

Earnings Release

16 November 2014

SHUAA reports AED 188.0 m revenues and AED 40.7 m net profit in first nine months of 2014

Third quarter 2014 highlights:

- Total revenues were up 31.1% to AED 71.8 m
- Net profit attributable to shareholders increased to AED 26.2 m
- All business divisions were profitable, including the corporate division
- 9.3% growth in interest income to AED 32.0 m
- 63.2% growth in net fees & commissions to AED 19.4 m

Nine months 2014 highlights:

- Total revenues up 40.0% to AED 188.0 m
- Net profit increased to AED 40.7 m from net loss last year
- 23.2% growth in interest income to AED 94.7 m
- 91.6% growth in net fees and commissions to AED 54.2 m

Balance Sheet highlights:

- Stable asset base of AED 1.499 bn in total assets
- 17.1% increase in cash and deposits with banks to AED 221.8 m
- 10.0% reduction of total liabilities to AED 338.2 m

Further to the publication of its preliminary results on 13 October 2014, SHUAA Capital today presented its auditor-reviewed interim condensed consolidated financial information for the third quarter and nine month period ended 30 September 2014.

As previously reported, for the third quarter, revenues were up 31.1% to AED 71.8 million as compared to AED 54.8 million reported in Q3 2013. Net profit was AED 26.2 million, representing a six-fold increase on the same period last year of AED 3.6 million.

Net fees and commissions were AED 19.4 million, up AED 7.5 million on the AED 11.9 million reported in Q3 2013. Investments in SHUAA managed funds reported a profit of AED 20.3 million, a year-on-year increase of AED 8.2 million. Total expenses were reduced by AED 4.9 million to AED 45.9 million in the third quarter, as the business continues to manage costs while growing revenue.

For the nine month period, revenues were AED 188.0 million, a 40.0% increase from AED 134.3 million during the same period last year. Net profit attributable to shareholders was AED 40.7 million, compared to a loss of AED 0.96 million during the same period last year.

SHUAA maintains a very strong balance sheet and healthy liquidity position. As of 30 September 2014, SHUAA had cash and deposits with banks of AED 221.8 million, a 17.1% increase from year-end 2013. Total assets were AED 1.499 billion, up fractionally from AED

1.489 billion in Dec 2013. Total liabilities were AED 338.2 million, down 10.0% compared to year-end 2013.

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

"These results represent the strongest performance of the company since 2009, both on a quarterly and nine month period basis. We have seen substantial gains across the business year on year and all divisions are performing well, benefitting from growing client activity. Fees and commissions, which represent higher quality earnings, have grown substantially thanks to the performance of both Asset Management and Investment Banking."

Segmental Information

Asset Management

- **92.0% jump in net profit to AED 9.0 million**

In the third quarter the Asset Management division reported a 65.9% rise in quarterly revenues to AED 10.4 million (Q3 2013: AED 6.3 million) and a 92.0% jump in net profit to AED 9.0 million (Q3 2013: AED 4.7 million). The division's strong financial results were supported by the generation of performance fees and lower G&A expenses. Net fees and commissions nearly doubled quarter-on-quarter compared to AED 5.4 million in Q2 2014.

SHUAA's two flagship funds, the Emirates Gateway Fund and Arab Gateway Fund, have generated a year-to-date return of 37.2% and 21.5%, respectively, as compared to their benchmark returns of 28.9% and 21.9%.

For the nine month period, revenues were AED 20.7 million (Sep 2013: AED 15.3 million) and net profit was up 78.7% to AED 16.3 million (Sep 2013: AED 9.1 million).

Investment Banking

- **Profits more than double**

In the third quarter, the Investment Banking division posted quarterly revenues of AED 4.1 million (Q3 2013: AED 2.9 million) and doubled its net profit to AED 1.3 million (Q3 2013: AED 0.6 million). The division continues to work on numerous transactions and has been successful in being appointed as advisors to a number of IPOs.

For the nine month period, revenues more than tripled to AED 17.4 million (Sep 2013: AED 5.1 million) and net profit was AED 13.9 million (Sep 2013: AED 0.02 million).

Capital Markets

- **Net profit doubles to AED 2.6 million**

In the third quarter, the Capital Markets division saw revenues decrease slightly to AED 2.7 million (Q3 2013: AED 3.0 million) although net profit doubled to AED 2.6 million (Q3 2013: AED 1.3 million). The third quarter is traditionally a slower quarter due to the decrease of trading activity in the summer months.

For the nine month period, revenues were AED 10.1 million (Sep 2013: AED 6.8 million) and net profit was up 21.0% to AED 5.9 million (Sep 2013: AED 4.9 million).

Lending

- **Increase demand in SME financing sees 150.5% rise in profits**

The Lending division posted third quarter revenues of AED 33.1 million (Q3 2013: AED 28.4 million) and a 150.5% increase in net profit to AED 9.7 million (Q3 2013: AED 3.9 million) driven by the increasing demand for funding from SME businesses in the UAE and KSA. Net provisions fell by 25.7% to AED 6.9 million as GFC repositioned its loan book to focus on smaller SMEs.

Early October also saw GFC establish a presence in Abu Dhabi's Mussaffah area, its second office in the city, having had a presence in the capital since 2006. The office was opened due to high demand from well-established companies and start-ups in the area. Mussaffah is home to over 65% of Abu Dhabi's SME market.

For the nine month period, revenues were AED 97.3 million (Sep 2013: AED 73.9 million) and net profit was AED 24.1 million (Sep 2013: AED 7.5 million).

Corporate

- **Profit of AED 3.6 million from investments in managed funds**

In the third quarter, the Corporate division reported revenues of AED 21.5 million (Q3 2013: AED 14.2 million) and a net profit of AED 3.6 million (Q3 2013: loss of AED 6.9 million). The significant turnaround was due to substantial gains made from investments in SHUAA managed funds. On a comparative basis, G&A remained in line, interest income fell and a reversal in provisions allowed for a net addition of AED 3.3 million to the bottom line.

For the nine month period, revenues were AED 42.7 million (Sep 2013: AED 33.3 million) and net losses were AED 19.5 million (Sep 2013: AED 22.5 million).

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.shuuaa.com

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