

Earnings Release

12 November 2015

FINANCIAL RESULTS FOR Q3 2015

SHUAA Capital today reports financial results for the third quarter ended 30 September 2015. The third quarter revenues and net loss were AED 34.3 million and AED 28.6 million respectively, compared with revenues of AED 71.8 million and a net profit of AED 26.2 million in Q3 2014.

The net loss for the first nine months of the year ended 30 September 2015 was AED 28.5 million as opposed to a profit of AED 40.7 million for the first nine months of 2014. Revenues for the same period stood at AED 138.1 million compared to revenues of AED 188.0 million in the corresponding period in 2014.

“Difficult market conditions in combination with macroeconomic uncertainty created a volatile operating environment during the third quarter,” commented Abdul Rahman Hareb Rashed Al Hareb, Chairman of SHUAA Capital. “Despite this, a number of encouraging highlights can be deduced from our financial performance; for instance growth in interest income, further expansion of the loan book and continued reduction of G&A expenses are positive steps towards improving our bottom line and enhancing revenue generating capabilities – a key target as we continue to position the Company for future growth.”

Interest income for the quarter continued to improve to AED 42.1 million representing an increase of 31% compared to the third quarter in 2014 (Q3 2014: AED 32.0m), while net fees and commissions were reported at AED 9.2 million (Q3 2014: AED 19.4m).

Total expenses grew to AED 61.5 million (Q3 2014: AED 45.9m) mainly due to a rise in provisions related to the SME Lending division, and continued investment into expansion of the sales force in the Capital Markets division. General and administrative expenses were further reduced by 18% to AED 32.0 million (Q3 2014: AED 39.2m) as the Group continued to reduce costs.

Mr. Al Hareb said: “We continue to execute on our strategy of achieving sustainable long-term growth by enhancing our revenue generating capabilities and improving our net income. In the last three months, we expanded our client coverage and placement team via a number of strategic hires and are currently preparing for new product launches both in the UAE and Saudi Arabia. We see the business consolidating its position as a multiproduct financial services company driven by recurrent revenues generated from the

SME Lending and Asset Management divisions, and complemented by additional revenue streams from fund performance, investment banking advisory transactions and capital markets activities.”

SHUAA Capital's balance sheet remains solid with total assets of AED 1.7 billion at 30 September 2015 (Q4 2014: AED 1.6 billion). At the end of the third quarter, SHUAA Capital had cash and deposits with banks of AED 245.0 million (Q4 2014: AED 365.4m), while total loans and advances increased to AED 1,054.1 million (Q4 2014: AED 847.0 million). Liabilities increased to AED 626.3 million (Q4 2014: AED 458.8 million) and SHUAA Capital's debt/equity ratio now stands at 42%.

SEGMENTAL PERFORMANCE

Investment Banking

The Investment Banking team reported quarterly net revenues of AED 2.9 million (Q3 2014: AED 4.1m) and a net profit of AED 0.04 million (Q3 2014: AED 1.3m). Following a challenging first half of the year, the third quarter saw the first closing for Cayan Real Estate Development Fund I, a real estate development fund, managed by SHUAA Capital to finance the development of the Cayan Cantara project, an AED 1 billion real estate project in Al Barsha South, Dubai. At the onset of the fourth quarter, the Investment Banking division continues to work on a number of advisory and placement mandates.

Lending

Gulf Finance UAE and Gulf Finance Saudi Arabia reported net revenues and a net profit of AED 43.5 million (Q3 2014: AED 33.1m) and AED 2.8 million (Q3 2014: AED 9.7m) respectively. Despite signs of a deceleration in the UAE's SME sector over the past quarter, demand for the division's loan products remained robust resulting in a 37% increase in interest income to AED 41.5 million (Q3 2014: AED 30.4m). Total expenses increased to AED 40.7 million (Q3 2014: AED 23.4m) mainly as a result of a jump in provisions to AED 18.1 million (Q3 2014: AED 6.9m). The SME segment in the UAE is currently experiencing the effects of the economic slowdown which impacts performance of the sector as a whole. Gulf Finance will continue to closely monitor developments in the SME sector over the coming quarter.

As of 30 September 2015, Gulf Finance gross loan portfolio was AED 1,094 million compared to AED 854 million in the fourth quarter of 2014.

Asset Management

The Asset Management division posted net revenues of AED 3.3 million (Q3 2014: AED 10.4m) and a profit of AED 1.5 million (Q3 2014: AED 9.0m) for the quarter. No performance fees were recorded in Q3 2015. The division is currently working on a number of new products that are expected to launch in the coming six months.

The Emirates Gateway Fund and the Arab Gateway Fund recorded quarterly returns of -8.9% and -12.1%, (outperforming their respective benchmarks by 0.9% and 2.1%). As of 30 September 2015, client Assets under Management grew to AED 867 million from AED 853 million as of 31 December 2014.

Capital Markets

Capital Markets reported third quarter revenues of AED 0.9 million (Q3 2104: AED 2.7m) and a net loss of AED 2.3 million (Q3 2014: net profit of AED 2.6m) as regional trading volumes for the period remained lower compared to the same period in 2014.

Corporate

The Corporate division posted quarterly revenues of AED 0.3 million (Q3 2014: AED 1.1m) before losses on investments in SHUAA managed funds of AED 16.6 million (Q3 2014: gains of AED 20.3m). Overall the division recorded a loss of AED 30.7 million (Q3 2014: profit of AED 3.6 m). Corporate revenues were principally from interest income, the sale of investments and returns from SHUAA managed funds. Savings were incurred via a continued reduction in general and administrative expenses.

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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.
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