

**Target Price: SAR184/share**  
 Current Price: SAR157.2/share  
 Upside: 17% (+Div. Yield: 3.3%)  
**Rating: Overweight**

## United International Holding Co. (Tas'heel)

### Accelerating business with digitization & innovation at core

- Tas'heel is the second largest, one of the fastest growing, and highly profitable (ROAE 23% in 2024) NBFi in KSA's underpenetrated consumer finance sector.
- We expect Tas'heel loan book at a healthy 17.3% CAGR between 2024-28e, resulting in a net revenue expansion of 18.2% CAGR and earnings growth of 16.6% CAGR.
- We value the Tas'heel at SAR184/share using an equal weightage of residual income method and relative valuation (3x P/B), implying 17% upside and an Overweight rating.

**Loan growth to remain robust; Baseeta key growth engine:** Tas'heel's loan book increased at a 36.0% CAGR over 2020-24, reaching SAR2.4bn by year-end 2024. Looking ahead, we forecast loan book growth to moderate to a still-healthy 17.3% CAGR over 2024-28e, reaching SAR4.6bn by 2028e. We expect cash loans to remain the core offering, growing at a 14.6% CAGR over 2024-28e (71% of the loan mix by 2028e vs. 78% in 2024). Further, we expect the Islamic credit card segment to be the standout performer, with projected growth of 29.9% CAGR over 2024-28e. This exponential growth in the segment is expected to be driven by the continued adoption of Baseeta product (loan mix 29% by 2028e from 19% in 2024). We expect this loan growth to be supported by i) macro and demographic tailwinds, ii) rising consumer finance penetration (KSA's consumer credit-to-GDP stood at 13% in 2023 vs. UAE 21.1% vs. avg. GCC 15.3%), iii) Vision 2030 & Government policy support under the FSDP, and iv) growing NBFi market size and market share relative to traditional banks.

**NIMs pressure expected amid product mix shift:** Tas'heel's asset yields are expected to gradually moderate over the forecast period, reflecting the increasing contribution of lower-margin products, notably the Baseeta credit card offering. We project asset yields to decline to 28.0% by 2028e, down from 29.2% in 2024. In parallel, intensifying competition in the consumer finance sector is likely to exert further pressure on NIMs, as Tas'heel adopts more aggressive pricing strategies to defend and grow its market share. Consequently, we forecast NIMs to compress to 24.6% by 2028e (vs. 25.4% in 2024). Despite these margin headwinds, we expect net revenue to grow at a 18.2% CAGR over 2024-28e, supported by portfolio expansion.

Figure 1: Key financial metrics

SARmn	2023	2024	2025e	2026e	2027e
Net income from IFC	461	544	692	842	954
NIM	26.9%	25.4%	25.3%	25.2%	24.8%
Cost to income ratio	35.9%	36.8%	38.5%	37.4%	37.2%
Net impairment losses	61	95	130	161	189
COR (bps)	343	430	461	466	477
Profit for the year	212	222	263	329	368
Net margin	46.1%	40.9%	38.0%	39.0%	38.6%
Net loans	1,867	2,407	3,070	3,610	4,094
y/y	20.1%	28.9%	27.5%	17.6%	13.4%
Borrowings	945	1,276	1,811	2,202	2,518
P/E	18.5x	17.7x	15.0x	12.0x	10.7x

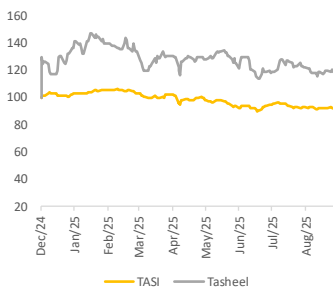
Source: Company data, GIB Capital

#### Stock data

TASI ticker	4083
Mcap (SARmn)	3,930
Trd. Val (3m) (SARmn)	6.4
Free float	31.0%
QFI holding	2.1%
TASI FF weight	0.06%

Source: Bloomberg

#### Prices indexed to 100



Source: Bloomberg

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**Operating efficiency to temporarily moderate on innovation-driven opex;...** Tas'heel has demonstrated strong operating leverage, with its cost-to-income ratio improving from 41.7% in 2021 to 36.8% in 2024, driven by scalability benefits from loan book expansion and topline growth. However, we expect a moderate near-term increase in the cost-to-income ratio, reflecting higher operating expenses associated with the launch of NowPay and continued product innovation. Accordingly, we expect the C/I ratio to peak at 38.5% in 2025e, before easing to 36.5% by 2028e as the business scales and incremental efficiencies are realized.

**...asset quality remains contained despite likely NPL uptick...** On the asset quality front, the company reported a notable rise in NPLs, with the NPL ratio increasing to ~9.0% in 2Q25, up 120bps from 7.8% in 2024, primarily due to portfolio seasoning and macro factors. Despite this uptick, we believe Tas'heel's disciplined risk management and targeted underwriting will contain further deterioration. We forecast a gradual increase in the NPL ratio to 9.3% by 2028e, indicating overall stability in asset quality. Importantly, the company maintains a robust collections infrastructure, achieving healthy recovery rates, which helps to cap its cost of risk. Consequently, we project the cost of risk to rise modestly to ~4.9% by 2028e, reflecting a normalized credit cost trajectory.

**...supportive of earnings to growth:** Taken together, Tas'heel's disciplined cost structure, resilient asset quality, and strong revenue momentum are expected to drive earnings expansion. We forecast earnings to grow at a 16.6% CAGR over 2024–28e, underpinned by both operating scale and prudent risk management.

**NowPay: scaling a payroll-linked EWA model with minimal credit risk:** Tasheel established Now Pay, a fintech JV focused on payroll administration and processing services in KSA. The entity has been incorporated with an initial capital of SAR10mn, with total committed investment expected to reach SAR75mn. UIHC will retain a 75% ownership stake, while NowPay Corp will hold the remaining 25%. This signals Tasheel's strategic push into fintech-enabled HR and payroll solutions, which is a nascent but high-growth vertical in the Kingdom. This move aligns with Tasheel's strategy to diversify into fintech-enabled lending solutions, supporting further expansion of its loan book. While these loans are expected to carry relatively low credit risk, we anticipate lower yields compared to the company's core cash loan portfolio, which could place downward pressure on NIMs. The company started operations in 3Q25, and the financial impact is expected during the quarter.

**Core service/Business model:** NowPay operates on an Earned Wage Access (EWA) model, where the core proposition centers not on consumer purchases but on early access to accrued wages. Through seamless integration with employers' payroll systems, NowPay enables corporate employees to withdraw a portion of their earned—but unpaid—salary at any point during the month, thereby offering enhanced financial flexibility and reducing reliance on high-cost debt. We note that there are global players working in similar space including PayActiv (US), DailyPay (US), Refyne (India), FlexEarn (UK).

As of now, NowPay serves over 300,000 employees across 250+ corporates, processing more than SAR1.5bn in monthly payroll volume. The platform also offers adjacent services such as bill payments for utilities, internet, and mobile, expanding its utility as a holistic financial wellness solution.

The company primarily generates revenue via employer-paid fees, positioning the service as an HR benefit aimed at improving employee wellbeing and retention. In some cases, nominal

transaction-based charges may be levied on employees. This B2B-led model ensures scalability and recurring revenue with limited customer acquisition costs.

Operationally, NowPay assumes the funding risk for early disbursements, with repayment recovered directly from employers on payday. This structure minimizes credit risk, as advances are made against already-earned salaries, with repayment enforced through payroll. The low-risk nature of this model, coupled with strong employer partnerships, underpins the platform’s attractive risk-adjusted returns and positions it well within the rapidly growing EWA and fintech-enabled payroll services space.

**Recap of 2Q25 result:** Tasheel’s revenues increased by 10.2% q/q to SAR192mn, above our estimate of SAR179mn (+7.4% beat). This beat was driven by a higher-than-expected expansion in the company’s financing portfolio (+7% q/q vs. +6% q/q GIBC estimate). Moreover, the revenue beat can also be attributed to higher-than-expected asset yields (28.2% in 2Q25 vs. 26.5% GIBC estimate). Gross profit (net income from Islamic financing contracts) rose by 9.6% q/q to SAR168mn, also above our estimate of SAR157mn (+7.1% beat). Despite the beat at the gross profit level, operating profit came in line at SAR68mn vs. our estimate of SAR66mn. This was due to higher-than-expected operating expenses and ECL charges (SAR101mn vs. SAR91mn expected). The higher opex can be likely attributed to the new venture “Now Pay”. Finally, the company’s net income increased by 3.4% y/y to SAR60mn, in line with our estimate of SAR59mn, with a net margin of 35.5%.

Figure 2: 2Q25 results summary

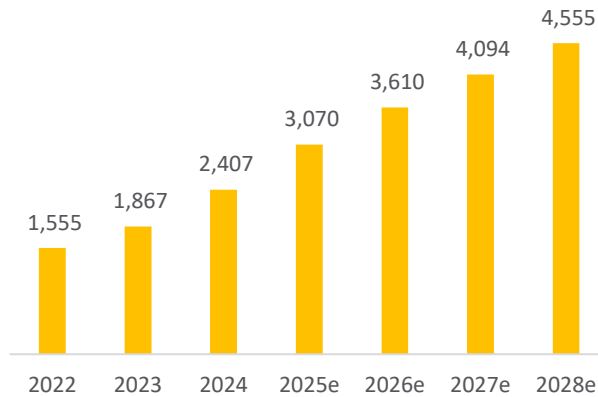
SARmn	2Q25	2Q24	y/y %	1Q25	q/q %	GIBC est.	Variance %
Income from Islamic financing contracts	192	150	28.4%	175	10.2%	179	7.4%
Finance costs	24	19	25.0%	21	14.3%	22	10.1%
Net income from Islamic financing contracts	168	131	28.9%	154	9.6%	157	7.1%
Opex	101	78	29.2%	89	13.4%	91	10.6%
Operating profit	68	53	28.5%	65	4.4%	66	2.2%
Net income	60	47	27.7%	58	3.4%	59	1.2%
<b>Margins</b>							
Net margin	35.5%	35.9%	-0.3%	37.6%	-2.1%	37.6%	-2.1%

Source: Company data, GIB Capital

**Valuation and risks:** For the residual income approach, we derive fair value for the company using a combination of the PV of the residual income (cost of equity: 11.2%; terminal growth: 4%) over 2025-30e and current book value to arrive at a 1Y fwd target price of SAR190/share. For relative valuation, we use the P/B multiple to capture the strength of the company’s balance sheet. For P/B valuation, we use a multiple of 3x on average of 2025-26e BVPS and arrive at 1Y-fwd price of SAR177/share. Accordingly, we arrive at an equal weightage average 1Y fwd target price of SAR184/share, implying an upside of ~17% and an Overweight rating. Downside risks include interest rate risks, credit and asset quality risks, operational risks related to digital infrastructure, regulatory and systematic risks, and liquidity risks.

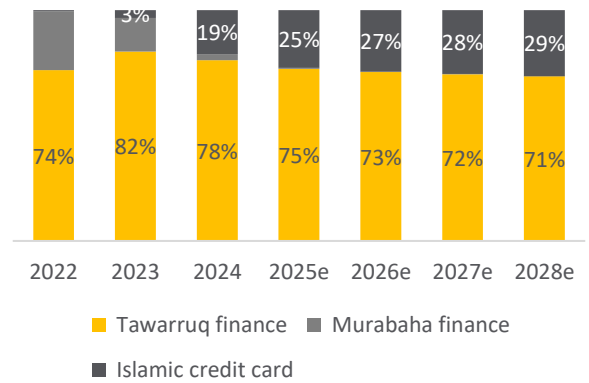
## Financial analysis in charts

Figure 3: Net loans (SAR mn)



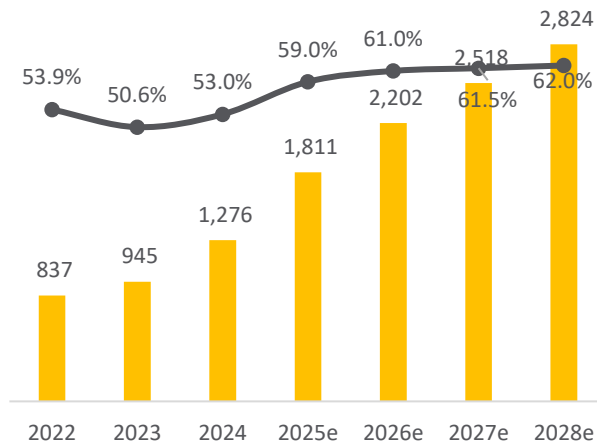
Source: Company data, GIB Capital

Figure 4: Loan mix



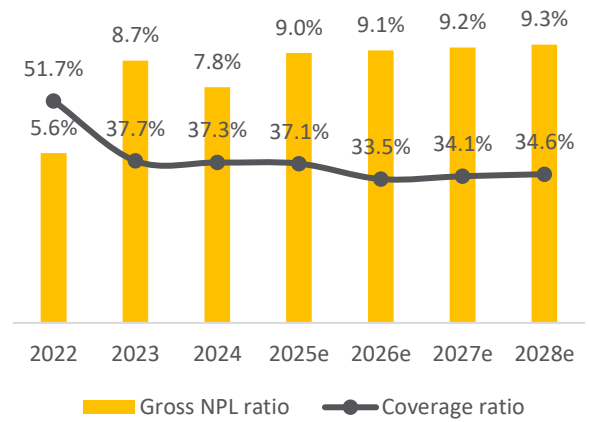
Source: Company data, GIB Capital

Figure 5: Borrowings (SARmn) and Borrowings to net loans



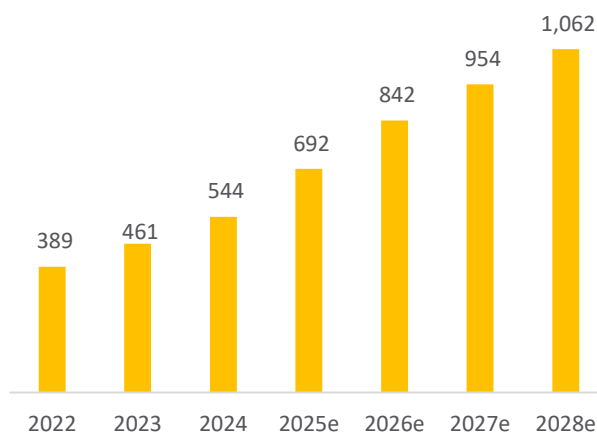
Source: Company data, GIB Capital

Figure 6: Gross NPL ratio and Coverage ratio



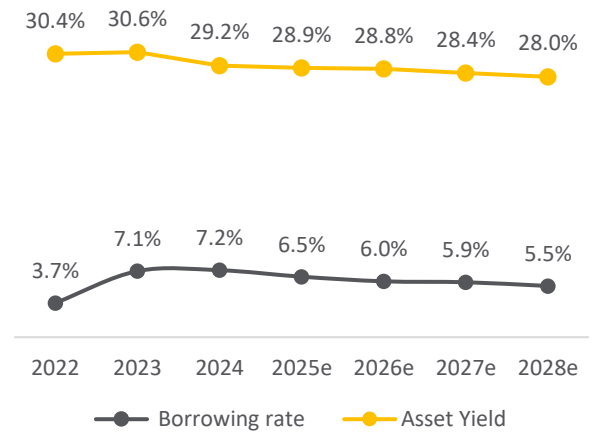
Source: Company data, GIB Capital

Figure 7: Net income from Islamic financing activities (SARmn)



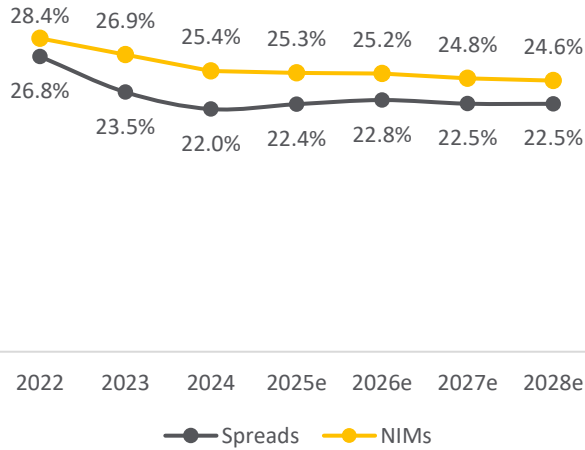
Source: Company data, GIB Capital

Figure 8: Asset yield and cost of funds



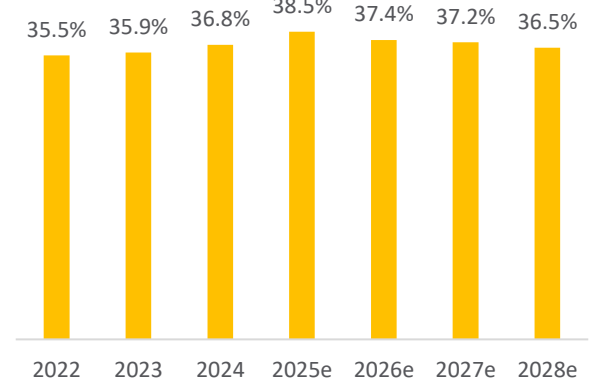
Source: Company data, GIB Capital

Figure 9: NIMs and Spreads



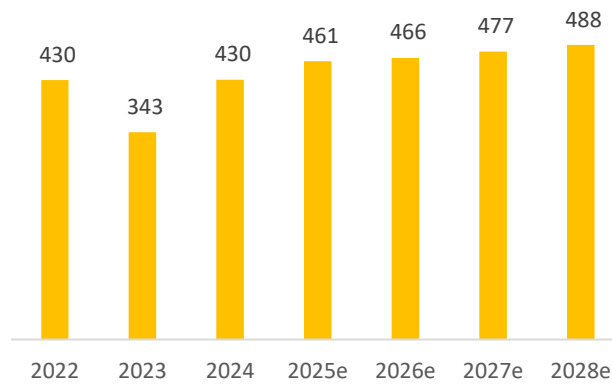
Source: Company data, GIB Capital

Figure 10: Cost to income ratio



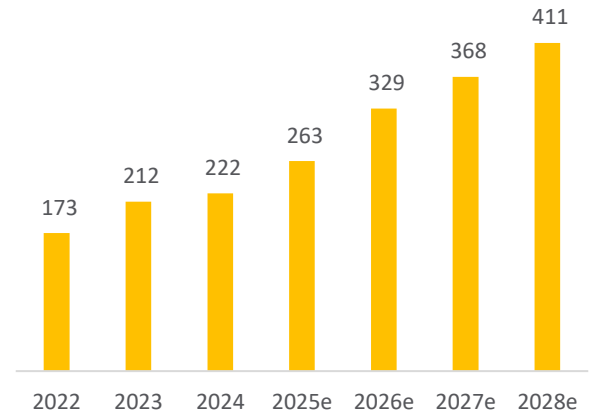
Source: Company data, GIB Capital

Figure 11: Cost of risk (bps)



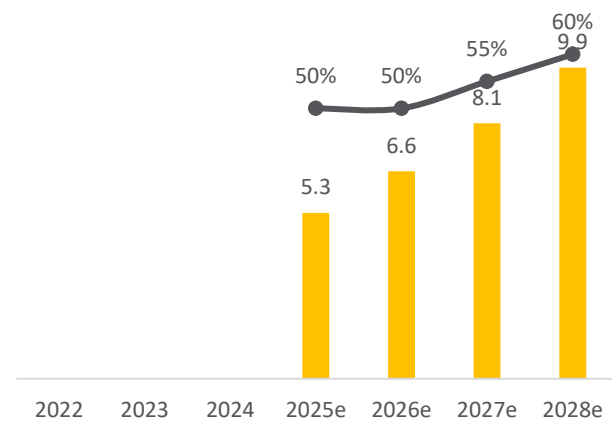
Source: Company data, GIB Capital

Figure 12: Profit for the year (SARmn)



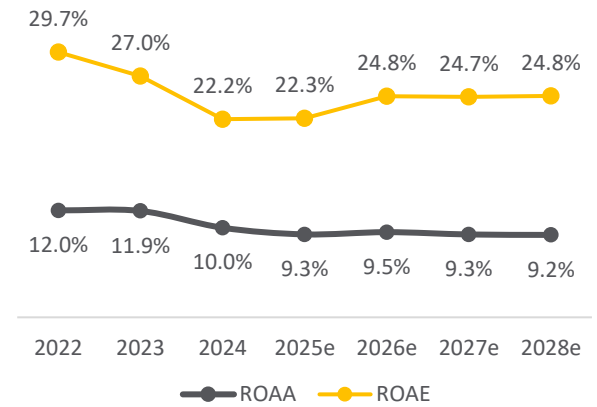
Source: Company data, GIB Capital

Figure 13: Dividend trend



Source: Company data, GIB Capital

Figure 14: RoAA and RoAE



Source: Company data, GIB Capital

## Financials

Figure 15: Summarized basic financial statements (SARmn)

Income statement	2023	2024	2025e	2026e	2027e	2028e
<b>Income from Islamic financing contracts</b>	<b>524</b>	<b>624</b>	<b>792</b>	<b>962</b>	<b>1,093</b>	<b>1,209</b>
Finance costs	63	80	100	120	139	147
<b>Net income from Islamic financing contracts</b>	<b>461</b>	<b>544</b>	<b>692</b>	<b>842</b>	<b>954</b>	<b>1,062</b>
Salaries and other benefits	90	96	132	163	184	202
Other operating expenses and D&A	75	105	134	153	171	186
Net impairment losses on financial assets	61	95	130	161	189	218
Finance costs on lease liabilities	0	0	0	0	0	0
Other income - net	2	(0)	(0)	(0)	(0)	(0)
<b>Profit before zakat</b>	<b>237</b>	<b>248</b>	<b>295</b>	<b>365</b>	<b>409</b>	<b>456</b>
Zakat expense	24	26	32	37	41	46
<b>Profit for the year</b>	<b>212</b>	<b>222</b>	<b>263</b>	<b>329</b>	<b>368</b>	<b>411</b>
<b>EPS</b>	<b>8.5</b>	<b>8.9</b>	<b>10.5</b>	<b>13.1</b>	<b>14.7</b>	<b>16.4</b>
DPS	0	0	5.3	6.6	8.1	9.9
Payout	0%	0%	50%	50%	55%	60%

Balance Sheet	2023	2024	2025e	2026e	2027e	2028e
Cash and cash equivalents	25	24	30	47	46	58
Prepayments and other receivables	19	37	39	41	43	45
Investment in Islamic financing contracts	1,867	2,407	3,070	3,610	4,094	4,555
Right-of-use assets	3	2	2	1	1	1
Property and equipment	4	4	5	6	8	9
Intangible assets	19	18	18	18	19	19
Goodwill	1	1	1	1	1	1
<b>Total assets</b>	<b>1,937</b>	<b>2,493</b>	<b>3,164</b>	<b>3,724</b>	<b>4,210</b>	<b>4,687</b>
<b>IEA</b>	<b>1,892</b>	<b>2,431</b>	<b>3,100</b>	<b>3,657</b>	<b>4,140</b>	<b>4,613</b>
Trade and other payables	67	67	70	74	77	81
Zakat payable	24	26	26	26	26	26
Lease liabilities	3	2	2	1	1	1
Borrowings	945	1,276	1,811	2,202	2,518	2,824
Employee benefit obligations	8	9	11	13	14	17
<b>Total liabilities</b>	<b>1,047</b>	<b>1,380</b>	<b>1,920</b>	<b>2,316</b>	<b>2,636</b>	<b>2,948</b>
<b>IBL</b>	<b>945</b>	<b>1,276</b>	<b>1,811</b>	<b>2,202</b>	<b>2,518</b>	<b>2,824</b>
<b>Total equity</b>	<b>891</b>	<b>1,113</b>	<b>1,244</b>	<b>1,408</b>	<b>1,574</b>	<b>1,738</b>
<b>Total Equity and Liabilities</b>	<b>1,937</b>	<b>2,493</b>	<b>3,164</b>	<b>3,724</b>	<b>4,210</b>	<b>4,687</b>
BVPS	36	45	50	56	63	70
Tangible Equity	871	1,094	1,226	1,390	1,555	1,719

Cashflow	2023	2024	2025e	2026e	2027e	2028e
Cashflow from Operations	(104)	(323)	(389)	(201)	(102)	(36)
Cashflow from Investing	(5)	(5)	(8)	(9)	(11)	(12)
Cashflow from Financing	107	328	403	227	113	60
<b>Total Cashflows</b>	<b>(2)</b>	<b>(1)</b>	<b>6</b>	<b>17</b>	<b>(1)</b>	<b>12</b>

Source: Company data, GiB Capital

Figure 16: Key ratios

Key ratios	2023	2024	2025e	2026e	2027e	2028e
<b>Income Analysis</b>						
Asset Yield	30.6%	29.2%	28.9%	28.8%	28.4%	28.0%
Cost of Funds	7.1%	7.2%	6.5%	6.0%	5.9%	5.5%
Spread	23.5%	22.0%	22.4%	22.8%	22.5%	22.5%
NIM	26.9%	25.4%	25.3%	25.2%	24.8%	24.6%
<b>Asset Quality</b>						
Gross NPL Ratio	8.7%	7.8%	9.0%	9.1%	9.2%	9.3%
Coverage ratio	37.7%	37.3%	37.1%	33.5%	34.1%	34.6%
COR (bps)	343	430	461	466	477	488
Write off ratio	61.0%	66.3%	78.2%	75.8%	71.0%	70.7%
Net loans/Total assets	61.2%	62.4%	59.0%	64.6%	72.9%	77.0%
<b>Profitability ratios</b>						
Cost to income ratio	35.9%	36.8%	38.5%	37.4%	37.2%	36.5%
Net margin	46.1%	40.9%	38.0%	39.0%	38.6%	38.7%
ROAA	11.9%	10.0%	9.3%	9.5%	9.3%	9.2%
ROAE	27.0%	22.2%	22.3%	24.8%	24.7%	24.8%
ROATE	27.7%	22.6%	22.7%	25.1%	25.0%	25.1%
<b>Leverage ratios</b>						
Net loans/Shareholder's Equity	2.1	2.2	2.5	2.6	2.6	2.6
Borrowings/Net loans	50.6%	53.0%	59.0%	61.0%	61.5%	62.0%
Borrowings/Shareholder's Equity	1.1	1.1	1.5	1.6	1.6	1.6
Borrowings/Total Assets	48.8%	51.2%	57.2%	59.1%	59.8%	60.3%
Net loans/Total Assets	96.4%	96.6%	97.0%	96.9%	97.2%	97.2%
<b>Valuation ratios</b>						
P/E	18.5x	17.7x	15.0x	12.0x	10.7x	9.6x
P/B	4.4x	3.5x	3.2x	2.8x	2.5x	2.3x
Dividend Yield	0.0%	0.0%	3.3%	4.2%	5.2%	6.3%

Source: Company data, GIB Capital

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