth, while expressing the bank's ambition and passion to build a strong relationship with customers, and to refresh our messages to various segments of customers and stakeholders and, thus, we updated our logo, our mission, vision, and Boubyan core values.

The bank continued receiving international awards and recognitions from many entities led by Euromoney, Global Finance, and Service Hero, which reinforce the strength of the bank and its continued leadership despite the fierce competition.

Moreover, the bank received many awards such as the “World’s Best Islamic Retail Bank” for 2023 as a part of GF’s awards to banks in Kuwait, the region, and worldwide. This highlights the ongoing efforts of the bank towards improving its banking services, reiterated by receiving the awards for the Best Islamic Bank in Kuwait and the World’s Best Islamic Bank for CSR.

Additionally, Boubyan joined the annual list of Forbes Top 100 Listed Companies in the Middle East, which crowns a decade full of achievements and successes that drove the bank to be on the list that includes many names in various economic sectors. To complement the group of awards and international rankings Boubyan has been receiving since the beginning of this year, the bank received two awards from Service Hero, the international consumer-driven customer satisfaction index. The bank was named the Best Islamic Bank in Customer Service for the 13th year in a row since 2010, in addition to receiving the First Place Award in Customer Service as a Country Winner across all economic sectors in Kuwait.

Nomo Bank and Expansion Overseas

During H1 of this year, the bank continued laying the foundation for its regional expansions as Nomo, a Boubyan Bank Group company, inked a new partnership with Abu Dhabi Commercial Bank “ADCB” and Al Hilal Digital Bank to give their U.A.E. customers the ability to benefit from the innovative services and solutions of Nomo Bank through ADCB - Nomo and Al Hilal Nomo Apps.

Nomo continues to leave its mark on the Islamic digital banking sector through the recent launch of many products such as the Sharia-compliant property finance product, which allows all customers in the Middle East to own properties in the United Kingdom in a major step towards employing the digital bank’s services in providing easier, more convenient, and secure property finance solutions.

► Boubyan Turned into a Banking and Digital Powerhouse in Kuwait and the Region ◀

Corporate Banking... Outstanding Solutions

Ever since the beginning of 2023, the corporate banking line at Boubyan Bank has been witnessing the launch of a group of innovative digital solutions to support various local economic sectors, and to encourage economic and commercial growth; these solutions include the smart supply chain finance platform and the new corporate credit cards’ services package (Boubyan Visa Platinum).

The supply chain finance platform is a new service offered for the first time in the local market for instant collection of commercial receivables of suppliers and extension of payment terms for buyers, giving customers the chance to generate revenue from such payments through integrated digital solutions.

As for the unique smart banking solutions and new services of the corporate credit card (Boubyan Visa Platinum), the card is completely designed to enable our corporate customers to manage their cards and facilitate their collections and payments in an easy and innovative manner anytime, anywhere, while maintaining the highest data and information security and safety levels.

CSR & Sustainability

Over the past period, Boubyan managed to reinforce its leadership in CSR and its sustainable role through many social events and initiatives that highlighted the bank’s domestic and international excellence. The past period represented a milestone in the bank’s ongoing CSR journey, and it reinforced the bank’s social leadership in Kuwait, which is always targeted by the bank, and which

is of no less importance than the banking role of the institution. Sustainability and CSR represent an integral part of Boubyan’s ongoing commitment and efforts as a part of a strategy to deliver specific messages to various segments of the society through the bank’s various contributions, volunteer and charitable efforts, which benefit everybody and give them a helping hand, ultimately making Boubyan a role model to follow in CSR and sustainability.

Furthermore, Boubyan Bank released its 3rd Sustainability Report titled “Towards a Cleaner and Brighter Future”, which reflects on Boubyan Bank’s Environment, Social, and Governance (ESG) journey, which is aligned with the New Kuwait Vision 2035.

The bank continued supporting its human resources since they represent the main pillar for all its achievements. This was made through unique training strategies, academies, and programs, in addition to international certifications to sharpen their educational and practical skillsets

and to increase their expertise so that they may benefit themselves, which would be reflected on customer service at Boubyan Bank.

Expanding the Branches Network

Boubyan Bank always stresses that it is closer to its customers, especially in light of increasing its investment in digital services. During this year, Boubyan Bank inaugurated a number of new branches, bringing the number of branches across Kuwait to 48, which comes as a part of the strategy of geographic presence, and expansion in offering banking services and solutions using the latest digital technologies.

The new branches (Al-Daiyea Branch, Al Khiran Outlet Mall Branch, and Abu Fatera Branch) are modern, and they offer the latest technologies, thus offering a unique experience and service level to maintain Boubyan Bank’s leadership and ability to keep up with the ongoing developments in the Islamic banking industry.

In an attempt by the bank to provide customers with unique banking experiences, this year saw Boubyan Bank’s launch of its new Premium Account, which is a custom-tailored product to its affluent customers, bringing them unique services and products that meet their daily needs and make it easier inside and outside Kuwait.

For the third consecutive year, the bank supports CBK and KBA’s Be Aware Campaign “Diraya” to spread awareness about many banking matters among citizens and residents. This comes in line with the bank’s CSR efforts.

Brand Finance - the international brand-valuation consultancy - ranked Boubyan Bank on the list of the top 10 most valuable and strongest Kuwaiti brands in terms of valuation for 2023, in addition to naming the bank the “fastest growing” at a growth rate of 33% and improving Boubyan’s ranking to “AA-” based on its strong financial performance and expectations for future growth against specific standards.

Boubyan Bank’s Key Financial Indicators - In KD Million

Indicator	First Half 2023	First Half 2022	Growth
Net profits	41.3	33.1	25%
Operating income	109.2	102.3	7%
Customers’ deposits	6,153	5,646	9%
Financing portfolio	6,094	5,749	6%
Assets	8,024	7,636	5%



«Warba» achieves KD10.255 million net profit for the first half of 2023

Warba Bank announced its business results for the first half ending on June 30, 2023, and these results indicated that the Bank's net profit amounted to KD10.255 million, equivalent to 4.23 earnings per share. The Bank said in a press statement that the total assets as at the end of June 2023 grew by 12.51% to reach KD 4.727 billion, compared to KD 4.201 billion at the end of 2022, while the total financing portfolio amounted to KD 3.453 billion, compared to KD3.130 billion as of December 31 of 2022. The total accounts of depositors amounted to KD2.930 billion at the end of the second quarter of this year 2023, compared to KD 2.674 billion as at the end of December 2022, and the total operating revenues for the first half of 2023 amounted to KD118.5 million, with a growth rate of 70%, compared to the same period last year.



Hamad Musaed Al-Sayer
Chairman of Warba Bank

The balance of investment in sukuk as at the end of the second quarter of 2023 amounted to KD333.6 million, an increase of KD 48.7 million, or 17% over the end of the previous year 2022. The total shareholders' equity reached KD 303.3 million at the end of June 2023, and the capital adequacy ratio reached 15.3%, exceeding the minimum required by the regulatory authorities, which confirms the solid financial position of "Warba".

Commenting on the Bank's quarterly financial results, Chairman of Warba Bank Hamad Musaed Al-Sayer said: "We achieved strong results in the first half of this year 2023, despite the challenges of the global economic environment and developments in global markets." Al-Sayer emphasized that Warba enjoys a strong financial position and a solid and stable capital base, which supports meeting the growing needs of its clients as well as achieving the best returns for its shareholders, explaining that the Bank will continue in 2023 to invest carefully in its employees, capabilities and digital technologies, in order to secure the future growth of the Bank.

He pointed out that "Warba" has proven during the

► **Al-Sayer: We achieved strong financial results despite the challenges of the global economic environment and the factors affecting the components of local economy** ◀

previous period the success of its comprehensive strategy in risk management, through proactive reading of market risks and careful study of the results of stress tests required according to strict scenarios, which helped "Warba" in expanding the scope of treatments for any sudden challenge, and reduced risks and exposures. In the past period, Warba resorted to improving the indicators of asset quality and total operating income, which gives the bank increasing confidence in facing challenges and taking advantage of future opportunities without any fears. Al-Sayer stressed that the Bank's firm commitment to sustainability enhances long-term growth opportunities and supports its position in the local market, indicating that the Bank continues to implement many important initiatives that support responsible business practices and contribute to the sustainable development of the Kuwaiti economy.

The non-performing financing ratio improved to 0.8% compared to 1.1% as at the end of 2022, and the coverage ratio increased to 346% compared to 275% at the end of 2022.

He pointed out that Warba Bank achieved strong revenue growth, continued good operational performance of business and continued to benefit from the advantages of its diversified business mix and strategic investments in talent and technology enjoying the stability of the operating environment in the Kuwait during the first half of 2023. He stressed that the bank's main business sectors achieved good performance in the first half, in addition to registering more momentum in strategic areas that include wealth management, indicating that



Anwar Bader Al-Ghaith
The acting CEO of Warba Bank

the bank's performance is based on prudent risk management and high credit quality, as it will benefit from these strengths throughout the fiscal year 2023 to create added value for its shareholders. Al-Sayer added: During the year 2023, we continued to invest in future, and strengthened our digital capabilities to better serve our clients. We also launched innovative products and solutions that will help our customers meet their banking needs more easily.

He continued, saying: "We have a proven track record of sustainable performance and our focus is always on improving operational efficiency and prudently managing capital levels so that we are appropriately prepared for any scenarios in the global economy.

Al-Sayer expected revenue growth to continue at its strong rate, thanks to our solid financial position, strong capitalization rates, and comfortable liquidity levels, which enhance our ability to generate profits. Al-Sayer said, "We are proud of Warba Bank in our contribution to society and the progress we have made in our journey towards strengthening

► **Al-Ghaith: The Bank continues its efforts to maximize profitability and return on shareholders' equity, and to maintain strong operational performance** ◀

the pillars of sustainability in our operations and our corporate culture through many initiatives." He explained that "Warba" continues to strengthen its position as a major and essential factor in the financial and banking sector in the country, pointing out that the Board of Directors was keen to continuously develop the capabilities of employees by organizing training courses in partnership and cooperation with many leading specialized agencies and institutions at the local and regional levels.

Al-Sayer praised the permanent support that Warba Bank and the Kuwaiti banking sector receive from the Central Bank of Kuwait and the rest of the regulatory authorities in Kuwait, praising the confidence of all shareholders and stakeholders in the Bank's performance, and the performance of the executive management and all the Bank's employees and their contribution to providing Warba Bank with the highest levels of service.

The acting CEO of Warba Bank, Anwar Bader Al-Ghaith, said that the profits achieved for the first half of 2023 confirm the success of Warba and the soundness of its approach and operational plans, as the Bank enjoys a strong position that qualifies it to take advantage of the opportunities available in various economic sectors, adding that the Bank continues its efforts in maximizing profitability and return on equity, and maintaining a strong operating performance, especially in light of its strong credit quality. He added, "The growth in the Bank's financial indicators shows the continuous success in implementing the strategic plan and developing its market shares at the level of all segments of clients, both individuals and companies," pointing out

that the strong financial performance recorded by "Warba" during the previous period made it occupy a strong position among local banks in the world in several financial indicators.

He stated that Warba Bank was able to maintain excellent rates with regard to indicators of profitability, return on assets, return on shareholders' equity, improving asset quality, debt coverage rates from provisions, cost-to-revenue ratios, and all basic financial indicators, adding that Warba Bank is keen to seize opportunities that contribute to achieving sustainable growth, while continuing to contribute to the economic growth of the country, and help ensure the success of Kuwait Vision 2035.

Al-Ghaith pointed out that "Warba" is known for its solid capital base and high liquidity ratios that support the growth of its business and enhance its credit strength, noting that "Warba" continues to implement its strategy to enhance the role of basic banking activity by achieving profitability and sustainable growth and keeping abreast of developments in the fields of digitization, application of artificial intelligence and innovation in financing and investment products and solutions, increasing investment in green sukuk from the total financing portfolio and expanding in linking investments with sustainable development goals, optimal investment in human resources and knowledge enhancement, as well as supporting entrepreneurship and youth, providing innovative banking services to companies,

and supporting small and medium enterprises, in a way that enhances the status of "Warba" in the banking sector.

Al-Ghaith emphasized the applying the rules of transparency and environmental standards, social values, governance, financial inclusion, empowering women, enhancing their representation in the workforce of "Warba", and enhancing green and sustainable financing efforts as part of the integrated sustainability strategy adopted by the Bank, in which it has made great strides.

Al-Ghaith referred to the pioneering social contributions that "Warba" is full of, as the Bank contributed to many strategic community initiatives, as well as many environmental and sustainable initiatives, youth support, in addition to many other initiatives, stressing that Warba Bank is aware of the significant role that social responsibility plays in increasing the brand's attractiveness to various stakeholders, including investors, as well as attracting best talents and developing their capabilities, which contributes to the success of the Bank's business in general.

Al-Ghaith expressed his confidence in continuing to achieve strong positive results, praising the trust of shareholders and customers and the support of the Board of Directors. He also praised the role of the regulatory authorities, and the efforts of employees and all partners and stakeholders, stressing moving forward in strengthening Warba Bank's position among banks in the banking sector.

Warba Bank is considered one of the banks that achieved great successes during a short period, as it occupied a leading position in the field of digital banking services, and it is one of the largest local banks in the number of its shareholder base, and these are among the most important factors that make the bank close to all members of society. In addition, Warba Bank is among the 50 largest banks in the Middle East in terms of market value for the year 2023 - Forbes Middle East classification.

Significant numbers:

- **346% coverage rate.**
- **KD 4.727 billion total assets.**
- **15.3% capital adequacy ratio.**
- **KD 32.9 million net operating income.**
- **4.23 fils earnings per share on 30/6/2023.**
- **KD 303.3 million total shareholders' equity.**
- **KD 3.453 billion balance of financing debtors**
- **KD 333.6 million is the balance of investment in sukuk.**



IMF SAYS

ending political impasse is key for Kuwait to accelerate reform momentum

The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Kuwait and considered and endorsed the Staff Appraisal on a lapse-of-time basis without a meeting. Benefiting from high oil prices, Kuwait's economic recovery continues, and inflation is contained. Non-oil GDP growth rose to an estimated 3.4 percent in 2021, benefiting from a recovery in domestic and external demand, and strengthened further to 4.0 percent in 2022. This, together with a pickup in oil production, resulted in a rebound in overall real GDP growth to 8.2 percent in 2022. While oil GDP growth is expected to decline in 2023 due to oil production cuts, non-oil GDP growth would stay robust, driven by domestic demand, and is foreseen to remain steady over the medium term. After peaking at 4.7 percent y-o-y in April 2022, headline inflation has receded to 3.7 percent in May 2023. Subsidies on basic food items such as rice and sugar, and caps on domestic gasoline prices, helped contain inflation, as did tighter monetary policy. Core inflation (excluding food and transport items) has also been trending down since 2022Q2.

► **Financial soundness indicators and the authorities' stress tests suggest the banking system is stable and resilient to severe shocks** ◀

► **The fiscal and external balances have strengthened, and external buffers are increasing** ◀

The fiscal and external balances have strengthened, and external buffers are increasing. The overall fiscal balance turned into a surplus of 6.5 percent of GDP in FY2021/22, while the non-oil balance (less investment income) improved by about 9 percentage points of non-oil GDP to -90.1 percent, and fiscal financing needs fell substantially. The fiscal surplus is estimated to have improved to 23.4 percent of GDP in FY2022/23, benefiting mainly from high oil revenues, but also from expenditure restraint which helped increase the non-oil balance by about 2 percentage points of non-oil GDP to about -88.3 percent. Helped by higher oil revenue, the current account surplus is estimated to have reached 33.8 percent of GDP in 2022 and is projected to remain

high in 2023. Official reserve assets stood at US\$48.2 billion as of end-2022 (10.4 months of prospective imports, 106.5 percent of the IMF Assessing Reserve Adequacy metric).

Financial soundness indicators and the authorities' stress tests suggest the banking system is stable and resilient to severe shocks. Banks are well-capitalized and highly liquid. Non-performing loans remain sufficiently provisioned. Profitability is also recovering.

The risks surrounding the baseline macroeconomic outlook are elevated and are tilted to the downside. Volatility in oil prices and production—arising from global factors—poses two-sided risks to growth and inflation, as well as to the fiscal and current account balances.



► **The risks surrounding the baseline macroeconomic outlook are elevated and are tilted to the downside** ◀



▶ **As for domestic risks, delays in needed fiscal and structural reforms could amplify the risk of procyclical fiscal policy and undermine investor confidence** ◀

▶ **Volatility in oil prices and production poses two-sided risks to growth and inflation, as well as to the fiscal and current account balances** ◀

A deeper global growth slowdown, possibly caused by further monetary policy tightening or banking sector stress in major advanced economies, would adversely impact Kuwait's economy. Deepening geo-economic fragmentation would reduce potential growth, while structurally worsening the fiscal and current account balances.

As for domestic risks, delays in needed fiscal and structural reforms could amplify the risk of procyclical fiscal policy and undermine investor confidence. Such delays would also hinder progress towards diversifying the economy, making it more vulnerable to climate transition risks. On the upside, a resolution to the political gridlock could accelerate needed fiscal and

structural reforms, boosting investor confidence, and stimulating private investment.

Executive Board Assessment

The economic recovery continues but risks to the outlook remain substantial. Non-oil growth remains robust in 2023, with declining headline inflation and a large current account surplus. Nonetheless, elevated risks surround the baseline economic outlook, especially those associated with volatility in oil prices and production arising from global factors.

Given Kuwait's large fiscal and external buffers, it can undertake needed reforms from a position of strength. However, political gridlock between the government and Parliament could continue

▶ **Comprehensive and growth-friendly fiscal consolidation is needed to reinforce fiscal sustainability and support intergenerational equity** ◀

▶ **A structural reform package is needed to boost labor productivity** ◀

to delay reforms. Resolving the impasse is critical to accelerate reform momentum, and to thereby boost growth and diversify the economy.

Comprehensive and growth-friendly fiscal consolidation is needed to reinforce fiscal sustainability and support intergenerational equity. The fiscal expansion envisaged in the draft FY 2023/24 budget is appropriate given the negative non-oil output gap. Starting next fiscal year, fiscal consolidation should aim to increase non-oil revenue and tackle current spending rigidities while increasing capital outlays to raise potential growth.

Revenue measures could include introducing the GCC-wide excises and VAT, as well as expanding corporate income taxation to cover domestic firms.

Expenditure measures should focus on curtailing the wage bill and gradually phasing out energy subsidies while improving targeted income support.

A robust medium-term fiscal framework with a clear fiscal anchor would support consolidation. Given the sensitivity of the headline fiscal balance to oil prices, a target for the non-oil structural primary balance could serve as an appropriate fiscal anchor. Conducting fiscal policy under a robust framework could help resist spending pressures when oil prices rise, preventing pro-cyclical spending and ensuring durable adjustment gains.

Strengthening fiscal governance and transparency would boost accountability and policy credibility. Reforms should aim to



▶ **Strengthen governance and the business environment is critically important to enhance competition and promote investment** ◀



► **A deeper global growth slowdown in major advanced economies, would adversely impact Kuwait's economy** ◀

► **The economic recovery continues but risks to the outlook remain substantial** ◀

► **The fixed exchange rate regime remains an appropriate framework for monetary policy** ◀

enhance fiscal data coverage and reporting, strengthen corporate governance, and enhance public procurement. They should also reinvigorate the integrated asset-liability management framework, to assess the costs and benefits of investment and borrowing decisions, as well as broader macro-financial implications, in a holistic manner.

The fixed exchange rate regime—based on the peg to an undisclosed basket of currencies—remains an appropriate framework for monetary policy. This framework provides the CBK with some monetary policy autonomy and has enabled it to deliver low and stable inflation for many years. Fiscal consolidation to support intergenerational equity and

structural reforms to diversify the economy should be pursued to strengthen the external position (which is weaker than the level implied by fundamentals and desirable policies) and support the peg.

The banking system is stable and systemic risk is contained, supported by a strong prudential framework that should continue to be enhanced. To proactively manage emerging financial stability risks arising from global monetary policy tightening, the CBK should continue to closely monitor banks' dollar funding liquidity and credit quality. Now that all pandemic-related financial regulatory support measures have been unwound, the CBK should consider adjusting the composition of capital requirements to make

► **A resolution to the political gridlock could accelerate needed fiscal and structural reforms, boosting investor confidence, and stimulating private investment** ◀

macroprudential policy more countercyclical. The interest rate ceiling on commercial loans should be phased out to support efficient risk pricing and credit supply to SMEs, while the existing blanket guarantee on bank deposits should be replaced with a limited deposit insurance framework to address moral hazard.

A structural reform package is needed to boost labor productivity and non-oil private sector-led growth. Strong non-oil private sector-led growth is needed to absorb new labor market entrants. This requires a comprehensive set of reforms that tackle deep-rooted structural challenges. To incentivize Kuwaitis to seek careers in the private sector, labor market reforms to promote a market-aligned wage structure are needed. In particular,

compensation and working conditions should be gradually aligned across the public and private sectors, while labor market policies should be steadily harmonized between nationals and expatriates. Social safety net reforms should proceed in parallel to ensure adequate social protection for nationals during the transition period.

In the meantime, it is critically important to press ahead with reform measures that strengthen governance and the business environment to enhance competition and promote investment, including relaxing foreign ownership restrictions on firms and improving public land allocation for commercial development with longer lease terms. Investing in human capital would also promote long-term productivity growth.



► **The banking system is stable and systemic risk is contained** ◀

Kuwait gov't program 2023-27..

A roadmap for economic reform

The government's program for the legislative term 2023 - 2027 titled "correcting the path... a productive economy and sustainable prosperity" prioritizes development and reform to face different challenges. The government's plan, presented to the National Assembly, includes a number of projects aiming to achieve economic diversity, improve its performance and tackle challenges facing Kuwait's economy. It consists of five articles, including general budget stability, economic agenda, creating job opportunities and developing skills, sustainable stability and strong human capital and a productive government.

Speaking to KUNA, member of the Financial and Economic Affairs Committee in the National Assembly MP **Abdullah Al-Anboie** called for focusing on tackling real issues facing Kuwaitis.

He applauded the step to establish the development fund aiming to nationalize investment in Kuwait's economy and enhance development, which will in return create job opportunities for Kuwaitis and increase non-oil profits.

The MP also affirmed the need for Kuwaitization of the private sector, noting that about 90 percent of Kuwaitis work in government jobs, with a public budget for salaries about KD 14 billion (about USD 45 billion).

Moreover, he underlined the importance of digitalization of government work, a method of attracting local and foreign investments and improving services.

On his part, Director of Macroeconomics and Fiscal Policy in the Ministry of Finance **Dr. Abdulaziz Al-Osaimi** said the program includes economic, social, and institutional reforms.

One of its priorities is establishing economic zones in accordance with international standards and global partnership, enabling the private sector to achieve the goals of Kuwait 2035 vision.

The program also aims to set a medium-term state budget and control public spending, he said. It will also include reviewing pricing on state properties and setting a general frame for taxes on big local companies, he added.

Al-Osaimi also said that the program includes the approval of a public debt law, a requirement that global monetary organizations focus on.

It also includes investment in infrastructure in tourism and entertainment, supporting small to medium enterprises (SME), continuous re-evaluation of the minimum wage of retirement salaries and reviewing the public sector's salaries, he said.

The official noted that the program also includes launching the GCC joint railroad connection project, inaugurating Kuwait cargo city and establishing a unit to manage the liquidity of



MP Abdullah Al-Anboie
Member of the Financial and Economic Affairs Committee in the National Assembly



Dr. Abdulaziz Al-Osaimi
Director of Macroeconomics and Fiscal Policy in the Ministry of Finance



Abdulaziz Al-Humaidhi
Treasurer of Kuwait Economic Society



the state budget and approve urgent liquidity plans.

Meanwhile, Al-Osaimi said the program aims to upgrade Kuwait's monetary markets rating in FTSE Russell Indexes from emerging markets to advanced emerging markets. As for the petrochemical and oil field, the official said that the government aims to increase oil production to 3.15 million barrels a day, while also increasing the refinery capacity to 1.45 million barrels a day.

On his part, Treasurer of Kuwait Economic Society **Abdulaziz Al-Humaidhi** affirmed the need to review the article of Kuwait vision 2035 to follow up on regional and international updates, especially economic changes.

He also underlined the importance of fighting corruption and enhancing transparency, as these play a vital role in the country's financial center and its rating in global institutes.

► **Abdulaziz Al-Humaidhi:** Affirmed the need to review the article of Kuwait vision 2035 to follow up on regional and international updates, especially economic changes ◀

► **Abdullah Al-Anboie:** Applauded the step to establish the development fund aiming to nationalize investment in Kuwait's economy and enhance development ◀

► **Dr. Abdulaziz Al-Osaimi:** One of the program priorities is establishing economic zones in accordance with international standards and global partnership ◀



Fitch Affirms Kuwait at 'AA-'; Outlook Stable

15 Sep 2023: Fitch Ratings has affirmed Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook.

KEY RATING DRIVERS

Fundamental Rating Strengths and Weaknesses:

Kuwait's 'AA-' rating balances its exceptionally strong fiscal and external balance sheets against a political context that makes fiscal consolidation and

other reforms difficult, evidenced by the absence of meaningful fiscal adjustment and the absence of legislation since 2017 to authorise debt issuance. Fiscal and structural challenges stemming from heavy oil dependence, a generous welfare state and a large public sector and low governance indicators (below the 'AA', 'A' and 'BBB' medians) also constrain the rating.

Exceptionally Strong External Assets:

Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns. We forecast Kuwait's sovereign net foreign asset

position will average 505% of GDP in 2023-24, remaining one of the highest among all Fitch-rated sovereigns and more than 10x the 'AA' median. The bulk of the assets are held in the Future Generation Fund (FGF) managed by the Kuwait Investment Authority (KIA), which also manages the assets of the General Reserve Fund (GRF), the government's treasury account.

Low Government Debt:

Gross government debt/GDP is low, at 8.7% of estimated GDP in the fiscal year ending March 2023 (FY22; gross government debt includes liabilities by government entities that borrow separately from the Treasury). However, assuming the passage of a debt law in FY24, limited fiscal reform and lower oil prices, we forecast government debt will more than double to 24% of GDP in FY25 and rise further in subsequent years, owing to projected fiscal deficits. Nonetheless, during the forecast period, we expect debt levels to remain well below the projected 2025 'AA' median of 43.6% of GDP.

Opposition Dominates New Parliament:

Politicians critical of government policies retained a majority of elected seats after parliamentary elections in June 2023, the third since December 2020 and the seventh since 2012. The gridlock between government and parliament has undermined the government's ability to pass key legislation and implement significant reforms.

Fitch believes that while a joint committee bringing together the government and the national assembly has been set up and a new speaker elected unanimously, it is unclear if this will be sufficient to unlock the legislative process. Even if there is progress, opposition MPs may also not want to pass some laws without concessions on their populist demands, preventing speedy reform of fiscal rigidities.

► **Kuwait's sovereign net foreign asset position will average 505% of GDP in 2023-24** ◀

Structural Fiscal Challenge:

Nearly 80% of government spending consists of sticky current spending, including salaries and subsidies, and about 84% of Kuwaiti nationals in the labour market are employed in the public sector. The fiscal break-even oil price (excluding investment income) will remain high (at an average of around USD90/bbl in FY23-FY25) and the non-oil primary deficit/non-oil GDP is extremely weak at around 90%, significantly worse than regional peers.

Fresh Attempt for Debt Law:

The government is seeking to pass a new debt law to allow relaunching government debt issuance, which has been halted since 2017. We incorporate the assumption in our forecast, notably for government debt, that a debt law is passed in FY24, despite considerable risks of further delays. In the absence of a debt law, Fitch assumes the government would still be able to meet its limited debt service obligations in coming years given the assets at its disposal. However, the difficulties in passing the law forced the government in recent years to rely on stop-gap measures, unusual for Kuwait's rating level, to replenish the liquid assets of the GRF. The government cannot directly access the FGF's assets without parliamentary approval.

Budget Deficits to Return:

The budget recorded a surplus in FY22 due to surging oil revenue, marking its first surplus in the past nine years under the government's

reporting convention, which does not include KIA's investment interest income in revenue. The fiscal surplus was KWD6.4 billion (12% of estimated GDP), following a deficit of KWD4.3 billion (10.1% of estimated GDP) in FY21.

Fitch's budget calculations include an estimate for investment interest income, which is not officially disclosed. We forecast a return to budget deficits-to-GDP ratios of 0.7% and 0.9% in FY23 and FY24, respectively, as oil prices fall, spending pressures persist, and progress with fiscal reforms remains limited. Excluding investment income, the deficits would average 9.7% of GDP, marking a substantial increase in financing needs.

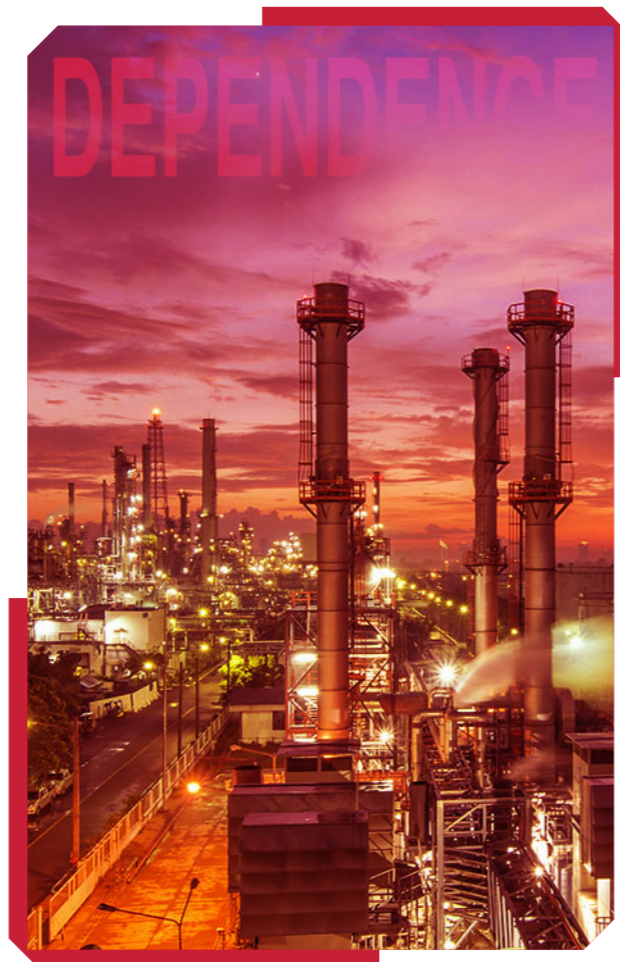
Large Expenditure Increase:

The FY23 budget proposes an expansionary fiscal policy, with spending up 17% over the FY22 outturn, despite the assumption of lower revenues due to a lower average oil price and further oil production cuts. The budget projects salaries to rise by about 14% over FY22, reflecting the costs of nearly 22,000 new public sector hires and increased employees' allowances, while subsidies (including temporary electricity subsidies) are set to rise by 35% to cushion the impact of rising cost of living on Kuwaitis.

Oil Assumptions and Dependence:

Our forecasts assume an average oil price of USD77/bbl for FY23, down 23% from FY22, while oil output is likely to fall by 4.1% to 2.612 million b/d in FY23, due to OPEC+ supply cuts. In FY24, we assume Kuwait's average oil price falls to USD72/bbl and that Kuwait's crude output will return to 2.676 million b/d as per outlined OPEC quotas. Kuwait aims to boost capacity to 3.15 million bbl/day by FY27, with increases both onshore and in the neutral zone.

Budget outcomes are highly sensitive to changes in oil price and production. A USD10/bbl change



in our oil price assumption for 2023 would affect the budget balance by 4.8% of GDP, other things equal. A change of 100,000 bbl/day of production affects the budget balance by 1.5% of GDP.

ESG - Governance:

Kuwait has an ESG Relevance Score (RS) of '5[+]' for both Political Stability and Rights and for the Rule of Law, Institutional and Regulatory Quality and Control of Corruption. These scores reflect the high weight that the World Bank Governance Indicators (WBG I) have in our proprietary Sovereign Rating Model. Kuwait has a medium WBG I ranking at the 51st percentile reflecting low

scores for voice and accountability, and middling scores across other governance indicators.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Structural Features: Signs of greater pressure on GRF liquidity, for example, as a consequence of the continued absence of a new debt law or other extraordinary measures to ensure that the government can continue to make good on its payment obligations, including but not limited to debt service.

Public and External Finance: Significant deterioration in fiscal and external positions, for example, due to a sustained period of low oil prices or an inability to address structural drains on public finances.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Structural Features/Public Finances: Strong evidence that Kuwait's institutions and political system are able to tackle long-term fiscal challenges, for example, through actions to implement a clear deficit reduction plan that is resilient to lower oil prices, as well as adopt a transparent and sustainable government funding strategy.

COUNTRY CEILING

The Country Ceiling for Kuwait is 'AA+', 2 notches above the LT FC IDR. This reflects strong constraints and incentives, relative to the IDR, against capital or exchange controls being imposed that would prevent or significantly impede the private sector from converting local currency into foreign currency and transferring the proceeds to non-resident creditors to service debt payments.

Fitch's Country Ceiling Model produced a starting point uplift of +2 notches above the IDR. Fitch's rating committee did not apply a qualitative adjustment to the model result.

► **Kuwait's fiscal and external balance sheets remain among the strongest of Fitch-rated sovereigns.** ◀

ESG CONSIDERATIONS

Kuwait has an ESG Relevance Score of '5[+]' for Political Stability and Rights as World Bank Governance Indicators have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and a key rating driver with a high weight. As Kuwait has a percentile rank above 50 for the respective Governance Indicator, this has a positive impact on the credit profile.

Kuwait has an ESG Relevance Score of '5[+]' for Rule of Law, Institutional & Regulatory Quality and Control of Corruption as World Bank Governance Indicators have the highest weight in Fitch's SRM and are therefore highly relevant to the rating and are a key rating driver with a high weight. As Kuwait has a percentile rank above 50 for the respective Governance Indicators, this has a positive impact on the credit profile.

Kuwait has an ESG Relevance Score of '4' for Human Rights and Political Freedoms as the Voice and Accountability pillar of the World Bank Governance Indicators is relevant to the rating and a rating driver. As Kuwait has a percentile rank below 50 for the respective Governance Indicator, this has a negative impact on the credit profile.

Kuwait has an ESG Relevance Score of '4[+]' for Creditor Rights as willingness to service and repay debt is relevant to the rating and is a rating driver for Kuwait, as for all sovereigns. As Kuwait has track record of 20+ years without a restructuring of public debt and captured in our SRM variable, this has a positive impact on the credit profile.



Kuwait Institute of Banking Studies

Customer demands, tech innovations, and proactive government initiatives shape the move towards digitalizing financial services in Kuwait

The Institute of Banking Studies (IBS) in Kuwait issue a paper on “Digitalization of Financial Services: Opportunities & Threats to Kuwaiti Banks”. This paper assesses the opportunities and threats created by adopting digital banking transformations in the Kuwaiti banking industry. Local banks have been selected as a subject for this study. The outcome of this research study is neither comprehensive nor conclusive as some banks decided not to volunteer their relevant data points in this regard as it was considered their Intellectual property and competitive advantage over other banks. This study aims to stimulate thinking and motivate further research in this critical area.

We will shed light on some parts of the study as follows:

The Evolution & Digital Revolution:

The banking industry has witnessed profound evolutions over the years, from the advent of mainframes in the 1960s, ATMs enabling 24/7 banking, to online banking in the 1990s and the rise of mobile banking in recent years. Technological advancements in computing and networking have significantly driven these changes. The last two decades have experienced a digital revolution underpinned by ubiquitous data, high interconnectivity, and robust processing powers. This has paved the way for innovative technologies like AI, Blockchain, Cloud Computing, RPA, and IoT, revolutionizing conventional banking methods. The industry has embraced novel business models like NEO Banks, Banking as a Service, and embedded banking, offering improved customer experiences and expedited processes.

Kuwaiti Banking Landscape:

Parallel to global trends, the Kuwaiti banking sector is undergoing a considerable digital metamorphosis. Digitalization, particularly mobile banking, has soared in the last two decades. The COVID-19 pandemic played a catalytic role, propelling the adoption of digital platforms as

safe, convenient, and frictionless alternatives for banking services. The prime drivers behind this digital shift in Kuwait include enhanced customer experiences, reduced operational costs, and unlocking new revenue avenues via digital sales.

Research Aims & Methodology:

This research evaluates the opportunities and threats posed by the digital transformation within Kuwaiti banking. The investigation zeroes in on the digital services availed by Kuwaiti Banks, exploring facets like the benefits, challenges, market growth, and the prevailing legal and regulatory environment of digital banking. A multi-pronged approach is adopted, integrating internet research, expert interviews, surveys, and questionnaires. Additionally, this study delves into the repercussions of the COVID-19 outbreak on the digital services of Kuwaiti Banks, analyzing pertinent data over three years (2020-2022).

Central Bank of Kuwait's (CBK) Initiatives:

CBK is steadfastly committed to bolstering financial stability while actively adopting digitalization to invigorate its operations and foster innovation. A digital banking framework is in place, permitting traditional banks to usher in digital services and even facilitating the emergence of new,

► **Kuwait's banking sector significantly benefits from CBK's exhaustive cybersecurity framework, emphasizing cyber resilience, strengthening cybersecurity controls, and propelling knowledge sharing on cyber threats.** ◀

► **The Central Bank of Kuwait (CBK) has been proactive, setting regulations and guidelines, especially the mandatory adherence to the CBK's Cybersecurity Framework** ◀

standalone digital banks. CBK's digital foray also includes directives on cloud computing, QR code payments, and streamlining cross-border transactions. Kuwait's banking sector significantly benefits from CBK's exhaustive cybersecurity framework, emphasizing cyber resilience, strengthening cybersecurity controls, and propelling knowledge sharing on cyber threats. This approach ensures a fortified cybersecurity posture for the Kuwaiti banking sector.

Impact of Modern Technologies on Kuwait's Banking Sector

The influx of technological advancements in Kuwait reshapes everyday life, prominently reflected in the banking sector. This transformation leverages data availability, processing power, and systems interconnectivity, with the outcome being a more efficient, customer-centric banking experience essential for sustaining growth, innovation, and competitiveness.

1. Chatbots:

During the pandemic, Kuwaiti banks witnessed an uptick in Chatbot usage, emphasizing the technology's role in enhancing customer service during crises. For instance, from February 2021 to February 2022, usage grew by 60%, though it did see a slight dip post-pandemic. The recommendation for banks is to develop further Chatbot capabilities, including integrating advanced AI technologies such as OpenAI's Chat GPT. Such integration can elevate customer interactions, providing more accurate, timely, and human-like responses.

2. Blockchain Technology:

Kuwait's banking sector recognizes blockchain's potential in bridging the digital

transactional gap. A prime illustration is the collaboration between the National Bank of Kuwait and Ripple, which employed the blockchain solution RippleNet. This partnership resulted in heightened transaction security, increased transparency, more efficient processing, and an enhanced customer experience. While blockchain offers immense promise, it remains an evolving domain, with its full potential still unfolding.

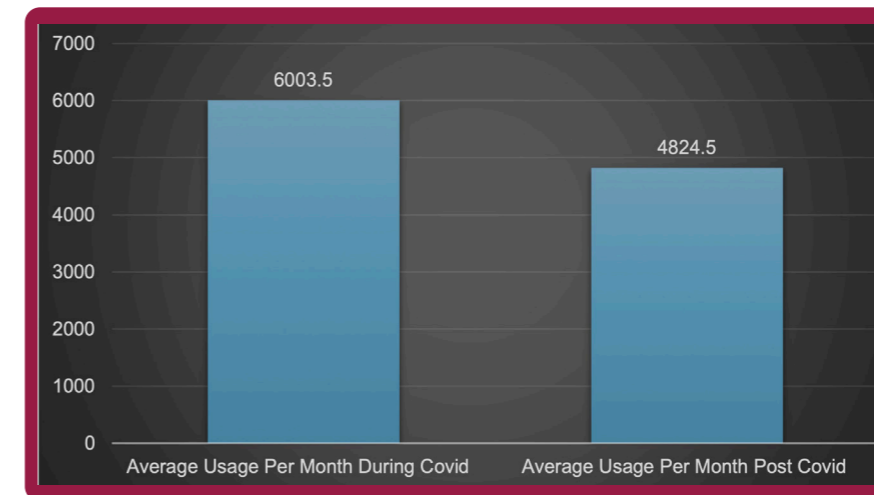
3. Data-Driven Financial Services (Advanced Analytics):

Incorporating data analytics into digital operations have become instrumental for banks in Kuwait. Such an approach provides insights into customer behaviors and bolsters operational efficiency and risk management. Boubyan Bank is a testament to the benefits of a data-driven approach, reporting a 12% net profit increase in 2019. The potential applications for data analytics in Kuwaiti banks are vast, from personalized financial advice and targeted marketing to fraud prevention and real-time market monitoring.

Robotic Process Automation (RPA) and Kuwaiti Banks:

- RPA technology involves software robots emulating human actions to automate repetitive tasks.
- In Kuwait's banking sector, RPA aims to enhance efficiency, accuracy, and productivity.
- AI Ahli Bank of Kuwait (ABK) collaborated with EdgeVerve Systems to incorporate the AssistEdge RPA system. The focus is improving business processes, customer service, and operational efficiency.
- The RPA has been applied to significant operational and security areas within ABK, aiming to shift repetitive tasks to a digital

Figure 1: Chatbot Usage During & Post Covid-19



workforce and allowing staff to focus on more intricate tasks.

- Deloitte reports that RPA can reduce errors, increase compliance, and better risk management in the banking sector.
- Potential applications for RPA in banking include loan processing, trade finance, KYC, and audit compliance processes.
- The top five RPA technologies are UiPath, Automation Anywhere, Blue Prism, Microsoft's Power Automate, and WorkFusion.

Impact of COVID-19 on Digital Banking in Kuwait:

- The use of online banking in Kuwait surged during the COVID-19 pandemic due to the demand for contactless payments.

- New tech features, such as digital wallets, facilitated this increase.
- This growth has resulted in greater customer satisfaction and boosted the Kuwaiti economy.
- A survey found that online banking use grew by over 40% in the first year of the pandemic.
- Enhanced security measures, including improved encryption and two-factor authentication, accompanied the surge in online banking.
- Banks in Kuwait increased their investments in digital banking tech to improve customer experience.
- The Central Bank of Kuwait (CBK) sped up the regulatory framework to facilitate digital loans.
- Digital banking helped banks cut operational costs and stay

► *Kuwait's banking sector recognizes blockchain's potential in bridging the digital transactional gap* ◀

► *Digital operations have become instrumental for banks in Kuwait* ◀

► *The potential applications for data analytics in Kuwaiti banks are vast, from personalized financial advice and targeted marketing to fraud prevention and real-time market monitoring* ◀

competitive during the pandemic-induced economic downturn.

- The research concludes that the pandemic significantly influenced the digital banking transformation in Kuwait, highlighting the need for banks to continue evolving to meet the demands of an increasingly digital customer base.

Digital Growth & Conversion

- **Growth:** Mobile usage in Kuwait rose significantly from February 2020 to February 2022, increasing by over 104%. During the COVID-19 pandemic, mobile banking adoption increased, and the trend continued even post-pandemic, indicating a possible permanent shift in consumer behavior.
- **Conversion:** The rate at which mobile subscribers become active users is crucial. There was a noticeable spike during the pandemic, with an engagement rate peaking at 88.7%.

Digitalized Financial Services

- The COVID-19 pandemic greatly influenced Kuwaiti consumers' online product and service interactions. Online shopping's economic impact became a focal point.
- The 2022 KDIPA report shows a swift transition towards digitalization in Kuwait's financial and banking sectors. Significant highlights include:
 - ATM transactions amounted to KWD 12 billion in 2020.
 - Consumer finance reached USD 51.2 billion in 2021.
 - Digital banking trends like e-payment systems, digital wallets, and biometric security are rising.
 - The pandemic induced a significant online

reliance on Kuwaiti consumers, establishing a digital growth era in the country.

Kuwaiti banks' online offerings include:

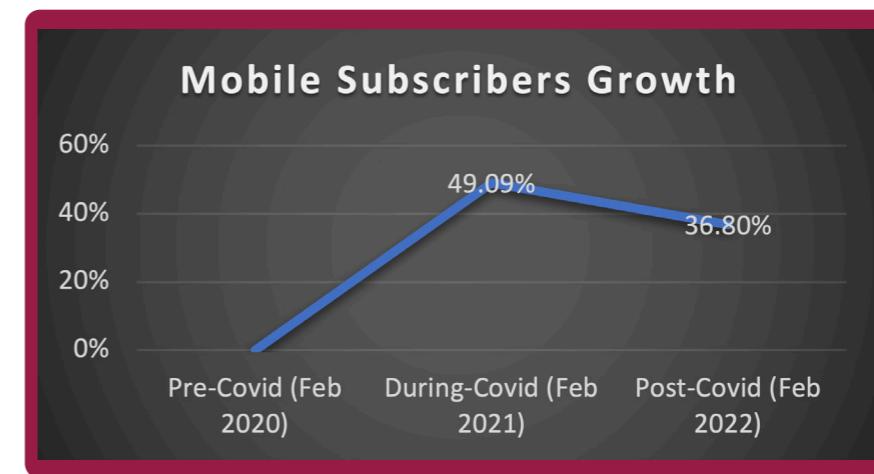
- 1| Online Banking.
- 2| Mobile Banking.
- 3| E-Wallets.
- 4| Investment Services.
- 5| Loan Services.
- 6| Foreign Exchange Services.
- 7| Bill Payments.

- However, there still needs to be more offerings, such as Digital Investment Advice, Digital Mortgages, and Digital Wealth Management.

Digital Channels Versus Physical Channels:

- Kuwaiti banks offer a broad spectrum of products, from essential services like money transfers to specialized offerings like financial advice.
- While digital channels like online banking and mobile apps have increased usage for simple transactions due to convenience and efficiency, more intricate services like financial advice and real estate loans still significantly rely on physical channels.
- Customers often prefer face-to-face interactions for complex services, valuing the trust and personalized service they get from a physical presence.
- However, events like the COVID-19 pandemic can significantly alter these trends. A Deloitte study demonstrated that digital channel usage was high for straightforward transactions, and physical channel usage was low. In contrast, there was a higher preference for more complex products for physical channels.

Figure 2: Mobile Subscribers Growth



New Technological Solutions Advantages:

- Incorporating new technologies in Kuwaiti banks has increased operational efficiency and a competitive edge.
- Business Process Reengineering (BPR) has been employed to restructure and redesign processes, enhancing efficiency and cost-effectiveness. Some of the benefits of BPR include:
 - 1| Reduction in costs and improvement in efficiency.
 - 2| Enhanced profits due to optimized operations.
 - 3| Increased competitive advantage by delivering superior customer service.
 - 4| Adaptability to new market conditions.
- Kuwaiti banks have leaned heavily on technological solutions to drive operational

efficiency. This includes adopting online platforms, mobile apps, and customer relationship management systems.

- The primary motivation behind these technological adoptions is to enhance customer service, adapt to changing preferences, automate processes, and stay competitive.

Types of Digital Risks:

- As the world becomes more digital-centric, there is a growing concern regarding digital security.
- Digital risks can be broadly categorized into three areas:
 - 1| Impact of social networking on digital security.
 - 2| Risks associated with mobile banking and online shopping.
 - 3| Protection from digital risks and identity theft.

► *The use of online banking in Kuwait surged during the COVID-19 pandemic due to the demand for contactless payments* ◀

► *The research concludes that the pandemic significantly influenced the digital banking transformation in Kuwait* ◀

► *During the pandemic, Kuwaiti banks witnessed an uptick in Chatbot usage, emphasizing the technology's role in enhancing customer service during crises* ◀

1. Social Networking and Digital Security:

- Social networking sites significantly threaten digital security, enabling increased online attacks and data breaches.
- Hackers leverage personal data from social media profiles for targeted attacks and unauthorized account access.
- Malicious actors use social platforms to disseminate malware and ransomware.
- To counter these threats, users must set robust passwords, refrain from clicking on dubious links, and frequently update their privacy settings.

2. Mobile Banking and Online Shopping Risks:

- A study highlighted six primary risk areas associated with online banking and shopping:
 - **Customer Service:** Lack of personal interaction, ineffective customer query management, and absence of feedback mechanism.
 - **Security:** Threats of data theft, unauthorized access, and insufficient encryption.
 - **Privacy:** Misuse of customer data and unauthorized third-party sharing.
 - **Convenience:** Potential service usability issues and excessive personal data requirements.
 - **Cost:** Hidden fees and restrictive contracts.
 - **Operational Efficiency:** Lack of real-time processing and delayed customer service response.
- These risks must be meticulously managed for the continued success of mobile banking and online shopping.

3. Protection from Digital Threats & Identity Theft:

- With growing technology usage, identity theft, and digital threats are rising.
- Countering these threats includes practicing good cyber hygiene (using strong and regularly updated passwords), being conscious of shared data, and safeguarding digital devices with antivirus software.

Three Core Categories of Digital Risks:

1| Technical Risks: Revolve around software/hardware vulnerabilities, system malfunctions, and issues due to third-party software integration.

2| Operational Risks: Linked to business operations, including procedures and structural organization, that can result in inefficient or faulty disruptions.

3| Behavioral Risks: Stem from human factors, including errors, negligence, or insider threats.

Opportunities & Challenges:

Opportunities:

- Broadened customer reach.
- The introduction of advanced banking services transforms how banks function and enables them to provide services previously limited to physical branches.
- Entry into new marketplaces, especially among the unbanked or underbanked population.
- Improved customer satisfaction due to accessibility and efficiency.

Threats:

- Increased vulnerability to cyber-attacks.
- The pressing need to boost customer's cybersecurity awareness.

- Limitations stemming from customers' limited financial knowledge and cultural perspectives.

The Central Bank of Kuwait (CBK) has been proactive, setting regulations and guidelines, especially the mandatory adherence to the CBK's Cybersecurity Framework.

Impact of COVID-19:

The pandemic has drastically escalated the trajectory towards online banking. The demand for contactless payments hastened the shift from traditional banking to digital platforms. As a response to the changing landscape, Kuwaiti banks, under the oversight of the CBK, have invested significantly in enhancing their digital banking platforms.

Government Initiatives:

Kuwait's government has been an active promoter of the digitalization trend. Besides launching a digital payment system in 2020, they have invested in cutting-edge digital infrastructure like 5G networks and data centers. Partnerships with tech companies and fintech startups further bolster the move towards a digital economy.

Digital Risks:

The surge in digitalization has brought a set of risks. These

Product Category	Type of Product	Digital Channel Usage	Physical Channel Usage
Simple Transactions	Money Transfers	High	Low
Simple Transactions	Bill Payments	High	Low
Simple Transactions	Balance Inquiries	High	Low
Complex Products	Financial Advice	Low-Medium	High
Complex Products	Real Estate Loans	Low-Medium	High

can be categorized as technical, operational, and behavioral. With the increasing adoption of digital services, encryption and other cybersecurity measures have become essential to mitigate these risks.

Conclusion:

Customer demands, tech innovations, and proactive government initiatives shape the move towards digitalizing financial services in Kuwait. The trend, expected to grow, highlights challenges and opportunities that banks and financial institutions must navigate to ensure a robust financial ecosystem in the digital age.

► *The trend, expected to grow, highlights challenges and opportunities that banks and financial institutions must navigate to ensure a robust financial ecosystem in the digital age.* ◀



At the end of June 2023 against the end of June 2022

Total assets of local banks grew 4.7% to KWD 85.57 billion

The Central Bank of Kuwait issued a 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:

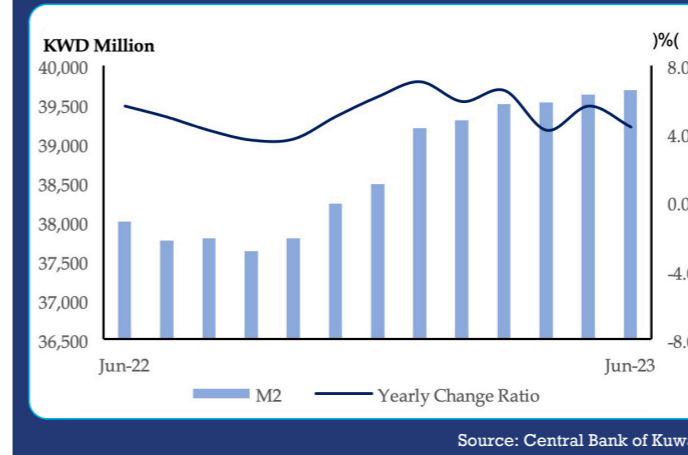
1. Monetary Developments (Money Supply)

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 (3): Developments of Broad Money (M2)



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%.

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%.

2. 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

Figure (6): Claims on CBK

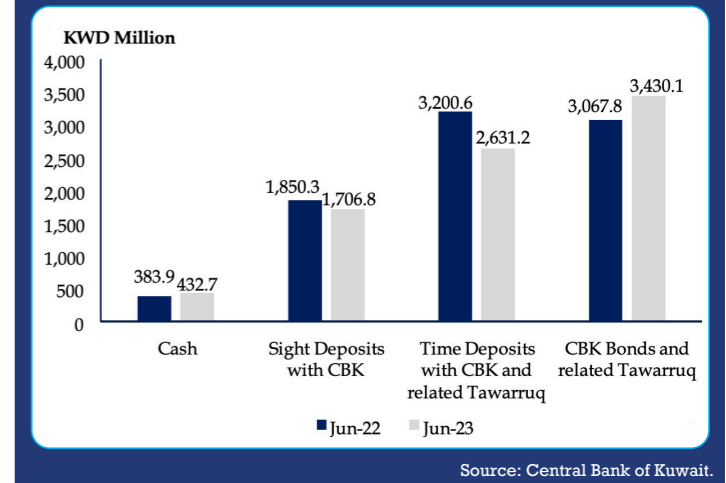


Figure (10): Foreign Assets Components in Local Banks



Source: Central Bank of Kuwait.

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%.

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

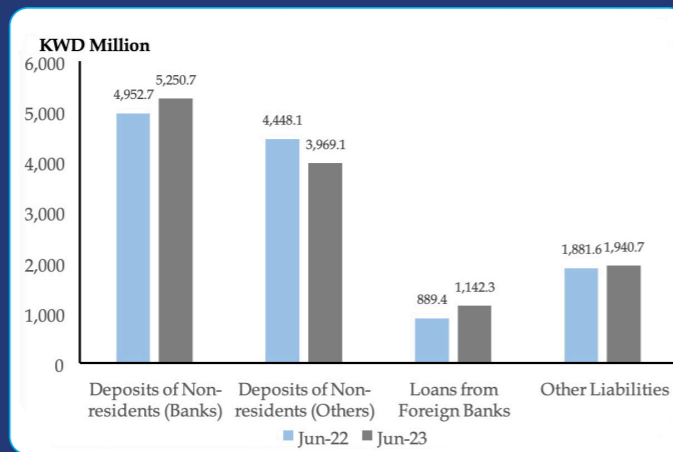
The utilized cash portion of the credit facilities for residents increased by KWD 1.53 billion or 3.3% to KWD 47.26 billion at the end of June 2023 against KWD 45.73 billion at the end of the corresponding month in the previous year. In more detail, Personal credit facilities (accounting for 39.1% of 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%

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.

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

Figure (11): Foreign Liabilities Components in Local Banks



Source: Central Bank of Kuwait.

(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.

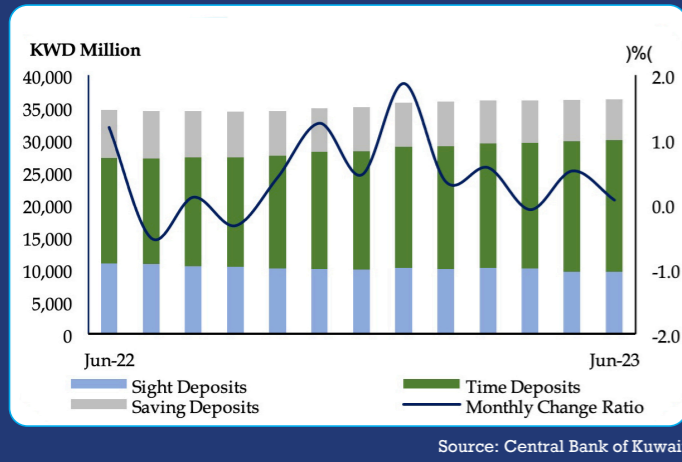
The utilized cash portion of credit facilities to businesses (accounting for 60.9% of the overall facilities extended to residents) increased by KWD 0.86 billion or 3.1%, to KWD 28.77 billion at the end of June 2023 against KWD 27.91 billion at the end of the corresponding month in the previous year. 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

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

Description	June 2022	June 2023	Change Value	Change (%)	to Total (%)
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.

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



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.

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).

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.

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 most prominent results can be summarized as follows:

- ▶ Money Supply in its Broad Sense (M2) increased by 4.4% to KWD 39.68 billion.
- ▶ 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.

Boston Consulting Group (BCG)

Kuwait's financial wealth to reach \$302 billion by 2027

Kuwait's financial wealth is anticipated to experience a steady Compound Annual Growth Rate (CAGR) of 2.7% in new wealth, rising to USD 302 billion by 2027, according to a new report by Boston Consulting Group (BCG). The BCG report, titled 'Global Wealth Report 2023: Resetting the Course,' reveals that equities and investment funds in Kuwait continue to make up the largest asset class at 57% of total personal wealth in 2022, while bonds are expected to grow the fastest with a CAGR of 6.5% between 2022 - 2027. Life insurance & pensions are set to become the third largest asset class by 2027.

"Representing 3.6% of the Middle East and Africa's financial wealth in 2022 and growing at a rate of 1.7% per annum from 2017 to reach USD 265 billion in 2022, Kuwait's trajectory signals calculated risk-taking and continued economic development, despite global market challenges," said Markus Massi, Managing Director and Senior Partner at BCG.

UHNW Individuals Remain Major Contributors to Kuwait's Wealth Growth

In 2022, a significant portion of Kuwait's wealth, approximately 24%, originated from Ultra High Net Worth (UHNW) individuals worth more than USD 100 million. The influence of these individuals is anticipated to continue to remain consistent until 2027. Furthermore, individuals with wealth between USD 1 million – USD 20 million held 24% of Kuwait's wealth in 2022,

with this expected to remain the same in 2027. A significant 30% of the wealth was held by individuals' worth under USD250,000, which is expected to remain the same by 2027.

"The concentration of Kuwait's wealth in the hands of UHNW individuals garners its sustained growth. These individuals are driving investments in the region and their contribution to the economic landscape is significant," said Markus Massi, Managing Director and Senior Partner at BCG.

Real Assets and Liabilities on the Rise

The report also presents notable findings on Kuwait's real assets and liabilities. Real assets in Kuwait grew by 1% per year from 2017 to 2022, reaching USD 219 billion, and are projected to increase by 3.3% per annum to USD 257 billion by 2027. Simultaneously, Kuwait's liabilities



Markus Massi
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Managing Director & Partner BCG

► *In 2022, approximately 24% of Kuwait's wealth originated from Ultra High Net Worth (UHNW) individuals worth more than USD 100 million. The influence of these UHNW individuals is anticipated to remain consistent until 2027* ◀

► *Kuwait's financial wealth is anticipated to experience a steady Compound Annual Growth Rate (CAGR) of 2.7% in new wealth* ◀

sector expanded by 4.9% per annum to USD 34.1 billion during the same period and is expected to grow by 3% per annum to USD 39.6 billion by 2027. This balanced growth invokes a financial profile of a nation that is confident in taking calculated risks, potentially enhancing the all-around growth narrative.

Achieving Sustainable Profitability in Wealth Management

The report provides a detailed analysis of the performance of wealth managers across different areas of their businesses, as well as market-sizing and the quest for long-term profitability. It outlines eight initiatives on both the revenue and cost sides that can aid firms in positioning themselves optimally for the future. The aim is to provide actionable information and insights for wealth

managers looking for a competitive advantage amidst a challenging marketplace and tough overall economic conditions. On the revenue side, the strategies include scalable client acquisition, distinctive private-market offerings, revising product shelves towards fixed-income products, and incorporating generative artificial intelligence (GenAI) in financial advice. For cost reduction, the focus is on end-to-end (E2E) process review, making informed shoring decisions, utilizing third-party tech and operational solutions, and simplifying products and services via advice-like discretionary portfolio management (DPM) to streamline operations and cater to various client needs effectively.

"To ensure long-term profitability in wealth management, strategic adoption of initiatives such as scalable client acquisition, distinctive private-market offerings, and the integration of new technologies into financial advice can accelerate revenue generation. Simultaneously, focusing on reviews, decisions, and tech-based solutions is key to strategic cost management. By redesigning wealth management with these insights, we can unlock a future of growth, efficiency, and scalability," concluded Nimrod Pais, Managing Director, and Partner at BCG.

About Kuwait

VISION

“Kuwait vision 2035” articulates H.H. the Late Amir’s aspirations (May god have mercy on him) and states that it aims to “transform Kuwait into a financial and trade hub, attractive to investors, where the private sector leads the economy, creating competition and promoting production efficiency, under the umbrella of enabling government institutions, which accentuates values, safeguards social identify, and achieves human resource development as well as balanced development, providing adequate infrastructure, advanced legislation and inspiring business environment.”

Why Invest in Kuwait?



DEMOCRACY

Kuwait has one of the most vocal and vibrant democracies in the region, as enshrined in Article 6 of its 1962 Constitution which stipulates that "The System of Government in Kuwait shall be democratic under which Sovereignty resides in the people the source of all powers". It has a single chamber "The National Assembly" which is composed of 50 elected members every 4 years, through a free and fair electoral process. Females 21 years and above were granted the right to vote in May 2005 and the right to nominate themselves in June 2006. In the election held in May 2009, 4 elected women have become first female MPs. In 2016 elected parliament, there is one minister in the cabinet. There are no formal political parties in Kuwait. Kuwait is divided into 6 governorates.

STABLE REGIM

Kuwait is a constitutional hereditary emirate, ruled by the Al Sabah family since 1752 with Sheikh Sabah the First. Throughout its history and after its independence in 1961, Kuwait has enjoyed a stable regime with strong and open relations between the ruling family and the citizens. Despite the August 1990 invasion and its concomitant turmoil, the country's stability remains sustained.

OPEN MARKET ECONOMY

Kuwait has always enjoyed an open economy with a thriving merchant class and extensive trade relations even before the oil discovery era. It continues to practice a relatively liberal trade with open markets for foreign trade and flexible policies. It has no quantitative restrictions on its imports, but there are a few restrictions on importing goods relating to health, religious and security considerations. Kuwait is committed to trade facilitation with the aims to continuously improve efficiency while safeguarding legitimate regulatory

objectives. Furthermore, Kuwait enjoys a free convertibility and total transferability in its currency exchange market; there are also no restrictions on capital or remittances transfers.

STRATIGIC LOCATION

Kuwait has a strategic geographic location in the northern Gulf, with a total area of 17,819 sq. km. Its strategic location makes Kuwait a thriving trading center in the region adjacent to three major markets (Iraq, Saudi Arabia, and Iran) and beyond.

Kuwait Economy

MEGA DEVELOPMENT PROJECTS

Kuwait launched its first mid-range economic development plan (2010/2011-2013/2014) in May 2009, with a total investment of around US\$107 billion over 4-years that focuses on the following sectors transport, utilities (mainly electricity generation and water desalination), industrial special zones, a technology park and a logistics zone.

The main objectives to be reached by the end of the four-year Development plan from the base year 2008-2009 are:

- To raise the share of the private sector from 37% to 44% of GDP.
- To increase the share of the national labor force from in the private sector from 4.8% to 8%.
- To raise the share of R&D from 0.2 % to 1.0% of GDP.

The Development plan hopes also to establish at least 150 SMEs, and 50 BOT projects, as well as training not less than 3000 nationals annually to develop human capital.



This is also reflected in the current National Development Plan (NDP) that highlights seven pillars stemming from this vision to enable it to attain intended goals, namely:

- 1| Efficient government administration
- 2| Diversified & sustainable economy
- 3| Quality infrastructure
- 4| Sustainable living environment
- 5| High quality healthcare
- 6| Creative human capital
- 7| Distinguished international status.

OIL RESOURCES

Kuwait is rich with strategic oil resources. According to the Organization of Petroleum Exporting Countries (OPEC) database, Kuwait has approximately 101.5 billion barrels of proven oil reserves (including the Kuwaiti share of proven reserves in the Divided Zone).

This makes it the fifth-largest oil reserves in the world after Venezuela, Saudi Arabia, Iran, and Iraq. Currently, Kuwait's oil production capacity estimated at 3 million bpd.

The second mid-range economic development plan (2015/2016-2019/2020) followed allocating around US\$ 103 billion worth of investments over the 5-year period of the plan, with focus on 30 strategic projects in 9 crucial sectors:

- 1| North Zone Development
- 2| Electricity & water
- 3| Oil & gas
- 4| Urban development
- 5| Education
- 6| Health
- 7| Transport & communications
- 8| Tourism & media
- 9| Environment.

The second plan targets identified 2013 as the base year and included increasing:

- the share of the private sector from 26.4% to 41.9% of GDP
- the share of non-oil sector from 45.1% to 64.0% of GDP



STRONG MACROECONOMICS

Kuwait enjoys sound macroeconomic conditions, reflected in a moderate but sustainable economic growth, financial stability, curtailed inflationary pressures maintaining a balance in both its “internal” budgetary balance, and its “external” current account balance. Kuwait’s GDP per capita classifies it within the group of very high-income countries. Furthermore, according to UNDP classification, Kuwait belongs to the very High Human Development group,

SOUND BANKING

Kuwait’s banking and financial system enjoys a sound monetary policy and prudent oversight, which enhances its resilience in mitigating financial crises, controlling inflation, and sustaining a strong currency and a fairly stable KD exchange rate.

The KD was pegged to a basket of currencies, representing Kuwait’s main trading partners, during the period 1975 to the end of 2002. However, this was then changed in the period from January 2003 to May 2007, when the KD pegged to the dollar, given that the U.S. dollar had the most weight in its impact on the KD. However, since then the KD reverted to be pegged to an undisclosed basket of currencies to avoid imported inflation stemming from the weakened US dollar and until the current date.

The Kuwait Stock Exchange (KSE) is the first in the Gulf Cooperation Council (GCC) and reached a market value of more than KD 26.4 billion at the beginning of the first quarter in 2021 according to BOURSA KUWAIT. Furthermore, its average daily trading volume reached 3.8 million shares worth KD 41 million with a total number of 168 listed companies during the same period.

The Central Bank of Kuwait supervises a whole network of banking and financial institutions that are comprised of: 11 commercial banks,

12 Branches of non-Kuwaiti banks, 50 investment companies, 36 exchange companies, 62 investment funds and one financing companies.

LOW POLITICAL RISK

In terms of sovereign rating, Kuwait enjoys a credit rating of “Investor Grade” granted by the major credit rating agencies including: AA- (S&P), A1 (Moody’s), and AA (Fitch).

Kuwait is classified as a low risk (A3) by the globally operating French credit insurer Coface, which generally means that the political and economic situation is relatively good, with stable and efficient commercial environment.

Services in Kuwait

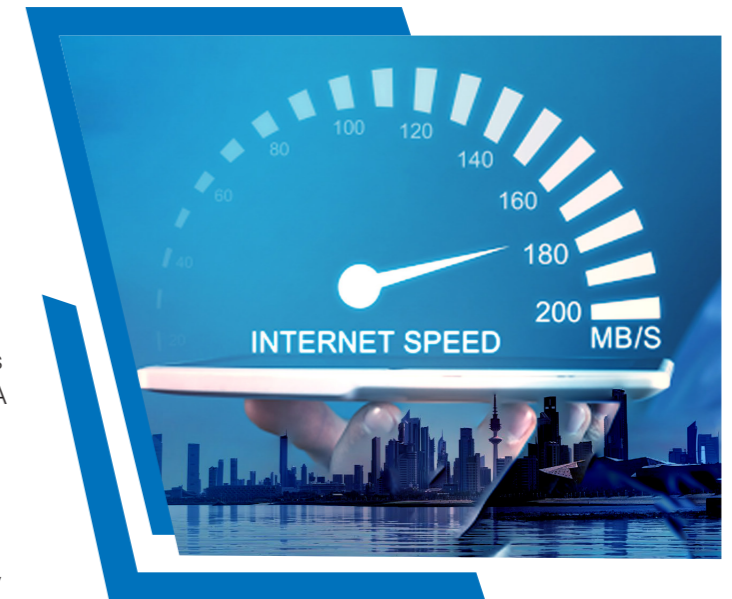
INFRASTRUCTURE

Telecommunications: Kuwait has several telecommunications providers, Zain Kuwait, VIVA, and Ooredoo, along with a number of internet providers Fastelco, Solutions By Stc , BWireless.

Kuwait has one of the highest mobile phone penetrations in the world at 220% and is on the rise with LTE coverage at 100% Moreover, the country’s internet penetration rate reached 99.6% and families who own smartphones is 100%, positively affected by its smart phone savvy youth, who makes up 60% of the total population (age groups 5-34 years old), and with high purchasing power.

Public Transport: Public Bus services are provided throughout the country by Kuwait Public Transport Company, established in 1962, along with City Bus, and KGL. Taxi services are also widely available and are provided by different companies and owners including roaming taxis.

Kuwait paved more than 8,180 km of highway



roads and related road networks by the end of 2018 with the aims to continuously improvement infrastructure in line with the country’s needs. Furthermore, Kuwait has an advanced sewerage system that prevents rain floods.

The country has two dry cargo shipping ports at Shuwaikh and Shuaiba, and several terminals to export oil at Al Ahmadi Port, Al Shuaiba Port, and Abdullah Port. In addition to that, the new mega Mubarak Al Kabir Port will be completed in the North of the country.

HEALTH AND EDUCATION

Health:

- Kuwait provides comprehensive, modern, and free health service to its citizens through an extensive number of infirmaries, specialized clinics, and hospitals. The latter include: Sheikh Jaber Al Ahmad Hospital, Sabah hospital, Amiri hospital, Adan hospital, Farwaniya hospital, Mubarak Al-Kabeer hospital and Jahra hospital.

- As of 2013, there are 94 primary health care centers across the country. The number is expected to rise to 125 centers by 2020.

- the share of Kuwaitis in private workforce from 6.8% to 8.2%
- the share of R&D from 0.1 % to 1.0% of GDP

LEGAL FRAMEWORK

Kuwait follows civil legal system with Islamic law mainly significant in personal matters. Kuwait enjoys a transparent and a sound legal system with proper separation of legislative, executive, and judicial branches.

There is a host of economic laws, which are conducive to the investment climate, of which laws pertaining to new corporate taxes, commercial companies, commercial licenses, encouraging competition, protecting consumers, intellectual properties, copyrights and related rights, public tendering and e-transactions. Other laws approved for fostering the role of the private sector in the economy through the promotion of direct investments, privatization program and public private partnership (PPP), and opening new areas for private investment like electricity generation & water desalination projects.



Culture and Shopping

- The Sheikh Jaber Al Ahmad Cultural Centre showcases performing arts and creates a world class theatre quarter in a spacious parkland setting. Together with Sheikh Abdullah Al Salem Cultural Centre, will form Kuwait's new national cultural district.
- Additional cultural landmarks in Kuwait include: The Scientific Centre, the National Council for Culture, Arts and Letters, who runs a multi-cultural festivals, Abdul Hussain Abdul Rida theater, a host of museums, and Abdulaziz Saud Al-Babtain Cultural Foundation.
- Kuwait is distinguished by its vast range of shopping districts that vary from its traditional market place Mubarkiya located in the country's heritage area to luxury shopping centers such as Salhiya Complex, 360, Avenues and Grand Avenues, KOUT Mall, Gate Mall and others.

LOW BUSINESS COST

- Electricity is stable and available constantly in terms of outages.
- Electricity prices in Kuwait are amongst the lowest in the world.

The cost of electricity consumption ranges as follows, till this date:

- 2 fils/Kilowatt for all state facilities
- 1 fils/Kilowatt for subsidized industrial companies
- 12 fils/Kilowatt for Chevron Co. in the Neutral Zone.
- 10 fils/Kilowatt for chalets.

Fuel:

Fuel costs in Kuwait is one of the cheapest in the world.

Fuel price, till to date, are as follows:

- Octane-91 (Premium): 85 fils per liter
- Octane-95 (Super): 105 fpl
- Octane-98 (Ultra): 165 fpl

- There is a host of private clinics and medical centers in various specializations catering to the expatriates in Kuwait, as well as private hospitals such as, Muwasat hospital, Al Hadi Hospital, Dar Al Shifaa Hospital, Assalam Hospital, and Al Seif Hospital.

- As part of the development plan, Health Assurance Hospitals Company (Dhaman) was s launched to offer healthcare services for expatriates in Kuwait. This company was established as a PPP project aiming to enhance the role of the private investment in developing healthcare sector in Kuwait.

Education:

- Education is free of charge for citizens in government schools.
- For expatriates, there are a variety of private educational systems available such as American, English, French, Indian, Pakistani and Filipino schools.
- The total number of students enrolled in schools reached 647,238 with 81,404 teachers and faculty members.

TRADE RELATIONS

Kuwait is a founding member of WTO. It is a member of the GCC and its Customs Union, a member of the Arab League and its Greater Arab Free Trade Area (GAFTA). Kuwait enters with 80 other countries in bilateral treaties for protecting & encouraging investments and avoidance of double taxation (see: Kuwait BITs). The U.S. and Kuwaiti governments signed a Trade and Investment Framework Agreement (TIFA) in 2004. Kuwait as a member of the GCC signed a regional free trade agreement with Singapore in 2008 and signed the European Free Trade Association (EFTA) in 2009 with the European Union.

GLOBAL INTEGRATION

High degree of deepening integration into the Global Market

Kuwait is considered highly integrated in the global economy because of the following:

- Kuwait trade (exports + imports) represents 102% of its GDP.
- Kuwait Sovereign Wealth Fund manages a US\$ 592 billion investments portfolio in world financial markets.
- Migrant laborers in Kuwait are approximately 2.4 million, with an estimated of Kuwait outward workers' remittances range of more than US \$ 15 billion in 2019 annually transferred to various countries designated as pools of human resources in the far East and Arab countries. In 2014, the amount was \$ 18.1 billion, the highest level since the availability of the data in 1975.
- Kuwait is an active member of almost all international organizations and is part of several regional and sub-regional groups with a network of 100 + bilateral agreements and other trade arrangements.
- Kuwait participated actively in the process of creating global partnerships for development.
- Kuwait is classified as a world center for humanity and His Late Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah was given the title the 'Humanitarian



Leader' in 2014 by the United Nation because of his remarkable acts of human kindness and generosity and exemplary humanitarian leadership.

- Kuwait enjoys one of the highest rates of official assistance to GDP (1.3%) which is more than the United Nations target of 0.7 %.
- Through Kuwait Fund for Arab Economic Development (KFAED) the State of Kuwait provides grants and soft term loans to 107 countries in the world with a total estimated value of \$ 22.7 billion.

LOW TAX

Foreign companies engaged in commercial activities in Kuwait, directly or indirectly, are liable to pay corporate tax on their earnings at a low flat rate of 15% in accordance to Law no. 2 of 2008 that replaced Kuwait Income Tax Decree no. 3 of 1955 whereby the corporate tax rate followed a progressive system reaching up to 55%. There is no individual income tax nor any other taxes in Kuwait. However it is been widely considered to introduce such taxes under the current Financial & Economic reform Program for the medium term in the State of Kuwait.

Source: Kuwait Direct Investment Promotion Authority (KDIPA)



Mohamed Soliman
Editing Manager

Economic relations between countries are of great importance, as they have become the main engine of all aspects of life at the local and global levels. There is no doubt that economic goals and returns are achieved through international economic relations and contribute to determining the level of economic development and its prominent effects on the various social, cultural and political levels.

Kuwait... Six decades of balanced international economic relations

Partnership and maximizing gains to serve development

Kuwait is always keen to maximize its gains through these close relations and partnerships to meet the national priorities and various strategies implemented by the country, in order to enhance joint cooperation to implement the sustainable development goals. Kuwait aspires to enhance its competitiveness to be one of the fastest and most attractive destinations for doing business. Kuwait also seeks to develop and activate its

economic and financial policies and put them in a balanced and consistent manner in line with global economic developments to avoid any future economic imbalances.

Strengthening relations with brotherly and friendly countries

Under the leadership of His Highness the Amir of the State of Kuwait, Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah (May Allah protect him) and



His Highness the Crown Prince Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, Kuwait is making unremitting efforts to pursue the process of development, reconstruction, stability and prosperity. Kuwait has been keen on regional and international cooperation and strengthening its relations with brotherly and friendly countries to achieve security and peace throughout the world thanks to its pioneering policy and its distinguished role towards developing joint cooperation. It has also played a distinguished role in promoting the march of the Gulf Cooperation Council.

Despite the increasing rivalry between the two superpowers and its impact on the global economy, Kuwait is interested in maintaining balanced economic relations with both the United States of America and China, in addition to historical and balanced relations with many countries and conglomerates.

Relations with the United States of America

Kuwait-USA relations are historical, these relations began at the beginning of the 19th century, and are characterized by strength and depth, and showed solidity and cohesion in the military aspect, but they grew and developed in peacetime and are still based on fruitful and constructive cooperation.

Kuwait is a strategic partner and ally of Washington outside NATO. Their bilateral relations are developing through working groups in the strategic dialogue between the two countries: defense, security, educational, economic, consular, customs and border security cooperation. This dialogue constitutes a solid ground for the development of bilateral economic relations and pushes the prominent regional role of Kuwait and its permanent introduction of initiatives and solutions at various levels.

Relations with China

Given its strategic location in the Gulf region and its sober and balanced policy based on constants and flexibility at the same time, Kuwait has had historical relations with China. Kuwait was the first Gulf state to establish formal diplomatic relations with China in March 1971, although actual relations had been established before that. Since then, the two countries have promoted trade, industrial and cultural exchanges as well as the role of mutual investments between the two countries. China is one of Kuwait's largest trading partners and the second largest buyer of Kuwaiti oil and its derivatives, which confirms the distinguished economic relations between the two countries and their continuous upward character with the support of the Kuwaiti and Chinese leaderships.

In recent years, Kuwait-China relations have witnessed rapid development and joint keenness of the two countries to achieve the strategic economic partnership linking Kuwait Vision 2035 with China's Belt and Road Initiative by developing an integrated approach to economic cooperation between them. The Belt and Road Initiative is in line with Kuwait Vision 2035 by seeking to revive the Silk Road and establish a vital trade zone that serves various countries of the world and contributes to the prosperity and enrichment of the global economy.

Relations with the United Kingdom

Historic milestones and achievements witnessed by the partnership, friendship and bilateral relations between Kuwait and the United Kingdom over the past 124 years since the Protection Agreement in 1899, the foundations of which were built on cooperation in all fields. Kuwaiti-British relations have always been characterized by the preservation of common interests, as they have passed through many important historical stations and events, during

which they included many areas of cooperation such as defense, security, culture, education, scientific progress, health, trade and industry.

Relations with the European Union

Kuwait is a partner and ally of the European Union in the Gulf region, and relations between the two sides have reached unprecedented levels in recent years. The Kuwaiti government has provided support for continuous achievements in relations between the two sides. Cooperation continues and is strengthened, especially after the announcement of the Union's first strategy towards the Gulf countries, which focuses on strengthening joint cooperation. Kuwait was the first Gulf country to sign a cooperation arrangement with the European Union in 2016 and has since been keen to strengthen cooperation to include various fields including trade, investment, research, education, development, humanitarian aid and security.

Six decades of balanced relationships

Six decades after Kuwait's independence, there is no doubt that these developments in balanced international economic relations highlight Kuwait's keenness to continue its consistent approach towards a moderate and balanced policy in the process of domestic development. Within the framework of cooperation with regional and international organizations and support for their efforts and aspirations towards the security and stability of the world and the welfare and advancement of all peoples, Kuwait continues at the external level, building close relations with most countries, taking openness and communication as a path, believing in friendship and peace as a principle, and human development and economic prosperity for their people as a goal.



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