Equity Research report
UIHC AB Equity
28 October 2026

Target Price: SAR27.0/share
Current Price: SAR20.98/share
Upside: 28.6%
Rating: Overweight

United International Holding Co. (Tas'heel)

Higher provisions hit 3Q26; regulation curbs lending growth

- Top-line growth decelerates in 3Q26 as lending growth slowed post regulatory changes, while sharply higher impairment charges hit net profit.
- We cut 2026e/2027e net profit by 26%/12% on higher credit costs and OPEX with slower lending growth; gradual recovery is expected 2027e onwards.
- We value Tas'heel at SAR27.0/share using equal weightage of residual income method and relative valuation (~1.1x P/B), implying a ~29% upside. Post ~61% correction YTD, the stock trades at 0.9x on our 2027e BVPS and hence remain an Overweight rating.

Stock data	
TASI ticker	4083
Mcap (SARmn)	1,574
Trd. Val (3m) (SARmn)	7.4
Free float	35.0%
QFI holding	1.8%
TASI FF weight	0.03%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

3Q26 hit by higher provisions: Tas'heel's revenue (income from Islamic financing contracts and payroll advances) rose 3.4% y/y (+0.5% q/q) to SAR205.9mn in 3Q26, aided by 7.3% y/y growth (flat q/q) in the financing portfolio to SAR3.2bn. Gross profit rose 4.4% y/y to SAR181.7mn. However, net impairment losses jumped to SAR70.1mn from SAR19.0mn in 3Q25. This included a SAR33.8mn management overlay to strengthen coverage and accelerate write-offs, while the remaining SAR36.3mn reflected the annual ECL model update and greater portfolio maturity. This, along with higher operating expenses, weighed on the quarter, with operating profit falling 81.7% y/y (-69.9% q/q) to SAR16.6mn and net profit dropping 82.4% y/y (-70.2% q/q) to SAR14.4mn.

Lending slows on regulatory headwinds: SAMA's recent regulatory changes on fees and credit cards (refer our July 2026 update note) have hit Tas'heel's lending, and growth has slowed sharply. The financing portfolio (before provisions) grew 21.7% y/y in 1Q26, 13.6% in 2Q26 and just 7.3% in 3Q26, and it has barely moved quarter on quarter since the start of the year. We expect loan growth to remain muted in 4Q26, given the weak operating environment amid regulatory headwinds and heightened geopolitical uncertainty. Overall, we now forecast loan growth of 1.5% in 2026e (+5.9% previously), recovering to 5.9% in 2027e (+8.2% previously). As a result, we expect the financing portfolio to grow at a ~5% CAGR over 2025-30e, compared with ~8% earlier. We also cut our borrowing growth forecast to a ~3% CAGR from 10% on likely lower funding needs amid slower lending growth.

Figure 1: Key financial metrics

SARmn	2024	2025	2026e	2027e	2028e
Net income from IFC	544	673	724	748	801
NIM	25.4%	24.6%	23.5%	23.4%	23.5%
Cost to income ratio	36.8%	35.9%	46.4%	46.4%	45.7%
Net impairment losses	95	125	197	156	163
COR (bps)	430	443	617	470	462
Profit for the year	222	274	167	215	240
Net margin	40.9%	40.7%	23.0%	28.8%	30.0%
Net loans	2,407	3,046	3,093	3,277	3,514
y/y	28.9%	26.5%	1.5%	5.9%	7.3%
Borrowings	1,276	1,652	1,701	1,737	1,827
P/E	7.1x	5.8x	9.4x	7.3x	6.5x

Source: Company data, GIB Capital

Kunal Doshi
+966-11-834 8372
Kunal.doshi@gibcapital.com

Cost of risks to peak in 2026e, before easing next year: Following the removal of promissory notes, we expect the company to continue to focus on optimizing its portfolio, with cost of risk (CoR) likely remaining elevated in 4Q26, albeit at a lower level than the record high of about 870bps (annualized) in 3Q26. We raise our 2026e CoR from 506bps to 617bps, and expect it to ease to 470bps (482bps) in 2027e, as much of the provisioning has been taken upfront this year through the overlay and the model update.

Earnings estimates revised lower: Post weak 3Q26 results, we trim our 2026-27e net financing income forecasts slightly, as a stronger NIM largely offsets slower loan growth. On the cost side, we raise our cost-to-income (C/I) estimates by 4–5ppts to ~46% (in line with 9M26) for 2026–27e, as the company continues investing in its operations to support long-term growth. We expect the ratio to decline gradually as these investments improve efficiency. Overall, slower lending growth, higher operating costs, and increased CoR lead us to cut our net profit forecasts by ~26% for 2026e and ~12% for 2027e. Overall, we now expect net profit to stay broadly flat over 2025–30e, compared with ~2% annual growth previously.

Figure 2: Revision in estimates

SARmn	2026e			2027e		
	Current	Earlier	change	Current	Earlier	change
Net income from IFC & payroll	**724**	**725**	***-0.1%***	**748**	**766**	***-2.5%***
NIM	23.5%	23.0%	*0.5%*	23.4%	22.7%	*0.6%*
Cost-to-income	46.4%	42.1%	*4.3%*	46.4%	41.8%	*4.7%*
Net impairment losses	197	164	*19.5%*	156	168	*-7.2%*
Net profit attributable	**167**	**225**	***-26.1%***	**215**	**245**	***-12.1%***
Net margin	23.0%	31.1%	*-8.1%*	28.8%	31.9%	*-3.1%*
Net loans	**3,093**	**3,227**	**-4.1%**	**3,277**	**3,490**	***-6.1%***
Borrowings	**1,701**	**1,797**	***-5.3%***	**1,737**	**1,996**	***-13.0%***

Source: Company data, GIB Capital

Valuation and risks: We continue to use a blended valuation approach. Our residual income method (50% weight) yields SAR27.4/share, based on an 11.7% cost of equity and 2.5% terminal growth. Meanwhile, for relative valuation, we use a lower P/B multiple of ~1.1x on 2027e BVPS (previously: 1.6x on the average of 2026-27e BVPS) due to i) slowdown in lending, ii) higher costs, iii) lower sustainable RoE (~13% vs. ~15% previously), and iv) deferred dividends (now assuming from 2028 vs. 2027e earlier). This method yields a comparable SAR26.5/share. Accordingly, we revise our blended target price lower to SAR27.0/share from SAR36.0/share. Following the recent steep correction in prices (~61% YTD), we believe the stock trades at an attractive P/B multiple of 0.9x on 2027e BVPS, and hence we remain Overweight on Tas'heel.

Key downside risks include adverse regulatory developments, higher-than-expected pressure on yields, rising costs, faster asset quality deterioration, weak demand, and heightened geopolitical uncertainty.

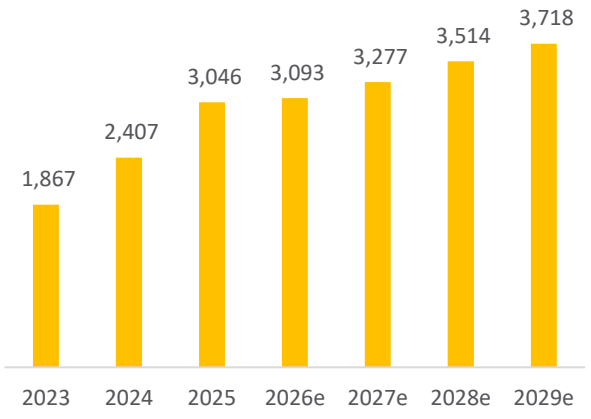
Figure 3: 3Q26 results review

SARmn	3Q26	3Q25	y/y %	2Q26	q/q %
Revenue	206	199	3.4%	205	0.5%
Cost of sales	24	25	-4.0%	25	-2.3%
Gross profit	182	174	4.4%	180	0.8%
Opex	165	83	98.0%	125	32.1%
Operating profit	17	91	-81.7%	55	-69.9%
Net profit attributable	14	82	-82.4%	48	-70.2%
Margins					
Gross margin	*88.3%*	*87.4%*	*0.9%*	*87.9%*	*0.3%*
Operating margin	*8.1%*	*45.5%*	*-37.4%*	*26.9%*	*-18.9%*
Net margin	*7.0%*	*40.9%*	*-33.9%*	*23.5%*	*-16.5%*

Source: Company data, GIB Capital

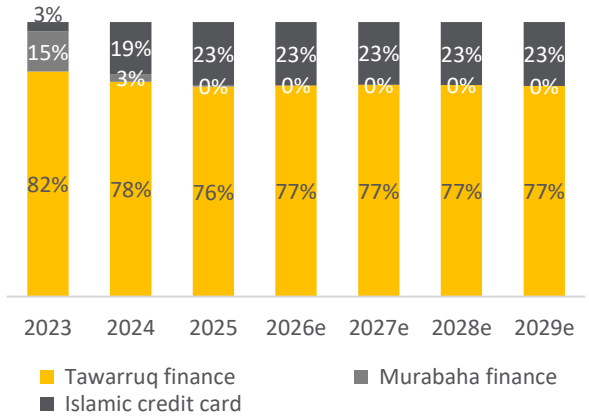
Financial analysis in charts

Figure 4: Net loans (SARmn)



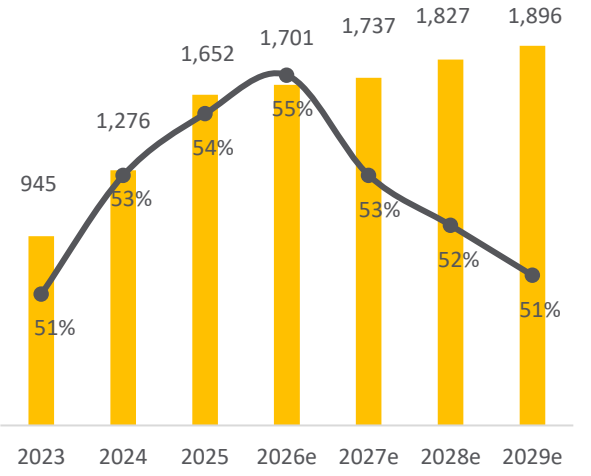
Source: Company data, GIB Capital

Figure 5: Loan mix



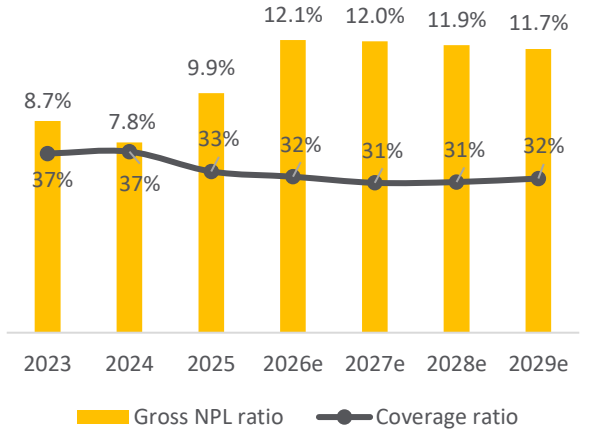
Source: Company data, GIB Capital

Figure 6: Borrowings (SARmn) and Borrowings to net loans



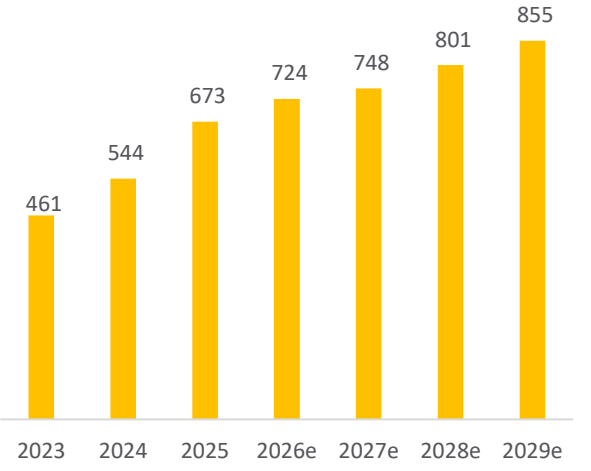
Source: Company data, GIB Capital

Figure 7: Gross NPL ratio and Coverage ratio



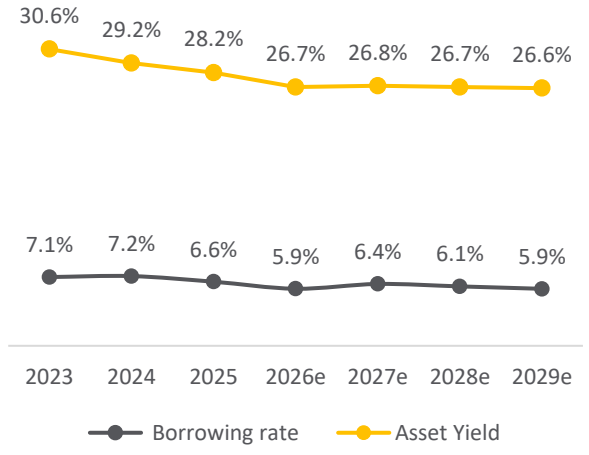
Source: Company data, GIB Capital

Figure 8: Net income from Islamic financing activities (SARmn)



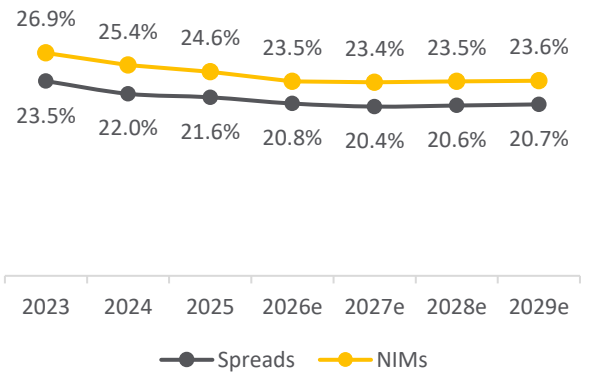
Source: Company data, GIB Capital

Figure 9: Asset yield and cost of funds



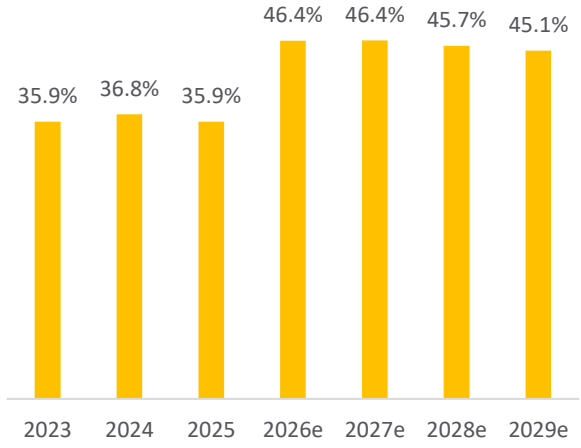
Source: Company data, GIB Capital

Figure 10: NIMs and Spreads



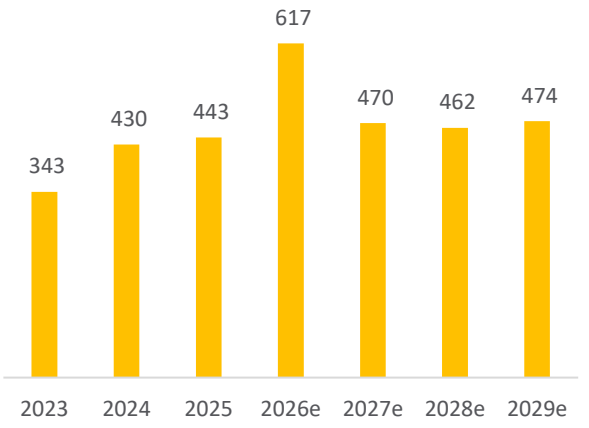
Source: Company data, GIB Capital

Figure 11: Cost to income ratio



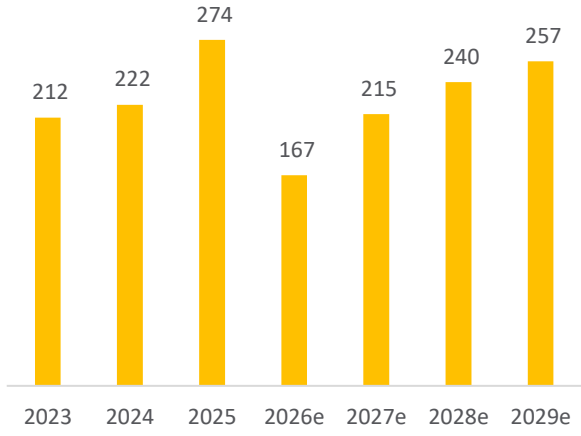
Source: Company data, GIB Capital

Figure 12: Cost of risk (bps)



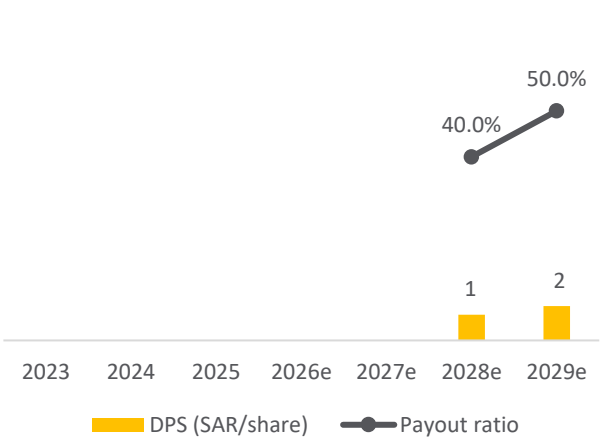
Source: Company data, GIB Capital

Figure 13: Profit for the year (SARmn)



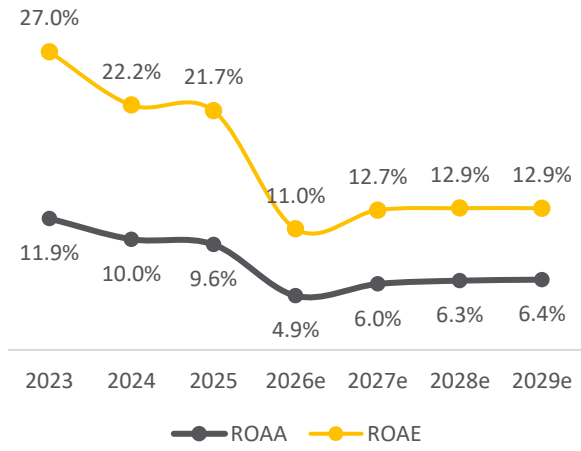
Source: Company data, GIB Capital

Figure 14: Dividend trend



Source: Company data, GIB Capital

Figure 15: RoAA and RoAE



Source: Company data, GIB Capital

Financials

Figure 16: Summarized basic financial statements (SARmn)

Income statement	2024	2025	2026e	2027e	2028e	2029e
Income from Islamic financing contracts	**624**	**768**	**820**	**854**	**907**	**962**
Finance costs	80	97	99	110	109	109
Net income from Islamic financing contracts & payroll advances	**544**	**673**	**724**	**748**	**801**	**855**
Salaries and other benefits	96	118	159	165	174	184
Other operating expenses and D&A	105	123	177	182	192	202
Net impairment losses on financial assets	95	125	197	156	163	178
Finance costs on lease liabilities	0	0	0	0	0	0
Other income/expenses - net	(0)	(0)	(1)	(1)	(1)	(1)
Profit before zakat	**248**	**307**	**191**	**244**	**270**	**290**
Zakat expense	26	35	29	32	32	35
Profit for the year	**222**	**274**	**167**	**215**	**240**	**257**
EPS	**3**	**4**	**2**	**3**	**3**	**3**
DPS	0	0	0	0	1	2
Payout	0%	0%	0%	0%	40%	50%

Balance Sheet	2024	2025	2026e	2027e	2028e	2029e
Cash and cash equivalents	24	49	214	284	286	285
Prepayments and other receivables	37	53	61	63	64	66
Investment in Islamic financing contracts	2,407	3,046	3,093	3,277	3,514	3,718
Right-of-use assets	2	6	5	5	4	4
Property and equipment	4	5	5	4	4	3
Intangible assets	18	39	37	36	34	33
Goodwill	1	1	1	1	1	1
Total assets	**2,493**	**3,198**	**3,416**	**3,668**	**3,907**	**4,109**
IEA	**2,431**	**3,096**	**3,307**	**3,561**	**3,800**	**4,004**
Trade and other payables	67	91	96	101	106	112
Zakat payable	26	35	35	35	35	35
Lease liabilities	2	6	5	5	4	4
Borrowings	1,276	1,652	1,701	1,737	1,827	1,896
Employee benefit obligations	9	12	13	14	15	17
Total liabilities	**1,380**	**1,795**	**1,850**	**1,891**	**1,988**	**2,063**
IBL	**1,276**	**1,652**	**1,701**	**1,737**	**1,827**	**1,896**
Total equity	**1,113**	**1,403**	**1,565**	**1,777**	**1,919**	**2,046**
Total Equity and Liabilities	**2,493**	**3,198**	**3,416**	**3,668**	**3,907**	**4,109**
BVPS	15	19	21	24	26	27
Tangible Equity	1,094	1,364	1,527	1,741	1,884	2,013

Cashflow	2024	2025	2026e	2027e	2028e	2029e
Cashflow from Operations	(323)	(306)	124	44	17	69
Cashflow from Investing	(5)	(37)	(8)	(9)	(9)	(10)
Cashflow from Financing	328	369	49	35	(6)	(60)
Total Cashflows	**(1)**	**26**	**164**	**70**	**2**	**(0)**

Source: Company data, GIB Capital

Figure 17: Key ratios

Key ratios	2024	2025	2026e	2027e	2028e	2029e
Income Analysis						
Asset Yield	29.2%	28.2%	26.7%	26.8%	26.7%	26.6%
Cost of Funds	7.2%	6.6%	5.9%	6.4%	6.1%	5.9%
Spread	22.0%	21.6%	20.8%	20.4%	20.6%	20.7%
NIM	25.4%	24.6%	23.5%	23.4%	23.5%	23.6%
Asset Quality						
Gross NPL Ratio	7.8%	9.9%	12.1%	12.0%	11.9%	11.7%
Coverage ratio	37.3%	33.2%	32.2%	30.9%	31.1%	31.8%
COR (bps)	430	443	617	470	462	474
Write off ratio	66.3%	73.7%	81.6%	64.0%	60.5%	60.3%
Net loans/Total assets	62.4%	58.4%	70.5%	83.0%	79.2%	79.7%
Profitability ratios						
Cost to income ratio	36.8%	35.9%	46.4%	46.4%	45.7%	45.1%
Net margin	40.9%	40.7%	23.0%	28.8%	30.0%	30.0%
ROAA	10.0%	9.6%	4.9%	6.0%	6.3%	6.4%
ROAE	22.2%	21.7%	11.0%	12.7%	12.9%	12.9%
ROATE	22.6%	22.1%	11.2%	13.0%	13.1%	13.1%
Leverage ratios						
Net loans/Shareholder's Equity	2.2	2.2	2.0	1.8	1.8	1.8
Borrowings/Net loans	53.0%	54.2%	55.0%	53.0%	52.0%	51.0%
Borrowings/Shareholder's Equity	1.1	1.2	1.1	1.0	1.0	0.9
Borrowings/Total Assets	51.2%	51.7%	49.8%	47.3%	46.8%	46.1%
Net loans/Total Assets	96.6%	95.3%	90.6%	89.3%	89.9%	90.5%
Valuation ratios						
P/E	7.1x	5.8x	9.4x	7.3x	6.5x	6.1x
P/B	1.4x	1.1x	1.0x	0.9x	0.8x	0.8x
Dividend Yield	0.0%	0.0%	0.0%	0.0%	6.1%	8.2%

Source: Company data, GIB Capital

Disclaimer

This research report has been prepared by GIB Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of GIB Capital's clients and may not be altered, redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of GIB Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by GIB Capital. The information contained was obtained from various public sources believed to be reliable, but we do not guarantee its accuracy. GIB Capital makes no representations or warranties (express or implied) regarding the data and information provided and GIB Capital does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment products related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. GIB Capital or its officers (including research analysts) may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, options, derivatives, or other financial instruments. GIB Capital may from time to time perform investment banking or other services for, solicit investment banking or other business from, any company mentioned in this research document. GIB Capital and employees, shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this research document. Where the report contains or refers to a recommendation about a specific security or securities service, please note that it may not be suitable for all recipients. Please note that the achievement of any price target may be impeded by general market and economic trends and other external factors, or if a company's profits or operating performance exceed or fall short of our expectations. The subjectivity in future expectations is complex and may miss actual or reported numbers.

This research document and any recommendations contained are subject to change without prior notice. GIB Capital assumes no responsibility to update the information in this research document. This research document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law, or which would subject GIB Capital to any registration or licensing requirement within such jurisdiction

The principal activities of GIB Capital are Dealing, Custody, Managing, Arranging and Advising pursuant to the Capital Market Authority ("CMA") License No. 07078-37.

We use a rating system based on potential upside, 1 year from today, based on our valuation models. For "Overweight" ratings, the estimated upside is >10%, for "Underweight", the estimated downside is <10%. For returns in between +/- 10%, we have a Neutral rating.

Contact us for queries:

Sell Side Research Department,
GIB Capital,
B1, Granada Business & Residential Park,
Eastern Ring Road, PO Box 89589, Riyadh 11692
www.gibcapital.com