

Earnings Release

10 February 2013

SHUAA 2012 results and successful strategy execution in line with market guidance

Full Year 2012 highlights:

- » **Total Revenues** up 38% to AED137.3 m from AED99.3 m in FY 2011
- » **Total Expenses** reduced by AED163.0 m, a 45% improvement, to AED199.3 m from AED362.3 m in FY 2011
- » **Net Loss** improved by 80% to AED59.0 m, a reduction of AED234.8 m on prior year
- » **Lending and Asset Management were profitable in 2012**
- » **Cost/Income Ratio** was 138% an improvement of 43% year-on-year

Fourth Quarter 2012 highlights:

- » **Total Revenues** increase of 25% to AED25.2 m from AED20.1 m in Q4 2011
- » **Total Expenses** reduced by AED100.1 m to AED39.2m from AED139.3 m, a 72% improvement
- » **Net loss reduction** of 81% to AED20.7 m compared to a net loss of AED111.9 m in Q4 2011

Balance Sheet highlights:

- » **Total Assets** of AED1.4 bn were AED231.1 m lower than in December 2011
- » **Cash and Deposits with Banks**, up 24% to AED423.3 m from AED340.2 m
- » **Total Liabilities** reduced by AED167.8 m to AED269.4 m, down 38% from AED437.2 m
- » **Bank borrowings** stood at AED136.3 m, down from AED275.9 m
- » **Total Shareholder's Equity** reduced by AED63.4 m to AED1.1 bn
- » **Book Value per Share** is AED1.04

Achievements:

- » **Gulf Finance** awarded "Best SME Finance Company" at the Banker Middle East Industry Awards, recognizing its SME financing activities for the second consecutive year
- » **SHUAA Asset Management** received "Best Asset Manager in the UAE" award from *EMEA Finance* magazine for the third consecutive year
- » **SHUAA Asset Management's** Emirates Gateway Fund voted "UAE Equity Fund of the Year" by *MENA Fund Manager* for the second year in a row

SHUAA ended the year 2012 with a strong balance sheet and liquidity, considerably improved its bottom line result and regained its standing in the regional financial services industry. The net loss for 2012 was AED59.0 m, an 80% improvement on 2011's AED293.8 m loss. This result is within the forecast range that SHUAA communicated in October 2012. The improvement was driven primarily by the successful completion of the restructuring and rightsizing programme. Total expenses for the year were reduced by AED163.0 m. General and Administrative expenses were down AED37.7 m as the number of staff was reduced and processes made more efficient. The Lending business recorded a AED13.7 m expenses increase in line with its expansion plans in the UAE and Saudi Arabia. All other business units recorded a significant decrease of expenses totalling AED51.4 m. This represents a year-on-year improvement of 29%.

During the first half of 2012, SHUAA incurred charges related to the Company's restructuring programme, which only started to have a positive impact on General and Administrative expenses during the second half of 2012. The full impact of the 2012 restructuring programme is expected to be recognized in 2013 with an additional cost improvement of 10%.

Revenues for Q4 2012 were AED25.2 m compared to AED20.1 m for Q4 2011, representing an increase of 25% and bringing 2012 annual revenues to a total of AED137.3 m, a 38% increase over 2011 revenues of AED99.3 m. Revenues were buoyed by an increase in interest income and a positive swing in investments in SHUAA's managed funds.

In the fourth quarter 2012, SHUAA achieved its strategic and financial objectives. The fourth quarter net loss improved to AED20.7 m from a loss of AED111.9 m in the same period last year with the benefits of the rightsizing programme showing a positive impact on the Company's bottom line. SHUAA continues to prudently value its assets and as such there were no investment impairments in the period.

SHUAA further strengthened its balance sheet. As at 31 December 2012, total assets stood at AED1.4 bn. Cash and deposits rose 24% to AED423.3 m. Throughout the year, the Company continued to reduce liabilities by retiring debt. Total liabilities consequently fell by 38% to AED269.4 m from AED437.2 m at the end of 2011, lowering interest expenses by 28 % to AED11.7 m from AED16.2 m in 2011.

HH Sheikh Maktoum Hasher Al Maktoum, Executive Chairman of SHUAA Capital, commented on the results:

"Despite the volatile market environment in 2012, SHUAA's financial results for the full year are in line with our market guidance. Strategically, 2012 was a transformational year for SHUAA and the business achieved key milestones in its announced restructuring programme. We

successfully completed four major turnaround initiatives, including the rightsizing programme, the reduction in non-core assets, the transformation of our industry leading balance sheet by strengthening our liquidity position and the announcement of a clear strategic, financial and operational roadmap with a focus on recurring revenue generation.

The reduced scale of our industry and the renewed need for capital and advisory expertise are playing out in our favour. While most of the regional financial services industry is still in restructuring mode, SHUAA now has a competitive advantage and the ability to focus on revenue generation. The recent revitalization of our financial brand and the positive feedback on our strategic direction from shareholders and clients underscore our position of strength versus peers. SHUAA is now in a unique position to focus on growth which will result in a stronger performance in 2013.”

Segmental Information

Lending

SHUAA’s Lending division recorded full year revenues of AED75.6 m (FY2011: AED61.2 m) and Q4 revenues of AED19.9 m (Q4 2011: AED18.2 m). Full year profit was AED3.0 m (FY2011: AED23.4 m), with a marginal quarterly loss of AED0.8 m (Q4 2011: profit of AED5.4 m). Overall, Lending had another strong year and contributed over 55% of SHUAA’s revenues in 2012.

In 2012, Gulf Finance Corporation generated a net profit of AED 10.0 m, offset by a significant investment of AED 7.1 m in the recently launched Gulf Installments Company in Saudi Arabia and the establishment of SHUAA Credit. In line with its strategy, SHUAA has successfully redeployed parts of its balance sheet to GFC.

During the year, Gulf Finance Corporation has applied with the UAE Central Bank for a license to establish an Islamic Window for some of its financing activities with a view to being market-ready in the spring of 2013, subject to regulatory approvals.

Gulf Finance was awarded the “Best SME Finance Company” at the 2012 Banker Middle East Industry Awards. This is the second consecutive year that Gulf Finance has been recognized for its SME lending activities.

Asset Management

The Asset Management business, which manages SHUAA’s investment funds, private equity funds, as well as discretionary portfolio mandates, recorded revenues of AED18.0 m in the year

under review (FY2011: AED23.8 m) and a net profit of AED1.8 m (FY2011: AED5.2 m). Q4 saw revenues of AED4.2 m (Q4 2011: AED6.3 m) and a profit of AED2.1 m (Q4 2011: AED2.6 m).

SHUAA's flagship funds, the Arab Gateway Fund and the Emirates Gateway Fund, continued to outperform their peers and benchmarks. The Arab Gateway Fund returned 9.02% in 2012, outperforming its benchmark, the S&P Pan Arab Composite Index, by 5.1%. The Emirates Gateway Fund also outperformed its peers with a performance of 30.94% in 2012, 3.85% above its benchmark, the S&P UAE Composite Index.

SHUAA Credit is working closely with the Asset Management team on the development of credit products to be launched in 2013.

In the second half of the year, SHUAA closed its SHUAA Partners Fund following the sale of its two remaining investments generating an IRR of 7.6% over its investment period. During the Fund's vintage period, from 2005 to 2012, public equity markets in the UAE (MSCI UAE Index) posted a decline of 78%.

SHUAA Capital was chosen as the Best Asset Manager in the United Arab Emirates by *EMEA Finance* for the third consecutive year. Early in 2013, the Emirates Gateway Fund was voted "UAE Equity Fund of the Year" by *MENA Fund Manager* for the second year in a row.

Investment Banking

In Q4, revenues were AED1.8 m (Q4 2011: AED0.7 m) and the division recorded a loss of AED0.7 m (Q4 2011: loss of AED2.5 m). The Investment Banking Division recorded annual revenue growth of 64% to AED11.2 m (FY2011: AED6.8 m) and improved its bottom line by 90% to a net loss of AED1.4 m (FY2011: loss of AED14.4 m).

In April, SHUAA was joint-lead manager on the successful IPO of NMC, a leading integrated UAE healthcare provider. This was notable for being the first ever Abu Dhabi company to list on the London Stock Exchange. Towards the end of 2012, SHUAA entered into a Memorandum of Understanding with PT Pratama Capital Indonesia regarding collaboration between the two firms, to offer a variety of investment banking services to issuers and investors in the UAE and the Republic of Indonesia.

Also, towards the year end, SHUAA was appointed financial advisor to Urbanos Group, Portugal's leading ground handling and logistics company. SHUAA was appointed to offer support and advisory services for business development and funding requirements as Urbanos establishes its hub in Dubai and builds out its operations regionally.

Brokerage

The business recorded revenues of AED8.1 m in the year under review (FY2011: AED19.9 m) and a net profit of AED0.3 m (FY2011: loss of AED129.9 m). In Q4, revenues were AED0.6 m (Q4 2011: AED2.6 m) and the division recorded a loss of AED2.3 m (Q4 2011: loss of AED86.9 m).

Due to the exit from the retail brokerage business, total expenses related to brokerage fell 95% to AED7.8 m from AED152.6 m in FY2011. SHUAA expects to close down retail brokerage in the first half of 2013.

Corporate

The corporate centre recorded full year revenues of AED24.4 m (FY2011: negative revenues of AED12.4 m) and an overall loss of AED62.7 m (FY2011: loss of AED178.1 m). In Q4, revenues were negative AED1.4 m (Q4 2011: negative revenues of AED7.7 m) and the division recorded a loss of AED19.0 m (Q4 2011: loss of AED30.6 m). Headcount at the end of 2012 was 200 compared to 282 at the year-end 2011.

Cautionary Statement Regarding Forward-Looking Information

This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend," "plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.

Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital*
- *Current or future volatility in the capital and credit markets and future market conditions.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events;

developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

Any forward-looking statement made by us in this document and presentation is based only on information currently available to us and speaks only as of the date on which it is made. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. We undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise.

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SHUAA Capital psc ('SHUAA') offers client-centric, fully integrated financial services. SHUAA, headquartered in Dubai, United Arab Emirates, services corporate and institutional clients as well as family businesses and high-net-worth-individuals with expertise in the areas of asset management, investment banking advisory services, capital markets and credit. SHUAA was established in 1979 by Emiri decree No. 6. SHUAA is a public shareholding company, regulated as a financial investment company by the UAE Central Bank, and its stocks are listed on the Dubai Financial Market. www.shuaa.com

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