



Quarterly Report

Personal Credit Facilities Market in Kuwait

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1. KUWAIT LENDING OVERVIEW & MARKET STRUCTURE

Overview & Market Structure

The Central Bank of Kuwait oversees the lending activities of Banks and Financial Institutions in Kuwait. The prevalent banking and financial system structure includes Specialized banks, Islamic Banks, Conventional Banks, Finance Companies, Investment Funds, Exchange Companies, and Investment Companies.

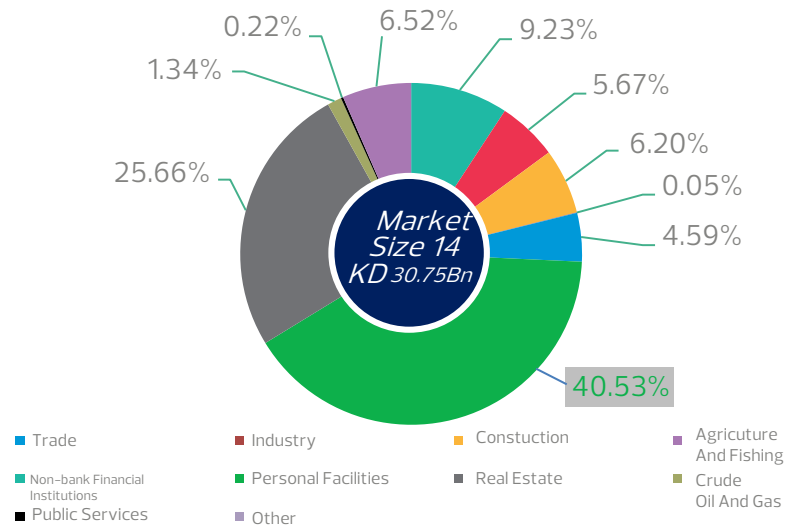
The overall structure of the local lending landscape can be characterized by the nature of activities being extended by the lenders. Lending activities within the panorama of services in the Kuwait lending landscape can be classified into 2 categories, namely Personal credit and Corporate credit as illustrated below.

Sector Structure			
Personal Credit Facilities		Corporate Credit Facilities	
Market Landscape			
Banks (Listed & Unlisted)*		Finance & Investment Companies (Listed & Unlisted)	
Conventional	Islamic	Conventional	Islamic
8	5	40	49
Personal Credit Facilities			
Consumer Facilities		Installment Facilities	Cash Facilities
Companies Currently Offering Credit Facilities (Personal & Others)			
		Listed	Unlisted
		4	5

2. PERSONAL CREDIT FACILITIES MARKET IN KUWAIT

2.1 Overview & Market Structure

The utilized cash portion of credit facilities offered by local banks to various economic sectors is illustrated below.



As per the illustration, it is evident that within the overall credit facilities provided by local banks in 2014, cash credit facilities utilized by the personal facilities segment was the highest. Loan formats within personal credit facilities are categorized as follows:

Consumer Loans: a loan granted by local banks to the customer with the purpose of financing purchase of his personal needs in terms of consumable and durable commodities, or for covering expenses of education or medication.

Installment Loans: a loan utilized by the customer for non-commercial purposes, particularly for restoring or purchasing private residence.

Corporate Loans: Loans used by corporate and other commercial institutions for lending purposes are classified as corporate loans.

2.2 Historical Trends within the Market

. Evolved over the years, Personal Credit has positioned itself as the driving force in the automobile and consumer durable market in Kuwait.

. This is primarily due to the fact that the passenger vehicle and consumer durable goods market in Kuwait are highly credit driven.

. A wide variety of goods ranging from automobile to air conditioners and all kinds of electronic goods are offered on credit in the market to credit-worthy customers.

. The current personal credit market (inclusive of consumer, installment and cash facilities) is estimated at KD 13.2 Bn with the overall market predicted to grow at a CAGR of 5-6% in the next five years.

. Within the overall market, majority of the market is dominated primarily by banks, that control 94% (equivalent to KD 12.5 Bn) of the total market share while Finance and Investment Companies occupy the balance 6% of the market share (equivalent to KD 0.8 Bn).

. Over the last 10 years, banks have gained market at a CAGR of 10% while financing companies have lost market share at a CAGR of 9%.

. Within the Finance and Investment companies segment, listed companies currently occupy 44% of the market share while unlisted companies hold a majority 56%. with

MARKET STATISTICS

End of Period	Personal Facilities				
	Consumer loans (KD Million)	Installment Loans (KD Million)	Purchase of Securities (KD Million)	Other Loans (KD Million)	Total (KD Million)
2013					
Q1	1.056	6.250	2.709	314	10.329
Q2	1.086	6.529	2.715	353	10.683
Q3	1.026	6.831	2.653	350	10.961
Q4	1.159	7.031	2.731	361	11.282
	4.427	26.641	10.808	1.378	43.254
2014					
Q1	1.175	6.241	2.865	329	11.609
Q2	1.178	6.512	2.910	333	11.933
Q3	1.194	7.832	2.834	334	12.194
Q4	1.199	8.112	2.818	324	12.453
	4.746	30.697	11.426	1.320	48.189
2015					
Q1	1.201	8.347	2.801	384	12.633
Q2	1.201	8.637	2.838	398	12.974
	2.402	16.984	5.639	582	25.607

Source: Central Bank of Kuwait website

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