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RELEASE CFC issues amortizing bonds worth KD 50 million

Commercial Facilities Company S.A.K (“CFC”), a leading Kuwaiti consumer finance company announced the successful completion of a KD 50 million (USD180 million) local bond issuance in which NBK Capital acted as the Lead Manager.

CFC is the largest non-bank consumer lender in Kuwait, with gross installment debtors portfolio of approximately KD 297 million as of 31 December 2010. The Issuer serves a diverse client base exceeding hundred thousand and enjoys a 30% market share of consumer loans. In 2010, CFC generated an income from credit installments of approximately KD 23.3 million and a net profit of approximately KD 17.1 million.

Over the past 20 years, CFC has formed a solid track record of issuing bonds exceeding KD 75 million combined, and has all been extinguished without extensions. Today’s KD 50 million bond is the largest of its six previous issuances. The company’s reputable credit record and exceeding financial reputation were drivers behind the successful subscription of this bond offering.

This promising bond issuance marks the first local announcement in the last 18 months and the first to be approved and supervised by Kuwait’s newly formed Capital Markets Authority, yet another significant milestone in CFC’s illustrious market presence.

The amortizing bonds have a 4-year tenure and were issued at a floating rate paying investors a coupon of 1.40% over the CBK Discount Rate. The bonds are issued at par, pay coupons quarterly in arrears and will be redeemed in quarterly installments after the second year anniversary in amounts of KD 6,250,000 payable on the coupon dates.

Proceeds from CFC’s bond issuance, which was rated BBB by Capital Intelligence, will be used for general corporate purposes.

CFC’s Chairman and Managing Director Mr. Abdallah Saud Al-Humaidhi, commented that the successful issuance reflects the bond investors’ confidence in CFC. It also adds to the track record CFC built over the past 34 years as a leading Kuwaiti consumer financing company as well as its commitment in serving debts.

As Lead Managers, NBK Capital commented on the issuance. Mr. Salah Al-Fulaij, CEO of NBK Capital stated that this issuance is an important one as it comes at a vital time for financial institutions that are flushed with liquidity, giving them a solid, profitable and prudent investment opportunity in one of Kuwait’s blue-chip companies.