SHUAA

Earnings Release

7 May 2015

FINANCIAL RESULTS FOR Q1 2015

SHUAA Capital today reports revenues of AED 44.0 million and a net loss of AED 1.6 million for the first quarter of 2015 compared with revenues of AED 64.2 million and a net profit of AED 8.2 million in the first quarter of 2014.

Interest income increased to AED 33.7 million (Q1 2014: AED 30m) while net fees and commissions income was AED 9.6 million (Q1 2014: 15.8m) as both investment banking and capital markets divisions faced challenges due to general market uncertainty, especially during the first two months of the year, causing a delay in the execution of a list of projects in the pipeline. At the same time operating expenses continued to reduce, dropping to AED 38.0 million in the first quarter as compared to AED 44.7 million in first quarter 2014.

“SHUAA’s performance was impacted by a slowdown in corporate transactions, mainly due to market uncertainty surrounding the fall in oil and gas prices, continued concerns over Europe and geopolitical issues in the Middle East,” commented Abdul Rahman Hareb Rashed Al Hareb, Chairman of SHUAA.

“Despite this, our Q1 performance has benefitted from continued investment into Gulf Finance, our SME-focused financing subsidiary, which continues to see strong growth of its loan book and client base. The revenues generated from Gulf Finance and our asset management business, which also continued to perform well, helped offset market volatility and we remain committed to our key strategic objective of maintaining a low cost base while focusing on enhancing recurring revenue capabilities.”

SHUAA’s balance sheet remains strong with total assets of AED 1.6 billion (Q4 2014: AED 1.6 bn). Total loans and advances increased to AED 902.9 million (Q4 2014: AED 847.0m), with AED 873.4 million attributable to the SME Lending Business. Liabilities decreased slightly to AED 431.8 million (Q4 2014: AED 458.8 m) and SHUAA’s leverage ratio now stands at 0.28x.

SEGMENTAL PERFORMANCE

Investment Banking

The Investment Banking team reported quarterly net revenues of AED 2.0 million and net loss of AED 1.5 million compared to net revenues of AED 6.4 million and a net profit of AED 8.0 million during the corresponding period of 2014. G&A expenses for the quarter stood at AED 3.5 million.

The first two months of the year proved challenging as macro-economic uncertainty and local market sentiment resulted in lower levels of activity. Despite these issues, the team successfully closed an M&A mandate during the first quarter and executed a number of advisory mandates.

Lending

Gulf Finance UAE and Gulf Finance Saudi Arabia reported combined net revenues and a net profit of AED 34.3 million (Q1 2014: AED 30.8m) and AED 7.3 million (Q1 2014: AED 7.4m) respectively. Combined interest income was AED 32.6 million, 11.6% higher than the previous year as a result of an increased demand for SME loans as the business continued to expand its product offering. Net provisions fell nearly 29% to AED 5.6 million (Q1 2014: AED 7.8m) as the group's risk management policies, procedures and methods have proven robust. G&A costs have increased to AED 16.1 million (Q1 2014: AED 10.8m) as additional sales and support staff were recruited.

As of 31 March 2015, the loan portfolio for Gulf Finance was AED 907.5 million as compared to AED 853.6 million as of 31 December 2014. Gulf Finance's client base currently consists of small businesses found mainly in in the wholesale trade, transportation and manufacturing sectors.

During final quarter of 2014, a AED 500 million senior secured term loan was closed with ADCB as lead arranger. These funds will be redeployed to Gulf Finance who will continue to expand its product offering during the course of the year. Also in the final quarter of 2014, Gulf Finance Saudi Arabia obtained a new operating license from the Saudi Arabian Monetary Agency (SAMA) which will allow it to officially practice three financing activities in the Kingdom: financial leasing, financing productive assets and SME financing.

Asset Management

The Asset Management division posted quarterly net revenues of AED 4.4 million (Q1 2014: AED 4.8m) as net fees and commission dipped 8.6% on a year-on-year basis. The fall in revenue was partially offset by a reduction in G&A expenses resulting in net profit of AED 2.8 million (Q1 2014: AED 3.1m).

The Emirates Gateway Fund and the Arab Gateway Fund recorded quarterly returns of 0.4% and 1.7% respectively, outperforming their respective benchmarks by 6.8% and 2.1%. The Emirates Gateway Fund was also awarded Best UAE Equity Fund 2014 by MENA FM in the 'three-year performance' category, the fifth year in succession it has received this award.

As of 31 March 2015, client Assets under Management grew to AED 878 million from AED 853 million as of 31 December 2014.

Capital Markets

The Capital Markets division reported net revenues of AED 2.1 million (Q1 2014: AED 3.3m) and a net loss of AED 0.8m (Q1 2014: net profit of AED 1.5m) in Q1 as local market trading volumes were down year-on-year. The division is continuing to invest in and expand equity and credit market making and recorded an increase in trading income throughout the quarter.

Corporate

The Corporate division posted quarterly revenues of AED 1.3 million (Q1 2014: AED 18.9 million) and a quarterly net loss of AED 9.4 million (Q1 2014: loss of AED 11.8m). Revenues declined due to adverse mark to market valuation of investments. On the positive side, G&A was reduced significantly on a comparative annual basis to AED 8.1 million in first quarter 2015 compared to AED 21.0 million in first quarter 2014, confirming structure flexibility and efficient cost discipline.

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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.

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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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