July 2026

United International Holding Co.(TASHEEL)

Investment Update

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Competition and regulatory changes to weigh on near-term earnings, but attractive valuation and compelling upside support an "Overweight" rating

We expect tighter pricing, lower administrative fee income and the removal of promissory notes to weigh on NIMs and asset quality, driving our 2026-30 average NIM and ROE forecasts down to 21.7% and 16.9%, respectively. Nevertheless, we remain constructive on the company's long-term growth prospects, forecasting a 13.7% loan book CAGR and 9.9% net income CAGR over 2026-30. Following a 47.2% decline in the share price over the past 12 months, Tasheel trades at an attractive 9.2x 2026E P/E and 1.4x P/B, offering a compelling risk-reward profile. We also see potential upside from Nowaccess, Tasheel's salary-advance fintech initiative, which could add SAR 5.5/ share to our current valuation. Despite lowering our earnings estimates to reflect intensifying competition and a stronger-than-expected impact from recent SAMA regulatory changes, we maintain our "Overweight" rating on Tasheel with a TP of SAR 41.0/share, implying 37.8% upside from the last close.

Net profit recorded at SAR 48.2mn down 20.3% Y/Y, higher OPEX slowed down the earnings momentum: Tasheel recorded net profit of SAR 48.2mn in Q2-26, down 20.3% Y/Y (down 25.1% Q/Q). The result was 23.1% and 24.3% below AJBC estimate and market consensus, respectively. The deviation to AJBC estimate is mainly due to higher than expected operating expenses. Net commission income was up 7.1% Y/Y, largely unchanged on a Q/Q basis. NIMs contracted by ~223bps Y/Y (~-20bps Q/Q) to 23.3% in Q2-26. Financing portfolio was up 13% Y/Y to SAR 3.2bn, however was largely unchanged on a sequential basis. Business was affected by a week-long disruption in Amazon Web Services, cut in loan administrative fees and removal of promissory note requirement for credit card issuance. Cost to income ratio increased by 652bps Y/Y to 45.7% in Q2-26 as operating expenses grew by 24% Y/Y. The increase in OPEX is due to investments in talent acquisition, technology infrastructure and marketing. Cost of Risk declined to 5.1% in Q2-26 as compared to 5.2% a year earlier. The company plans on launching new retail products over the next 18 months.

Competition to intensify as BNPL players expand into cash lending and established players enter consumer finance: Tasheel's NIMs have contracted by 602bps since 2021 to 24.6% in 2025, reflecting heightened competitive intensity and a shift toward lower-margin products. We expect competitive pressures in the consumer finance market to intensify further, with established players such as Bank Albilad, through its wholly owned subsidiary Dufaa Finance Company, and Jarir, through its partnership with Aman Egypt, entering the market. Meanwhile, competition from BNPL platforms such as Tabby and Tamara is also evolving, with both players expanding beyond point-of-sale financing into cash lending. In our view, the convergence of traditional lenders, fintech platforms and BNPL providers is likely to place further pressure on pricing and margins across the sector.

Lower earnings estimates as competition intensifies and SAMA regulatory changes weigh on profitability: We have revised down our earnings estimates for Tasheel, incorporating a stronger-than-previously anticipated impact from the recent changes to SAMA regulations for non-bank financial institutions (NBFIs), alongside intensifying competition in the consumer finance market. Key regulatory changes include: (1) increasing the maximum debt-to-equity/book leverage ratio from 3:1 to 8:1, (2) capping administrative fees at the lower of 0.5% of the financing amount or SAR 2,500, versus 1% or SAR 5,000 previously, and (3) discontinuing the use of promissory notes.

Recommendation	Overweight
Target Price (SAR)	41.0
Upside / (Downside)*	37.8%

Source: Tadawul *prices as of 21st July 2026

Key Financials

SARmn (unless specified)	FY24	FY25	FY26E	FY27E
Commission income	624	769	846	969
Growth %	19.1%	23.4%	10.0%	14.5%
Finance expense	80	97	101	121
Net financing income	544	673	745	849
Net income	223	272	241	282
Growth %	5.0%	22.1%	-11.4%	16.8%
EPS	2.97	3.63	3.22	3.76
DPS	-	-	0.75	2.00

Source: Company reports, AlJazira Capital Research

Key Ratios

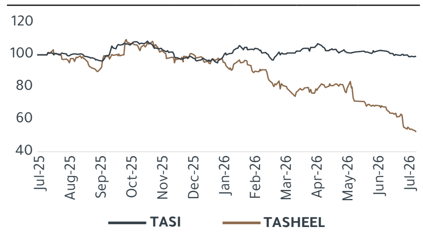
	FY24	FY25	FY26E	FY27E
NIMs	25.4%	24.6%	22.7%	22.4%
ROA	10.1%	9.6%	6.9%	7.0%
ROE	22.3%	21.7%	16.1%	17.1%
NPL Ratio	7.8%	9.9%	10.9%	11.0%
NPL Coverage	37.3%	33.2%	39.2%	40.2%
PE (x)	20.2	14.2	9.2	7.9
PB (x)	4.1	2.8	1.4	1.3
Div yield	0.0%	0.0%	2.5%	6.7%

Source: Company reports, Aljazira Capital Research

Key Market Data	
Market Cap(bn)	2.1
YTD%	-17.69%
52 week (High)/(Low)	59.6/29.1
Share Outstanding (mn)	75.0

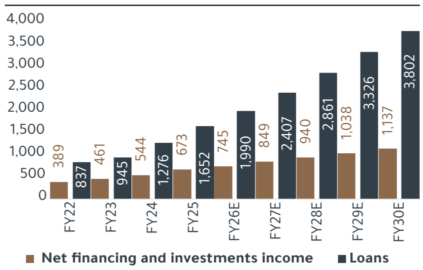
Source: Company reports, Aljazira Capital Research

Price Performance (Indexed)



Source: Bloomberg, AlJazira Capital Research

Fig 1: NSCI and Loans (SAR mn)



Source: AlJazira Capital Research, Company reports

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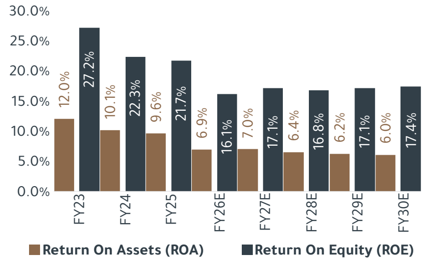
We believe these changes could intensify pricing competition, structurally reduce fee income and potentially weaken underwriting discipline, resulting in higher delinquencies and Cost of Risk (CoR). We have therefore raised our NPL assumptions and revised down our NIM forecasts. We now expect the Stage 3 ratio to average 11.0% over 2026-30, versus 10.5% previously, while average CoR is forecast at 5.5%, compared with our earlier estimate of 5.0%. We also lower our 2026-30 average NIM forecast to 21.7% from 22.9%, with NIMs expected to decline from 24.6% in 2025 to 20.7% by 2030, reflecting intensifying competition and a gradual shift toward lower-margin products. Despite the downward revisions to profitability, we remain constructive on Tasheel's loan growth prospects. We forecast 13.7% loan book CAGR over 2026-30. Overall, we now forecast average ROE of 16.9% over 2026-30, down from our previous estimate of 20.7%, while net income CAGR is expected at 9.9%, versus 10.7% previously.

Investment thesis and valuation: Recent changes in regulations and growing competition (BNPL players and new entrants) have resulted in downward adjustment in our earnings estimates, due to higher cost of risk and lower NIMs. However, we are positive on the company as (1) earnings growth is near double digits, and (2) after the 47.2% price decline in last 12 months the stock trades at an attractive 2026e PE of 9.2x and PB of 1.4x, while it offers average 2026-30 ROE of 16.9%. Moreover, we flag Nowaccess (new salary advance fintech) as a potential upside risk, which can add SAR 5.5 per share to our current price target. We value UIHC assigning 50% weight to Dividend Discount Model (20% retention ratio and 10.5% cost of equity), while we assign 50% weight to Residual Income approach (2.5% risk free rate and 10.5% WACC), to arrive at an "**Overweight**" rating and a TP of **SAR 41.0/share**, offering an upside of 37.8% from last close.

Key downside risks to our investment thesis are slower than expected loan growth, a spike in NPL ratio and increased competition resulting in lower gross yields and NIMs.

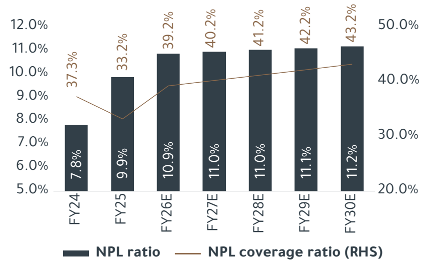
Upside risks include above expected increase in loans and gross yields, lower provisioning expenses, and better than anticipated performance of Fintech venture.

Fig 2: ROA and ROE



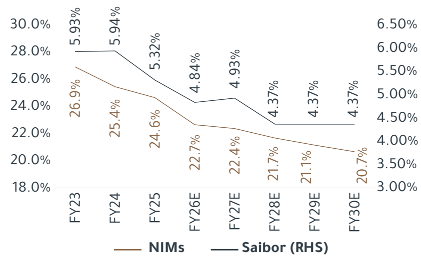
Source: AlJazira Capital Research, Company reports

Fig 3: Loan book quality



Source: AlJazira Capital Research, Company reports

Fig 4: NIMs to further contract



Source: AlJazira Capital Research, Company reports

Valuation Methodology

All figures in SAR, unless specified	Fair value	Weights	Weighted average
Two staged Gordon growth	42.2	50%	21.1
Residual Income	39.5	50%	19.7
Weighted average price target			**41.0**
Upside/(downside)			**37.8%**

Source: Company reports, AlJazira capital Research, prices as of 21st July 2026

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Key Financial Data

Amount in SARmn, unless otherwise specified	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement							
Commission income from finance and investments	624	769	846	969	1,071	1,192	1,315
Finance commission expenses	(80)	(97)	(101)	(121)	(131)	(154)	(178)
Net financing and investments income	**544**	**673**	**745**	**849**	**940**	**1,038**	**1,137**
NIMs	**25.4%**	**24.6%**	**22.7%**	**22.4%**	**21.7%**	**21.1%**	**20.7%**
G&A exp	(93)	(118)	(154)	(163)	(181)	(198)	(214)
S&M exp	(107)	(123)	(147)	(156)	(173)	(191)	(208)
Cost to income	**36.7%**	**35.9%**	**40.3%**	**37.6%**	**37.7%**	**37.4%**	**37.2%**
Net impairment	(95)	(125)	(168)	(205)	(243)	(275)	(308)
Cost of Risk	**3.9%**	**4.1%**	**5.1%**	**5.4%**	**5.6%**	**5.6%**	**5.6%**
Profit before tax	**249**	**307**	**276**	**324**	**342**	**374**	**406**
Zakat	(26)	(35)	(35)	(43)	(45)	(49)	(53)
Net income	**223**	**272**	**241**	**282**	**297**	**325**	**352**
Y/Y	**5%**	**22%**	**-11%**	**17%**	**5%**	**9%**	**9%**
EPS	**2.97**	**3.63**	**3.22**	**3.76**	**3.96**	**4.33**	**4.70**
DPS	**-**	**-**	**0.75**	**2.00**	**2.50**	**2.50**	**2.75**
Balance sheet							
Cash and cash equivalents	20	79	156	179	204	229	256
Prepayments & Other receivables	37	18	19	21	24	27	31
Net Financing Investments	2,407	3,051	3,526	4,058	4,619	5,200	5,802
Intangible assets	17	45	46	49	52	54	55
Total Assets	**2,485**	**3,198**	**3,752**	**4,313**	**4,905**	**5,516**	**6,150**
Accounts payable	66	91	108	119	130	141	151
Loans	1,276	1,652	1,990	2,407	2,861	3,326	3,802
Total Equity	**1,110**	**1,403**	**1,584**	**1,710**	**1,829**	**1,959**	**2,100**
Total Liabilities	**1,375**	**1,795**	**2,168**	**2,603**	**3,076**	**3,558**	**4,050**
Total Equity & Liabilities	**2,485**	**3,198**	**3,752**	**4,313**	**4,905**	**5,516**	**6,150**
Key fundamental ratios							
Capital Ratios							
Equity/ Total Assets	0.45	0.44	0.42	0.40	0.37	0.36	0.34
Profitability Ratios							
NIMs	25.4%	24.6%	22.7%	22.4%	21.7%	21.1%	20.7%
Return On Assets (ROA)	10.1%	9.6%	6.9%	7.0%	6.4%	6.2%	6.0%
Return On Equity (ROE)	22.3%	21.7%	16.1%	17.1%	16.8%	17.1%	17.4%
ROE/ROA (Leverage Ratio) (X)	2.21	2.26	2.33	2.45	2.60	2.75	2.87
Asset Quality Ratios							
NPL ratio	7.8%	9.9%	10.9%	11.0%	11.0%	11.1%	11.2%
NPL Coverage	37.3%	33.2%	39.2%	40.2%	41.24%	42.2%	43.2%
Cost of Risk	3.9%	4.1%	5.1%	5.4%	5.60%	5.6%	5.6%
Market/valuation ratios							
DPS	-	-	0.75	2.00	2.50	2.50	2.75
Dividend Yield	0.0%	0.0%	2.5%	6.7%	8.4%	8.4%	9.3%
Book Value Per Share (BVPS)	14.80	18.70	21.12	22.80	24.38	26.12	27.99
Market price	60.01	51.64	29.64	29.64	29.64	29.64	29.64
PE (x)	20.19	14.23	9.2	7.9	7.5	6.8	6.3
PB (x)	4.06	2.76	1.4	1.3	1.2	1.1	1.1
Growth rates							
Financing (Y/Y)	28.9%	26.7%	15.6%	15.1%	13.8%	12.6%	11.6%

Source: Company reports, AlJazira capital Research, prices as of 21st July 2026

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RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated “Overweight” will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated “Underweight” would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated “Neutral” is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.