

Double-digit earnings growth intact despite changes in regulations & competition; rating maintained on attractive valuations

Tasheel is poised to benefit from favorable demographics of economically active population & middle-class households and increasing adoption of digital payments. We expect the company to post double digit earnings growth, despite the changes in regulatory environment and growing competition. The company posted a healthy 26.7% increase in net loans to SAR 3.0bn in 2025, we forecast net financing to grow at a CAGR of 16.1% over 2025-30 to reach SAR 6.4bn. However, entry of BNPL players into personal loans segment, discontinuation of promissory note, reduction in fee limits and increase in leverage ratios by SAMA, have led to a sharp drop in stock price. The company currently trades at an attractive 2026e PE of 10.1x and PB of 1.9x, while it offers average 2026-30 ROE of 20.7%. Moreover, we flag Nowaccess (new salary advance fintech) as a potential upside risk, which can add SAR 14.5-18.6 per share to our current price target. We reiterate our "Overweight" recommendation on the stock with a TP of SAR 167.6 per share.

Net profit recorded at SAR 74.5mn up 15.9% Y/Y, higher provisions slowed down the earnings momentum seen in last two quarters: Tasheel recorded net profit of SAR 74.5mn in Q4-25, up 15.9% Y/Y (down 8.7% Q/Q). The result was largely inline with AJBC estimate of SAR 76.6mn (-2.7% deviation), with deviation mainly attributable to higher than expected impairment cost. Though earnings growth was still in double digits, it has lost the momentum seen in last two quarters where income growth averaged 33.1%. Net commission income grew by 16.7% Y/Y (1.6% Q/Q) to SAR 176.8mn in Q4-25 (-3.1% deviation). NIMs contracted by 224bps Y/Y (99bps Q/Q) to 23.8% in Q4-25, due to 233bps Y/Y (102bps Q/Q) decline in return on financing. Gross yields have been affected by a change in mix towards lower margin products (baseeta) and growing competition. Net financing portfolio grew by 26.7% Y/Y to SAR 3,051mn in Q4-25. Cost to income ratio improved by 252bps Y/Y (705bps Q/Q) to 29.9% in Q4-25, while Cost of risk increased by 58bps Y/Y (268bps Q/Q). Stage 3 NPL ratio expanded by 204bps Y/Y to 9.9% in 2025, while coverage declined to 33.2% (37.3% in 2024). On a full year basis Tasheel reported a solid net income growth of 22.1% Y/Y to SAR 272.6mn. Earnings growth was mainly driven by the 23.7% Y/Y increase in net financing income to SAR 672.6mn, despite 31.5% increase in provision expenses and 80bps contraction in NIMs to 24.6%. Note that total financing portfolio recorded a solid growth of 26.7% Y/Y to SAR 3.0bn in 2025. The company saw a 87bps improvement in Cost to income ratio to 35.9%, while cost of risk (CoR) increased by 15bps to 4.1% in 2025.

Changes in SAMA regulations would result in higher CoR and lowering of NIMs, yet double-digit earning growth is intact due strong loan growth outlook: The Saudi Central Bank (SAMA) has updated/changed key regulations for NBFIs, which we believe could increase competition, reduce fee income, increase loan defaults and subsequently result in higher Cost of Risk. Key changes include (1) Increase in book to equity from 3:1 to 8:1, (2) Administrative fee capped at lower of 0.5% of finance amount or SAR 2,500 (1%/SAR 5,000 previously), and (3) Discontinue use of promissory note. After incorporating these changes we increase our estimates for NPLs & CoR, & revise down NIMs. We now expect stage 3 ratio to average at 11.0% over 2026-30 vs our earlier estimates of 8.3%, with average Cost of risk of 4.9% (4.6% old estimate). We see NIMs to average at 22.9% over 2026-30 (24.3% old estimate); declining from 24.6% in 2025 to 21.9% in 2030 due to competition and change in product mix. Overall, we expect Tasheel to post 2026-30 average ROE of 20.7% (23.2% old estimate) and 2025-30 net income CAGR of 11.4% (13.3% old estimate) on the back of 16.1% CAGR in loan book. Our view on loan growth is supported by - 1) rising population, 2) favorable demographics of economically active population (48%) and middle-class households (22%), 3) rising credit card penetration due to rising preference for digital payments and 4) customer preferences for consumer financing for regular lifestyle spending.

Recommendation	Overweight
Target Price (SAR)	167.6
Upside / (Downside)*	33.4%

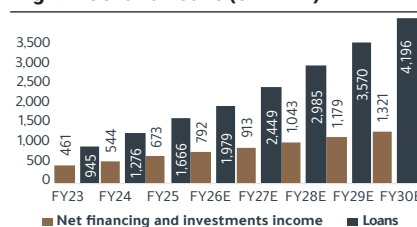
Source: Tadawul *prices as of 30th of Mar 2026

Key Financials

SARmn (unless specified)	FY25	FY26E	FY27E	FY28E
Commission income	769	899	1,032	1,190
Growth %	23.4%	16.8%	14.8%	15.3%
Finance expense	97	107	119	147
Net financing income	673	792	913	1,043
Net income	272	311	350	385
Growth %	22.1%	14.1%	12.8%	10.0%
EPS	10.89	12.43	14.01	15.42
DPS	-	3.00	7.75	9.25

Source: Company reports, Aljazira Capital Research

Fig 1: NSCI and Loans (SAR mn)



Source: Tadawul, Aljazira Capital Research

Key Ratios

	FY25	FY26E	FY27E	FY28E
NIMs	24.6%	23.8%	23.4%	22.9%
ROA	9.6%	8.9%	8.6%	8.1%
ROE	21.7%	20.4%	20.4%	20.6%
NPL Ratio	10.2%	12.2%	12.3%	12.4%
NPL Coverage	33.2%	39.2%	40.2%	41.2%
PE (x)	14.2	10.1	9.0	8.1
PB (x)	2.8	1.9	1.8	1.6
Div yield	0.0%	2.4%	6.2%	7.4%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	3.6
YTD%	-17.69%
52 week (High)/(Low)	178.9/119.3
Share Outstanding (mn)	25.0

Source: Company reports, Aljazira Capital Research

Price Performance (indexed)



Source: Bloomberg, Aljazira Capital Research

Senior Equity Analyst

Fahad Qureshi, CFA

+966 11 2256315

f.irfan@aljaziracapital.com.sa

Fintech venture with Nowpay can be a gamechanger; potential to add SAR 14.5-18.6 per share to our current valuations: Tasheel officially launched salary advanced business 'Now Access' in Q3-25, as joint venture between Tasheel (75% ownership) and NowPay corp (25% ownership). The company has a paid up capital of SAR 10mn and is expected to receive total investment of SAR 75mn. Key services include salary advance, instant bill payments and money transfer. Though management hasn't shared details of the operations, according to our back of the envelope working the new venture has the potential to add SAR 14.5-18.6 per share to our value of Tasheel, assuming the company can grow the loan portfolio size to SAR 1.3bn in next five years. Note that Nowpay currently has more than 350,000 customers, 250 plus companes and 1.5bn plus monthly payments.

AJBC view and valuation: Tasheel is poised to benefit from favorable demographics of economically active population & middle-class households and increasing adoption of digital payments. Recent changes in regulations and growing competition (BNPL players entering into personal loan segment) have resulted in downwards 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 still in double digits, and (2) after the 25.8% price decline in last 12 months the stock trades at attractive 2026e PE of 10.1x and PB of 1.9x, while it offers average 2026-30 ROE of 20.7%. Moreover, we flag Nowaccess (new salary advance fintech) as a potential upside risk, which can add SAR 14.5-18.6 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% Terminal growth rate and 10.5% WACC), to arrive at an **"Overweight"** rating and a TP of **SAR 167.6/share**, offering an upside of 33.4% from last close.

Note that Fintech venture with Nowpay has the potential to add SAR 16.4 per share, which will take out TP to SAR 183.9.

Key downside risk to our investment thesis are slower than expected loan growth, 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.

Blended valuation summary

All figures in SAR, unless specified	Fair Value	Weights	Weighted Avg
Two staged Gordon growth	179.9	50%	90.0
Residual Income	155.2	50%	77.6
Weighted average price target			167.6
Upside/(downside)			33.4%

Source: Company reports, Aljazira capital Research, prices as of 30th Mar 2026

Fig 2: ROA and ROE

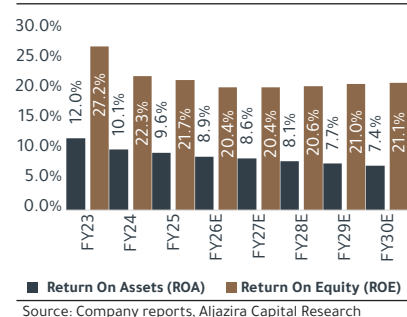
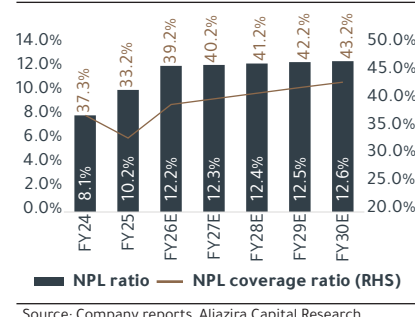
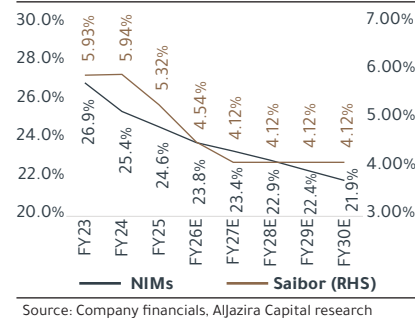


Fig 3: Loan book quality



Source: Company reports, Aljazira Capital Research

Fig 4: NIMs to slide down



Source: Company financials, Aljazira Capital research

Key Financial Data

Amount in SARmn, unless otherwise specified	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement								
Commission income from finance and investments	524	624	769	899	1,032	1,190	1,356	1,531
Finance commission expenses	(63)	(80)	(97)	(107)	(119)	(147)	(177)	(210)
Net financing and investments income	461	544	673	792	913	1,043	1,179	1,321
NIMs	26.9%	25.4%	24.6%	23.8%	23.4%	22.9%	22.4%	21.9%
G&A exp	(58)	(93)	(118)	(140)	(163)	(187)	(213)	(240)
S&M exp	(107)	(107)	(123)	(145)	(169)	(195)	(223)	(253)
Cost to income	35.8%	36.7%	35.9%	36.1%	36.3%	36.6%	36.9%	37.3%
Net impairment	(61)	(95)	(125)	(158)	(189)	(230)	(266)	(305)
Cost of Risk	0.0%	3.9%	4.1%	4.8%	4.9%	5.1%	5.1%	5.1%
Profit before tax	237	249	307	348	393	432	478	524
Zakat	(24)	(26)	(35)	(38)	(43)	(47)	(52)	(57)
Net income	212	223	272	311	350	385	426	467
Y/Y	10%	5%	22%	14%	13%	10%	11%	10%
EPS	8.49	8.92	10.89	12.43	14.01	15.42	17.04	18.69
DPS	-	-	-	3.00	7.75	9.25	10.25	11.25
Balance sheet								
Cash and cash equivalents	22	20	79	94	110	128	147	168
Prepayments & Other receivables	14	37	18	21	25	29	33	38
Net Financing Investments	1,867	2,407	3,051	3,592	4,212	4,896	5,643	6,447
Intangible assets	18	17	45	49	53	57	60	63
Total Assets	1,926	2,485	3,198	3,761	4,405	5,115	5,889	6,722
Accounts payable	63	66	100	113	127	142	157	172
Loans	945	1,276	1,666	1,979	2,449	2,985	3,570	4,196
Total Equity	887	1,110	1,403	1,636	1,791	1,945	2,116	2,303
Total Liabilities	1,039	1,375	1,795	2,125	2,613	3,169	3,773	4,419
Total Equity & Liabilities	1,926	2,485	3,198	3,761	4,405	5,115	5,889	6,722
Key fundamental ratios								
Capital Ratios								
Equity/ Total Assets	0.46	0.45	0.44	0.43	0.41	0.38	0.36	0.34
Profitability Ratios								
NIMs	26.9%	25.4%	24.6%	23.8%	23.4%	22.9%	22.4%	21.9%
Return On Assets (ROA)	12.0%	10.1%	9.6%	8.9%	8.6%	8.1%	7.7%	7.4%
Return On Equity (ROE)	27.2%	22.3%	21.7%	20.4%	20.4%	20.6%	21.0%	21.1%
ROE/ROA (Leverage Ratio) (X)	2.27	2.21	2.26	2.29	2.38	2.55	2.71	2.85
Asset Quality Ratios								
NPL ratio	9.0%	8.1%	10.2%	12.2%	12.3%	12.40%	12.5%	12.6%
NPL Coverage	37.7%	37.3%	33.2%	39.2%	40.2%	41.24%	42.2%	43.2%
Cost of Risk		3.9%	4.1%	4.8%	4.9%	5.05%	5.1%	5.1%
Market/valuation ratios								
DPS	-	-	-	3.00	7.75	9.25	10.25	11.25
Dividend Yield		0.0%	0.0%	2.4%	6.2%	7.4%	8.2%	9.0%
Book Value Per Share (BVPS)	35.49	44.39	56.11	65.43	71.65	77.82	84.63	92.11
Market price		177.4	154.9	125.6	125.6	125.6	125.6	125.6
PE (x)	-	19.89	14.23	10.1	9.0	8.1	7.4	6.7
PB (x)	-	4.00	2.76	1.9	1.8	1.6	1.5	1.4
Growth rates								
Financing (Y/Y)	20.1%	28.9%	26.7%	17.7%	17.2%	16.2%	15.2%	14.2%

Source: Company reports, Aljazeera capital Research, prices as of 30th March 2026

Head of Sell-Side Research - Director

Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljazaracapital.com.sa

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.

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.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.