

## Our Methodology

SIMAH Rating Agency (TASSNIEF), will display the highest level of transparency in communicating its ratings to the marketplace, so that investors can be provided with the details of TASSNIEF's ratings approach, opinions and analyses.

TASSNIEF's ratings for a valuation firm is an independent opinion on the management practices and technical expertise of the company. Rating reflects the quality of the management practices adopted by valuation firms in order to conduct their operations mainly comprising asset valuation. The quality of the valuation techniques and the expertise of the team is also assessed.

Moreover, TASSNIEF's rating methodology is built on a simplified sequential approach, in which it leads to the Rating of Valuation Firms.

TASSNIEF's ratings go hand in hand with an outlook, in which the direction can be positive, negative or stable. In addition, TASSNIEF allows itself to place any rating on watch in the following three months, if the economic conditions is subject to change or some major development at the company.

## Rating Process

Once TASSNIEF is appointed as the rating agency and the contract is signed, the client shall submit all required information and documents. In addition, TASSNIEF rating team will meet with the client's management to better assess the processes of the company from a rating perspective.

Afterwards, TASSNIEF's analytical team will start its analysis and presents the outcome to its rating Committee for deliberation. Therefore, there is no person solely responsible for a rating; instead our rating exercise is rather a collective work of TASSNIEF's experienced team, which is validated in the Saudi context.

TASSNIEF will also provide the client with the opportunity to appeal on the Rating for a second review, depending on the circumstances.

Subject to the final approval of the client, the Rating Report will be distributed at the discretion of the client.



## Valuation Firms Rating Framework

### Rating Factors

#### Structural Factors 10%

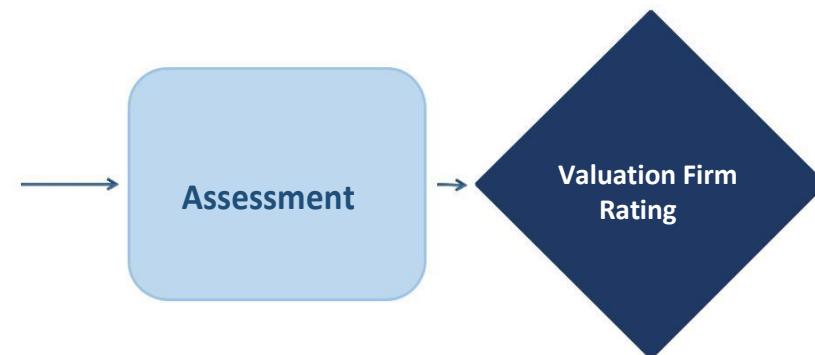
- Macroeconomic Environment
- Operating Environment
- Regulatory Environment

#### Qualitative Factors 70%

- Valuation Quality
- Governance and management
- Competitive positioning

#### Financial Factors 20%

- Financial Soundness



## Rating Scale & Definitions

VFR1	Governance, management practices and technical expertise of the valuation firm to be of the highest standards.
VFR2	Governance, management practices and technical expertise of the valuation firm to be of high standards.
VFR3	Governance, management practices and technical expertise of the valuation firm to be of average standards.
VFR4	Governance, management practices and technical expertise of the valuation firm to be of low standards.
VFR5	Governance, management practices and technical expertise of the valuation firm to be weak.

## Key Definitions

**Valuation Firms Rating (VFR)** is an independent opinion on the management practices and technical expertise of the company.

**Modifiers** are « ++ » and « + » signs that adds more granularity in the ordinal classification.

**Outlook** is an indication of the direction of the rating over a horizon over medium-term.

**Watch** is a three-month surveillance followed by some development.