Capital Market Institution Credit Rating Summary Report

SNB Capital Company

Closed Joint Stock Company

August 2026

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Related Criteria and Methodology

The specific rating methodologies and criteria applied in this analysis are available on the Tassnief website. To view or download these documents, please visit www.tassnief.com.

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1. Tassnief's Rating Opinion

Simah Rating Agency (Tassnief) has maintained the long-term entity rating of **"AA+" (Double A Plus)** and short-term entity rating of **"T-1"** assigned to **SNB Capital Company**. The outlook on the rating is **"Stable"**. Tassnief considers the rated issuer to hold very high creditworthiness and thus very low credit risk although the risk profile may vary slightly with changes in economic / sector conditions.

About the Company:

SNB Capital Company ("SNBC" or the "Company") is a Saudi Closed Joint Stock Company formed in 2005 and registered in KSA in 2007. The Company had 431 employees as at end-2025. It is the largest asset management company in KSA in terms of assets under management. SNBC is a 100% owned subsidiary of Saudi National Bank.

SNB Capital Company	
Domicile	Saudi Arabia
Long-Term Rating	AA+
Outlook	Stable
Short-Term Rating	T-1
Rating Watch	None
Rating Action	Maintained
Rating Type	Solicited
Date of Initial Rating	June 2025
Date of Last Review	N/A
Deviation from Methodology	None

2. Rating Rationale

The assigned ratings are underpinned by SNB Capital's ("SNBC" or the "Company") strategic significance to its parent, Saudi National Bank (SNB), and resulting advantages in the form of integrated operations, unified branding, shared clientele, product portfolio synergies enabling cross-selling, and access to parent's credit facilities for growth financing. On a standalone basis, ratings also incorporate leading market position of SNB Capital in asset management services industry in terms of assets under management (AUM), strong franchise value, as well as strong positions in securities brokerage and investment banking businesses. Business risk profile draws support from diversified product portfolio and moderate revenue diversification. Satisfactory operating profitability, sound capitalization and liquidity buffers along with a sound governance framework are also key drivers.

Financial performance during 2025 and in the ongoing year remained resilient despite a challenging operating environment. Decline in operating profitability was offset by higher investment income which resulted in 24.4% growth in overall profitability during 2025. However, leverage (debt to equity) and coverage (debt to operating profit) indicators weakened at end-2025. Accounting for recurring income from investments and offsetting debt with highly liquid government securities, leverage and coverage indicators remain strong. Comfort is also drawn from management's strategy of pursuing a conservative investment profile for a major portion of the investment portfolio resulting in strong liquid asset coverage of outstanding borrowings.

Going forward, the Company is focused on growing revenue across all core segments, strengthening distribution, collaborating with fintech companies, actively engaging with banks including the parent bank, investing in human capital, and doing product innovation. These initiatives are expected to aid retention of market leadership and better financial performance over the rating horizon.

Largest asset manager in Saudi Arabia enjoying strong franchise value

SNBC is the largest asset management company in Saudi Arabia with AUMs amounting to SAR 263.0b (2024: SAR 238.6b) at end-2025 and a market share of 23%. The Company is the largest Shariah-compliant asset manager globally. SNBC holds a leading position in the securities brokerage market in terms of value traded, and a sizeable market share in the investment banking business across both, equity and debt capital segment. The institution enjoys strong franchise value. SNBC also operates with substantial equity size and quantum of profit, demonstrating the scale and financial strength to serve clients across diverse market conditions.

Strong sponsor profile and systemic importance

The assigned rating is underpinned by SNBC's ownership structure, with Saudi National Bank holding entire stake which is majority owned by the Public Investment Fund. Ratings factor in sound financial profile of the Bank with key rating drivers including leading market position, robust capitalization indicators, sound asset quality and liquidity metrics. The AMC is positioned to leverage its relationship with its sponsor, Saudi National Bank, as an integrated franchise, through product distribution, cross-selling opportunities, operational synergies and access to credit facilities. Within Saudi Arabia, given its role in managing critical pension funds and other key assets, the asset manager holds systemic importance within the financial ecosystem. The AMCs investment decisions and risk management practices have broad implications for market stability and economic growth of the Kingdom.

Sector characterized by moderate risk and stable outlook

The CMIs sector's industry risk profile is characterized by highly competitive intensity, moderate cyclicality and barriers to entry and broadly supportive operating environment over the medium term. Industry penetration, while having improved over time, remains below median for G20 countries, reflecting room for further growth. Overall, ongoing capital market deepening, economic diversification, and increasing participation from institutional and foreign investors position KSA CMI sector to maintain stable performance and support sustainable growth over the medium term. However, near-term challenges remain given the elevated geopolitical risk and tight liquidity.

Diversified product portfolio provides substantial flexibility to investors and supports client retention

The Company has a comprehensive investment offering and capital market services portfolio across the five business lines comprising asset management, securities brokerage, wealth management, investment banking and principal investments & funding. In asset management, the AMC offers investments in regional equities, money markets & fixed income, alternative investments, multi-assets and international equity. The Company has been proactive with regards to changing market trends, offering selected investment opportunities across alternatives comprising private equity and real estate. The AMC leverages its association with Saudi National Bank, to provide comprehensive wealth management services, supported by expertise in strategic asset allocation, corporate savings plans, and innovative financial planning tools. In securities brokerage, SNBC provides custody, asset servicing and value-added securities services, with a highly ranked equity research team. Investment banking services are characterized by strong relationships with government-related entities and private sector, and reputation as a pioneer in multiple debt capital market transactions.

Revenue diversification and strategic focus on distribution enhancement is expected to support retention of market leadership

Revenue is diversified across the three core segments, with 70% revenue contributed by asset management, followed by 20% from securities brokerage and 10% from investment banking. However, the Company is focused on growing revenue across all three segments going forward. Moreover, sizeable recurring investment income from the principal investments also supports income diversification. In asset management, SNBC is strengthening distribution, collaborating with fintech companies, actively engaging with banks including the parent bank, investing in human capital, and doing product innovation particularly in relation to service offerings for corporate employees.

Efficiency initiatives and consistent revenue growth to drive operating profitability

Profitability profile remains strong with margin recovery on account of reduction in operating expenses while revenue declined. Going forward, operating margins will be a function of consistent revenue growth, as the Company shifts to a more scalable business model, with a higher level of operating efficiency. Decline in operating profitability was offset by higher investment income which resulted in 24.4% growth in overall profitability during 2025.

Strategic focus on principal investments has led to an increase in leverage indicators which remain manageable

SNBC has a sizeable equity base, that has consistently grown on the back of profit retention. However, in line with strategic focus on principal investments, the Company notably increased its investment portfolio exposure, funded by short-term borrowings, which translated to an increase in interest bearing debt to equity to 1.48x at end-2025 (2024: 1.04x). With limited growth in operating profit, debt to operating profit increased as at end-2025. Accounting for recurring income from investments and offsetting debt with highly liquid government securities, leverage and coverage indicators remain strong. Comfort is also drawn from management's strategy of pursuing a conservative investment profile for a major portion of the investment portfolio resulting in strong liquid asset coverage of outstanding borrowings.

Sizeable investment portfolio mainly represented by fixed income securities supports liquidity position

Liquidity profile is healthy and draws support from liquidity buffer in the form of financial investments primarily comprising fixed-income securities. The investment portfolio demonstrates conservative risk management with majority of investments allocated to sovereign and investment grade exposures. Liquid assets to total liabilities amounted to 91% at end-2025. Further comfort is drawn from availability of funding from the parent, along with credit lines from other banks.

Robust governance framework, structured approach to strategic planning and experienced management team

SNBC's corporate governance framework is sound with effective board oversight, internal control framework and robust IT infrastructure. Composition of Board & Board Committees is in line with best practices. Corporate governance assessment is further enhanced by experienced and stable senior management team which is supported by functioning management committees, well-defined roles and responsibilities, satisfactory performance evaluation criteria and clear reporting lines as per a formalized organogram. SNBC maintains a structured approach to strategic planning, regularly creating updated strategies that are shared both internally throughout the Company and with outside parties. The Company demonstrates a strong commitment to openness and accountability through comprehensive information provided on its website and in annual reports.

3. Rating Triggers

The assigned ratings would be supported by strong growth in AUMs alongside diversification and growth in segment wise fee income, enhancement in operating margin on the back of higher operating revenue and business model optimization, and reduction in leverage indicators. The key rating sensitivities are a continued weakening in financial flexibility on account of leveraged investment portfolio expansion, and a sustained decline in AUMs, revenues and operating margins.

Long-Term and Short-Term Rating Scale

<table>
<tr><th>Classification</th><th>Risk Level</th><th>Long-Term Rating</th><th colspan="2">Short-Term Rating</th></tr>
<tr><td rowspan="4">High Grade</td><td rowspan="4">Negligible Risk</td><td>AAA</td><td>T-1</td><td></td></tr>
<tr><td>AA+</td><td rowspan="4"></td><td rowspan="5">T-2</td></tr>
<tr><td>AA</td></tr>
<tr><td>AA-</td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Very Low Risk</td><td>A+</td></tr>
<tr><td>A</td><td rowspan="3">T-3</td></tr>
<tr><td>A-</td><td></td></tr>
<tr><td rowspan="3">Investment Grade</td><td rowspan="3">Low Risk</td><td>BBB+</td><td rowspan="3">T-4</td></tr>
<tr><td>BBB</td><td rowspan="2"></td></tr>
<tr><td>BBB-</td></tr>
<tr><td rowspan="3">Near Prime</td><td rowspan="3">Low to Moderate Risk</td><td>BB+</td><td rowspan="4">T-5</td><td rowspan="3"></td></tr>
<tr><td>BB</td></tr>
<tr><td>BB-</td></tr>
<tr><td rowspan="3">Sub Prime</td><td rowspan="3">High Risk</td><td>B+</td><td rowspan="8">T-6</td></tr>
<tr><td>B</td><td rowspan="7"></td></tr>
<tr><td>B-</td></tr>
<tr><td rowspan="3">Credit Watch</td><td rowspan="3">Very High Risk</td><td>CCC+</td></tr>
<tr><td>CCC</td></tr>
<tr><td>CCC-</td></tr>
<tr><td rowspan="3">Distressed</td><td rowspan="2">Extremely High Risk</td><td>CC</td></tr>
<tr><td>C</td></tr>
<tr><td>Default</td><td>D</td><td>T-7</td><td></td></tr>
</table>

Long-Term Rating Definitions

Long-Term Rating	Definition
AAA	**Extremely Robust**; Tassnief considers the rated issuer or issuance hold the **highest creditworthiness**, thus **negligible credit risk**
AA+ AA AA-	**Very Robust**; Tassnief considers the rated issuer or issuance to hold **very high creditworthiness**, thus **minimal credit risk**. Risk profile may vary slightly with changes in economic / sector conditions
A+ A A-	**Robust**; Tassnief considers the rated issuer or issuance to hold **high creditworthiness**, thus **very low credit risk**. Risk profile may vary with changes in economic / sector conditions
BBB+ BBB BBB-	**Moderate**; Tassnief considers the rated issuer or issuance hold **adequate creditworthiness**, thus **low credit risk**. Risk profile may exhibit moderately high variation with changes in economic / sector conditions
BB+ BB BB-	Tassnief considers the rated issuer or issuance hold **low to moderate credit risk**. Risk profile may exhibit wide variation with changes in economic or sector conditions.
B+ B B-	Tassnief considers the rated issuer or issuance hold **very low creditworthiness**, thus **high credit risk**
CCC+ CCC CCC-	Tassnief considers the rated issuer or issuance hold **extremely low creditworthiness**, thus **very high credit risk**
CC C	**Highly speculative credit profile**, and the default is imminent
D	Tassnief considers the rated issuer or issuance have **defaulted.**

--- End of Report ---