

Earnings Release

9 August 2015

FINANCIAL RESULTS FOR Q2 2015

SHUAA Capital today reports financial results for the second quarter ended 30 June 2015. The second quarter revenues and net profit were AED 59.7 million and AED 1.7 million respectively, as compared with revenues of AED 52.0 million and a net profit of AED 6.2 million in Q2 2014.

Net profit for the first half ended 30 June 2015 was AED 0.1 million as opposed to AED 14.4 million for the first half 2014.

Interest income continued to improve and increased by 18.7% to AED 38 million (Q2 2014: AED 32m) as Gulf Finance increased loan deployments. Income from net fees and commissions stood at AED 9.4 million (Q2 2014: AED 19.0m). Total expenses for the quarter increased to AED 56.5 million (Q2 2014: AED 47.3m) as the Group continued to invest in expanding its salesforce. SHUAA's cost/income ratio during Q2 stands at 72% (Q2 2014: 76%).

"SHUAA's balance sheet in the second quarter remains in good health as we invest and make progress in growing our business divisions," commented Abdul Rahman Hareb Rashed Al Hareb, Chairman of SHUAA.

"Although general market sentiment has remained subdued due to macroeconomic and geopolitical issues, we are encouraged by a number of positive developments within the business that we believe will set the scene for higher recurrent revenue generation in the second half of the year and beyond. These include progress by the Asset Management division's expected launch of new products; continued growth of Gulf Finance's loan book, our wholly-owned SME lending business; and expansion of our sales force and product offering in the Capital Markets division."

SHUAA maintains a strong balance sheet and a solid liquidity position with total assets of AED 1.8 billion at 30 June 2015 (Q4 2014: AED 1.6 billion). Total loans and advances increased to AED 1,024.7 million (Q4 2014: AED 847.0 million), with AED 970.6 million attributable to the SME Lending Business. Liabilities increased to AED 605.3 million (Q4 2014: AED 458.8 million) and SHUAA's debt/equity ratio now stands at 42%.

SEGMENTAL PERFORMANCE

Investment Banking

The Investment Banking team reported quarterly net revenues of AED 1.6 million compared to net revenues of AED 6.8 million during the second quarter of 2014.

Following a challenging first quarter, the second quarter saw the Investment Banking division continue to work on a number of public and private mandates, and the deal pipeline of the division remains strong at the onset of the third quarter.

Lending

Gulf Finance UAE and Gulf Finance Saudi Arabia reported net revenues and a net profit of AED 38.4 million (Q2 2014: AED 33.4m) and AED 3.0 million (Q2 2014: AED 7.0m) respectively. Demand for the division's loan products remained strong resulting in an increase in interest income of 23% to AED 37.4 million (Q2 2014: AED 30.4m). Total expenses increased during the second quarter to AED 35.4 million (Q2 2014: AED 26.4m) as investments to grow the business, to launch new products and to expand the sales force continue.

During the second quarter, Gulf Finance expanded its product range through the launch of trade finance solutions to provide support to SMEs engaged in imports and exports. In June the company also successfully completed its rebrand with the launch of a new logo and a new corporate identity, reinforcing its position as a leading SME financing company.

As of 30 June 2015, Gulf Finance gross loan portfolio was AED 1,018 million compared to AED 854 million in the fourth quarter of 2014, and the company plans to grow the loan book further by the end of the year. Following the AED 500 million senior secured term loan which was closed in the last quarter of 2014, the division is considering to secure similar additional financing in the fourth quarter of 2015.

Asset Management

The Asset Management division posted net revenues of AED 4.9 million (Q2 2014: AED 5.4m) and a profit of AED 3.4 million (Q2 2014: AED 4.2m) for the quarter. The result was driven by the performance recorded on SHUAA-managed funds. The division is currently working on a number of new products that are expected to launch in the second half of the year.

The Emirates Gateway Fund and the Arab Gateway Fund recorded quarterly returns of 10.5% and 7.6%, outperforming their respective benchmarks by 0.6% and 4.7%. As of 30 June 2015, client Assets under Management grew to AED 929 million from AED 853 million as of 31 December 2014.

Capital Markets

For the second quarter, Capital Markets reported net revenue of AED 3.0 million (Q2 2014: AED 4.0m) and a net loss of AED 0.2 million (Q2 2014: net profit of AED 1.8m) as regional trading volumes for the period

remained lower compared to the same period in 2014. However, the division recorded an increase in trading income and investments to expand the sales and trading desk continue.

Corporate

The Corporate division posted quarterly revenues of AED 11.7 million (Q2 2014: AED 2.3 million) and a net loss of AED 2.5 million (Q2 2014: loss of AED 11.2m). This significant improvement was mainly a result of higher gains from investments in SHUAA managed funds and maintaining disciplined cost control measures restricting general and administrative expenses to AED 12.2 million (Q2 2014: AED 17.3m).

Despite continuing market volatility that can be largely attributed to uncertainties at the macroeconomic and political level, SHUAA management team remains optimistic on the business and confident in its ability to generate higher recurrent revenues during the second half of the year.

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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.

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

For further information please contact:

Brunswick Gulf
+971 4 446 6270
shuaa@brunswickgroup.com