

Earnings Release

13 August 2016

SHUAA CAPITAL - Q2 2016 Financial Results

SHUAA Capital today reports financial results for the second quarter ended 30 June 2016.

Total revenues were AED 44.6 million and the net loss was AED 50.8 million as compared to revenues of AED 59.7 million and a net profit of AED 1.7 million in Q2 2015. The decline is mainly due to AED 56.9 million in provisions set aside by Gulf Finance, SHUAA's wholly owned SME lending business.

Gulf Finance reported quarterly revenues of AED 34.6 million (Q2 2015: AED 38.4m) as trading amongst SMEs remained difficult and the effects of the low oil price continues. The Group's total interest income reduced to AED 33.9 million (Q2 2015: AED 38.0m) and total net fees and commissions improved slightly to reach AED 9.6 million (Q2 2015: AED 9.4m). General and Administrative expenses were reduced by a further 15% to AED 30.5 million (Q2 2015: AED 36.0m) as the Group continues to optimize costs across business lines in a challenging environment.

Abdul Rahman Hareb Rashed Al Hareb, Chairman of SHUAA Capital commented, "SHUAA's second quarter performance is reflective of the ongoing volatility in global markets and the challenges facing the local SME sector. Sustained low oil prices coupled with a troubled Eurozone had a knock-on effect on regional markets' performance. Nonetheless, we continue with our previously announced twin strategy: optimization of operations together with rigorous cost control, and the formal appointment of senior executives to help drive sequential operating improvements and ultimately take advantage of rebounding markets."

The Asset Management division, which manages SHUAA's Arab and Emirates Gateway Funds, in addition to real estate funds and projects managed by SHUAA Capital Saudi Arabia reported an increase in profits to AED 2.4 million (Q2 2015: AED 1.4m). The division's total revenues increased 30% to reach AED 6.5 million (Q2 2015: AED 5.0m) thanks to an improvement in net fees and commissions income over the corresponding 2015 quarter. Two hospitality projects in Saudi Arabia under SHUAA management are nearing completion, with anticipated launches during the second half of the year.

The Capital Markets division recorded revenues of AED1.9 million (Q2 2015: AED 3.0m). The team is working on new product launches, including the recently announced Single Stock Futures Market project

with Nasdaq Dubai, whereby SHUAA Capital International will provide market making. Futures trading on Nasdaq Dubai is expected to officially launch on the first of September 2016.

The Investment Banking division registered a loss of AED 1.4 million down 28% from the corresponding period in 2015 where losses reached AED 2.0 million. Earlier in the year, the team successfully advised Amanat Holdings on its strategic acquisition of a 16.02% stake in Madaares PJSC. The division continues to work on a number of advisory and placement mandates.

SHUAA's Corporate division which is the backbone of the client facing business divisions and the investment arm, recorded revenues of AED 1.5 million (Q2 2015: AED 11.7m). The division continues to adopt strict consolidation and cost control measures resulting in a further reduction in General and Administrative expenses to AED 9.4 million (Q2 2015: AED 10.2m).

SHUAA's balance sheet and liquidity position remain strong with total assets of AED 1.4 billion as at 30 June 2016 (Dec 2015: AED 1.6b). Cash and deposits with banks increased to AED 340.9 million compared to AED 262.7 million as of 31 Dec 2015, whereas total liabilities decreased to AED 569.0 million from AED 638.6 million as at 31 Dec 2015. Total loans and advances decreased to AED 790.3 million (Dec 2015: AED 959.3m), with AED 775.2 million (Dec 2015: AED 951.1m) attributable to the SME Lending Business. SHUAA's debt/equity ratio now stands at 47%.

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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.shuua.com

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