

Earnings Release

13 February 2017

SHUAA Capital Reports Financial Results for Full Year 2016

- **Full year revenues stood at AED 173.8 million (2015: AED 178.2 million)**
- **Group losses reduced by 30% year on year as firm continues with stringent cost control and gears up for 2017 long term strategy implementation**
- **Real Estate Investment Management and Investment Banking business lines recorded systematic increase in profits**
- **Turnaround of the Group's operations expected during 2017**

SHUAA Capital today reports results for the full year of 2016. Revenues for the full year stood at AED 173.8 million (2015: AED 178.2 million), while overall Group losses reduced by a 30.4% to reach AED 132.5 million (2015: AED 190.3 million).

For the fourth quarter of 2016, the company reported revenues of AED 35.1 million down from AED 40.1 million quarter on quarter, and a significant reduction in losses to AED 18.9 million (Q4 2015: AED 161.8 million). The Group's Asset Management division has had a strong year managing real estate funds and projects in Saudi Arabia and the United Arab Emirates, having reported a five-fold increase in profits. The Investment Banking division has also witnessed an active year advising on a series of mergers, acquisitions and general transactions for regional companies. And in December, the company carried out a strategic acquisition of a 14% stake in Bahrain's Khaleeji Commercial Bank.

Incurred losses came predominantly from the Group's lending business Gulf Finance, whereby provisions of AED 150.1 million were set aside against bad loans for the full year 2016. The lending division registered AED 110.0 million in losses compared to AED 119.9 million in 2015. In spite of this, the business reported full year revenues of AED 130.1 million (2015: AED 159.7 million). Gulf Finance is currently undergoing an extensive restructuring and repositioning plan intended to boost performance and take advantage of a recovering SME sector. Demand for its Sharia'h compliant financing products in Saudi Arabia continues to grow as the Kingdom's various industries and sectors seek to establish and develop businesses further alongside the 2030 vision.

Jassim Alseddiqi, Chairman of SHUAA Capital said, “We enter 2017 on a positive note. The company faced difficulties throughout the year. However, as the new board of directors take helm, we expect a turnaround year in 2017.

Our business lines capitalised on several opportunities during the year. We were part of a successful set of companies that co-launched Nasdaq Dubai’s Futures Market, having been the exclusive market makers. Our real estate hospitality funds and projects in Saudi Arabia and Dubai also received new interest as we handed over our first hotel in Saudi Arabia and participated in the launch of another one in Dubai.”

The Group’s focus on providing logical solutions that help customers achieve their objectives on both institutional and individual levels, combined with rigorous cost control measures has helped SHUAA maintain a solid client base and weather the turbulence. Operating expenses remained stable at AED 167.4 million (2015: AED 164.3 million) while general and administrative expenses for the year were reduced by a further 2.9%, from AED 130.6 million to AED 126.8 million.

SHUAA’s balance sheet and total assets at year-end stands at AED 1.3 billion (2015: AED 1.6 billion). The Group’s liquidity position is strong with AED 346.6 million in cash. Liabilities decreased to AED 474.7 million from AED 638.6 million in 2015. As of 31 December 2016, net assets stood at AED 825.8 million while the leverage ratio was 0.45 at year-end.

Segmental Performance

Asset Management - SHUAA Capital Saudi Arabia

The Asset Management business reported a 492% increase in full year profits to AED 8.3 million (2015: AED 1.4 million). Revenues were AED 27.4 million compared to AED 16.0 million in 2015. The division which manages real estate hospitality funds and projects in addition to a series of Discretionary Portfolio Management accounts delivered a solid set of results thanks to its active presence in both the Saudi and Emirati markets. 2016 saw the launch of the Centro Shaheen by Rotana, a premium hotel in the Saudi city of Jeddah, as well as the announcement of the Cayan Cantara residential and commercial complex in Dubai, jointly with the Cayan Group and Rotana Hotel Management.

Capital Markets

The Capital Markets division reported a 38.1% increase in revenues to AED 8.6 million (2015: AED 6.2 million), and a loss of AED 8.4 million (2015: AED 7.2 million). The division significantly expanded the team’s capabilities during the course of the year including a series of senior appointments in support of long term business objectives within the equities, credit and research teams. Key highlights by the team included SHUAA being the founding market maker for Nasdaq Dubai’s single stock Futures Market, and the Equity Research team expanding its coverage of various sectors and industries across the Gulf region.

Investment Banking

SHUAA's Investment Banking division reported full year profits of AED 1.9 million compared to a loss of AED 1.9 million in 2015. Revenues increased by 17.4% to AED 8.4 million (2015: AED 7.1 million). During the year, the Investment Banking division worked on a number of Merger and Acquisition and other general advisory transactions, including (among others) acting as an advisor to Emirates National Group on a strategic acquisition of a stake in Misr Bus, advising Amanat on the acquisition of a stake in Madaares, and advising Al Laith Group Investments on a strategic sale. The division continues to work on a number of M&A advisory and capital markets transactions for GCC based clients across a number of sectors. The Investment Banking team also maintains a strategic Memorandum of Understanding with Dubai SME, providing valuation advisory support to SME100 companies.

Lending

The lending business comprising Gulf Finance UAE and Gulf Finance Saudi Arabia reduced its losses for the year to AED 110.0 million, from AED 119.9 million in 2015. Revenues for the lending business were 18.5% lower at AED 130.1 million (2015: AED 159.7 million). The division continued to set aside provisions against bad loans due to continued weakness in the SME sector. Gulf Finance Saudi Arabia, which offers Sharia compliant financing solutions to SMEs in the Kingdom, has continued to see stable growth fuelled by strong demand from the Saudi SME market.

At year end, the size of the Gulf Finance UAE and Gulf Finance Saudi Arabia loan portfolios were AED 500 million and AED 189 million respectively, compared to AED 925 million and AED 193 million in 2015. Gulf Finance maintains a diversified exposure to sectors such as manufacturing, trade, healthcare, transport and logistics.

Corporate

SHUAA's Corporate division which is the backbone of the client facing business divisions recorded revenues of AED 8.8 million (2015: AED 1.2 million), before losses on investments in SHUAA managed funds worth AED 9.5 million (2015: AED 12.0 million). General and Administrative expenses decreased to AED 33.0 million (2015: AED 34.6 million) as the company continues to consolidate and optimize back office operations. The division reported a reduction in full year losses to AED 24.3 million (2015: AED 62.6 million).

---ENDS---

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.

Established in 1979, and often considered to be the oldest financial advisory and investment firm in the Middle East, **SHUAA Capital psc** ('SHUAA') is an integrated financial services firm headquartered in Dubai, United Arab Emirates. The firm services corporate and institutional clients, Governments, family businesses and high-net-worth-individuals with expertise in the areas of asset management, investment banking advisory services, capital markets and credit. SHUAA is a public shareholding company with its shares listed on the Dubai Financial Market. The firm is regulated as a financial investment company by the UAE Central Bank. www.shuaa.com

For further information please contact SHUAA Capital's Corporate Communications department at:

+971 4 3651 872
ccdesk@SHUAA.com
www.SHUAA.com