

Preliminary Earnings Release

25 April 2017

SHUAA Capital reports profitable first quarter with preliminary results

- Emerges from losses to record AED 24.8 million profit in first quarter of 2017 (Q1 2016: loss AED 27.5 million)
- Lending division reports first profit since Q3 2015

SHUAA Capital today announces its preliminary and unaudited Q1 2017 financial results for the period ended 31 March 2017, with the financial services firm returning to profitability after two years. The turnaround was driven primarily by gains from proprietary investments, a significant reduction in provisions and stringent cost controls.

Following a strategic business streamlining exercise, SHUAA Capital's Lending unit 'Gulf Finance' rebounded from the depressed SME sector to report a noteworthy profit of AED 8.7 million (Q1 2016: loss AED 17.1 million), the division's first profitable quarter since Q3 2015. Active client servicing and collection efforts allowed Gulf Finance to significantly bridge the provisions gap which fell to AED 1.9 million as compared to AED 34.0 million in the corresponding quarter of 2016. Revenues for the period declined to AED 20.1 million (Q1 2016: AED 40.6 million), as the unit continues to focus on recoveries and de-leveraging its balance sheet.

The firm's Corporate division reported profits of AED 16.5 million (Q1 2016: loss AED 11.7 million). The positive swing was mainly down to income from proprietary investments coupled with a reduction in costs and improved efficiencies.

SHUAA Capital's total revenues for the three months ended 31 March 2017, stood at AED 31.8 million (Q1 2016: AED 45.5 million), while General and Administrative Expenses falling by 31.0% to AED 22.8 million (Q1 2016: AED 33.0 million).

Jassim Alseddiqi, Chairman of SHUAA Capital, said: *"SHUAA Capital is steadily implementing the necessary steps to return the business to the path of sustainable profitability. We are pleased with the strong start to the year and the solid progress made to date, but we also recognise that there is still more work to do and more challenges ahead. Our focus for the coming quarters is to build on these solid foundations by addressing any remaining legacy issues while capturing new opportunities both in the UAE and abroad. SHUAA Capital is on the way to retaking its place at the forefront of the region's financial services industry."*

SHUAA Capital's Asset Management unit recorded revenues of AED 5.7 million (Q1 2016: AED 9.4 million) during the first three months of 2017. Profit during the period was AED 1.4 million (Q1 2016: AED 4.5 million). The unit, which manages and identifies premium real estate opportunities in both the Kingdom of Saudi Arabia and the United Arab Emirates, is in the process of handing over a project in Riyadh.

The Investment Banking division reported revenues of AED 0.7 million (Q1 2016: AED 1.4 million) and a loss of AED 0.8 million (Q1 2016: AED 0.3 million) for the period. The Capital Markets division, which handles equities and fixed income trading, and Market Making activities on the Nasdaq Dubai Equities and Futures market reported a significant increase in revenues to AED 4.2 million (Q1 2016: AED 1.4 million), and a reduction in losses to AED 1.0 million (Q1 2016: AED 2.9 million).

SHUAA expects to publish its earnings release and reviewed interim condensed consolidated financial statements for Q1 2017 in May 2017.

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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

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