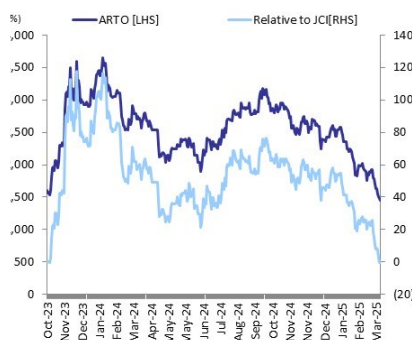


Buy

(Maintained)

Last Price (Rp)	1,450
Target Price (Rp)	2,500
Previous Target Price (Rp)	3,900
Upside/Downside	+72.4%
No. of Shares (mn)	13,856
Mkt Cap (Rpbn/US\$mn)	20,092/1,218
Avg, Daily T/O (Rpbn/US\$mn)	15.0/0.9
Free Float (%)	45.6
Major Shareholder (%)	
Metamorfosis Ekosistem	29.8
Dompot Karya Anak Bangsa	21.4
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	13.1 22.9 39.4
Consensus	26.0 49.2 152.4
BRIDS/Cons (%)	(49.7) (53.4) (74.1)

ARTO relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Victor Stefano

(62-21) 5091 4100 ext. 3503

victor.stefano@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507

naura.muchlis@brids.co.id

Bank Jago (ARTO IJ)

4Q24 earnings: Higher Earnings from Higher Loan Yield Offset the Higher CoF and CoC

- ARTO posted 4Q24 net profit growth of +19% qoq/ +93% yoy, resulting in FY24 NP of Rp129bn (+78% yoy), above our est. but in line with cons.
- In FY25, management continues to aim for >30% loan growth, a lower CIR, but guides for a higher CoC and NPL ratio from FY24's low base.
- We tweaked our LT projection to account for lower loan growth and higher CoC, resulting in a lower TP of Rp2,500; maintain Buy rating.

Robust 4Q24 on higher NIM offsetting the higher CoC

ARTO booked net profit of Rp43bn in 4Q24 (+19% qoq, +93% yoy), bringing its FY24 net profit to Rp129bn (+78% yoy), above our estimate (105%). The robust earnings were driven by a higher NIM of 7.9% in 4Q24 (+114bps qoq, -28bps yoy) as the bank reduced its insurance coverage to 75% from 100% previously. Consequently, CIR improved to 63.3% (-1,417bps qoq, -1,825bps yoy), but CoC also rose to 3.1% in 4Q24 (+175bps qoq, +131bps yoy). LDR fell to 94% as of 4Q24 from 102% as of 3Q24 as loans grew lower (+3% qoq) than deposits (+11% qoq) as the bank strategically increased its liquidity buffer through a higher TD rate. The higher TD rate caused CoF to rise 37bps qoq to 3.7% (+74bps yoy).

Different FY25 trend compared to FY24

With less influence from Sharia lending and lower coverage on insured loans, we expect ARTO's higher NIM and higher CoC trend to continue in FY25F. This should contrast with FY24 results, which saw lower NIM (-225bps) and CoC (-167bps). GTF-related loans contributed 22-23% of total loans, and this is expected to remain unchanged in FY25F as the bank will continue to grow its loans through its other partnerships and direct lending.

Continuing positive momentum in FY25F

Supported by its newly launched direct lending for consumers and SMEs, ARTO is aiming at 30% loan growth in FY25F (vs. FY24's 36%), CIR at a max 60% (FY24's 74%), CoC of a max 4.0% (FY24's 2.0%), NPL of a maximum of 1% (FY24's 0.24%), and LDR below 100% (FY24's 94%). We trimmed our FY25/26F net profit by 4.2/11.4% to reflect the FY24 results and FY25 guidance.

Maintain Buy with a lower TP of Rp2,500

We tweaked our LT projection to account for lower loan growth and higher CoC, resulting in a lower TP of Rp2,500 (from Rp3,900 prev.), which is based on a 3-stage DDM, with an LTG assumption of 8.0% and a CoE of 10.0%. We maintain our Buy rating on ARTO on the back of its robust loan growth and asset quality. Risks to our view are higher CoF and higher CoC.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	488	485	986	1,383	1,970
Net profit (Rpbn)	72	129	181	318	546
EPS (Rp)	5.2	9.3	13.1	22.9	39.4
EPS growth (%)	354.7	77.6	41.1	75.2	72.0
BVPS (Rp)	603.1	614.8	627.9	650.8	690.3
PER (x)	277.7	156.3	110.8	63.3	36.8
PBV (x)	2.4	2.4	2.3	2.2	2.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	0.9	1.5	2.1	3.6	5.9

Source: ARTO, BRIDS Estimates

Exhibit 1. ARTO FY24 earnings summary

ARTO - Financial (Rpbn)	4Q23	3Q24	4Q24	qoq, %	yoy, %	2023	2024	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	438	500	641	28%	46%	1,875	2,053	9%	1,956		105%	n/a
Interest expense	82	131	164	25%	100%	309	499	61%	469		106%	n/a
Net interest income	356	369	476	29%	34%	1,565	1,553	-1%	1,487		104%	n/a
Other operating income	61	78	80	2%	30%	197	291	48%	285		102%	n/a
Operating expenses	341	347	352	2%	3%	1,274	1,360	7%	1,339		102%	n/a
PPOP	77	101	204	103%	165%	488	485	-1%	434		112%	n/a
Provision	53	55	134	146%	154%	401	304	-24%	276		110%	n/a
Operating Profits	24	46	70	51%	189%	87	181	108%	158		115%	n/a
Net profits	22	36	43	19%	93%	72	129	78%	123	128	105%	101%
Loans	13,020	17,256	17,701	3%	36%	13,020	17,701	36%	18,791		94%	
Customer deposits	12,067	16,943	18,806	11%	56%	12,067	18,806	56%	18,291		103%	
qoq, bps yoy, bps yoy, bps												
Loan yield (%)	12.4	10.3	12.8	↑ 245	↑ 34	14.3	11.3	↓ (303)				
Cost of fund (%)	2.9	3.3	3.7	↓ 37	↓ 74	3.1	3.3	↓ 20				
NIM (%)	8.2	6.8	7.9	↑ 114	↓ (28)	9.6	7.3	↓ (225)				
CIR (%)	81.6	77.5	63.3	↑ (1,417)	↑ (1,825)	72.3	73.7	↓ 142				
Cost of credit (%)	1.8	1.3	3.1	↓ 175	↓ 131	3.6	2.0	↑ (167)				
ROE (%) - ann	1.1	1.7	2.0	↑ 31	↑ 90	0.9	1.5	↑ 65				
CASA ratio (%)	65.3	56.7	53.0	↓ (371)	↓ (1,235)							
LDR (%)	107.9	101.8	94.1	↑ (772)	↑ (1,377)							
NPL ratio (%)	0.8	0.2	0.2	↓ (7)	↑ (68)							
LaR ratio (%)	5.5	3.5	3.8	↓ 30	↑ (175)							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. ARTO Changes in Forecast

ARTO - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	1,853	2,198	18.7	2,458	2,744	11.6
PPOP (Rpbn)	626	986	57.6	966	1,383	43.2
Net profit (Rpbn)	189	181	(4.2)	359	318	(11.4)
BVPS (Rp)	626	628	0.4	652	651	(0.1)
Gross Loans (Rpbn)	24,387	22,898	(6.1)	31,649	29,718	(6.1)
Customer Deposits (Rpbn)	23,814	23,732	(0.3)	31,725	30,493	(3.9)
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	7.4	8.1	64	7.9	8.3	41
Gross NPL Ratio	1.0	0.2	(86)	1.0	0.2	(87)
Cost/Income Ratio	71.3	61.1	(1,023)	66.1	56.0	(1,011)
Cost of Credit	1.8	3.7	194	1.8	3.7	190
ROAE	2.2	2.1	(10)	4.1	3.6	(47)

Source: Company, BRIDS Estimates

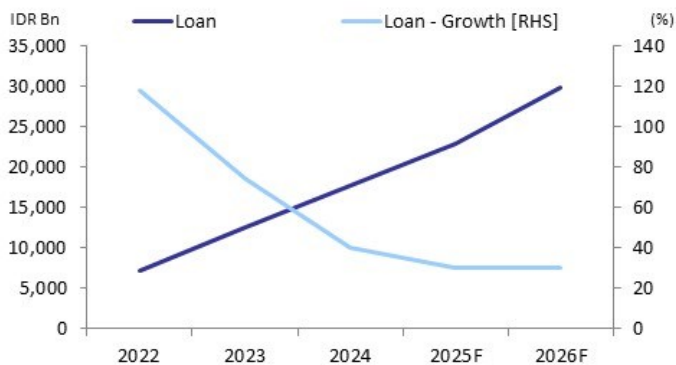
Exhibit 3. ARTO's Valuation

Phase	High-growth	Transitory	Mature
Risk free rate (Rf)	7.0%	6.5%	6.0%
Market return rate (Rm)	13.6%	11.8%	10.0%
Beta (β)	1.50	1.25	1.00
Risk premium (Rm-Rf)	6.6%	5.3%	4.0%
Ke = Rf+β(Rm-Rf)	16.8%	13.1%	10.0%
Return on equity (average)	2.3%	14.8%	19.9%
Growth rate (CAGR)	36.1%	35.3%	8.0%
Expected dividend payout ratio (average)	0.0%	34.9%	59.8%

Forecast year	0	0	0	0	1	2	3	4	5	6	7	8	9
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Equity book value/share	595	596	603	615	628	651	690	746	820	915	1014	1115	1212
Return on equity	1.0%	0.2%	0.9%	1.5%	2.1%	3.5%	5.7%	8.3%	11.3%	14.8%	16.2%	18.1%	20.0%
Earnings per share	6.2	1.1	5.2	9.3	13.1	22.9	39.4	61.6	92.2	135.5	164.6	201.6	242.1
growth		-82%	355%	78%	41%	75%	72%	56%	50%	47%	22%	22%	20%
Payout ratio	0%	0%	0%	0%	0%	0%	0%	10.0%	19.9%	29.9%	39.9%	49.9%	60%
Dividend per share	-	-	-	-	-	-	-	6.1	18.4	40.5	65.7	100.5	144.9
Cost of equity					16.8%	16.8%	16.8%	15.7%	14.6%	13.4%	12.3%	11.1%	10.0%
Cumulative cost of equity	1.000	1.000	1.000	1.000	0.856	0.733	0.627	0.542	0.473	0.417	0.371	0.334	0.304
TP	IDR 2,500												

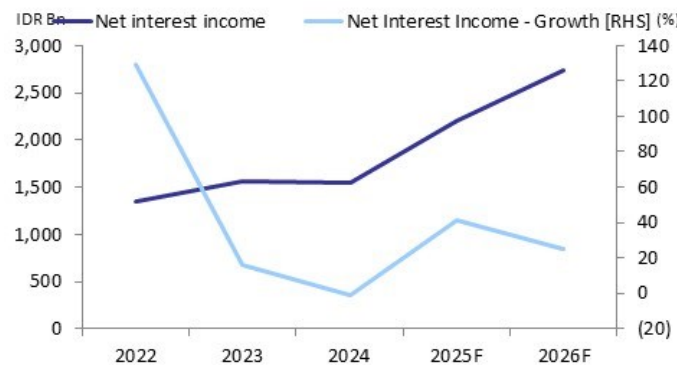
Source: Company, BRIDS Estimates

Exhibit 4. Loans and Growth



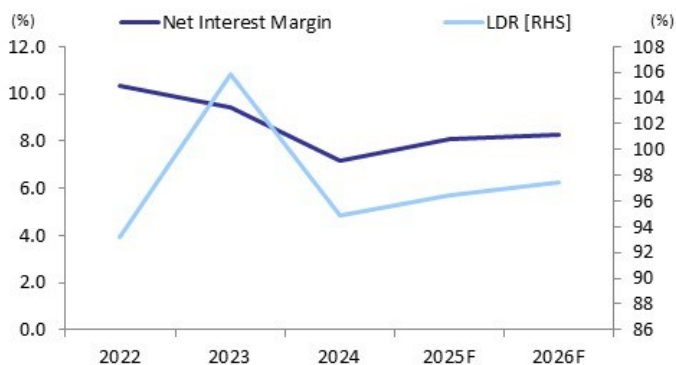
Source: Company, BRIDS Estimates

Exhibit 5. Net Interest Income and Growth



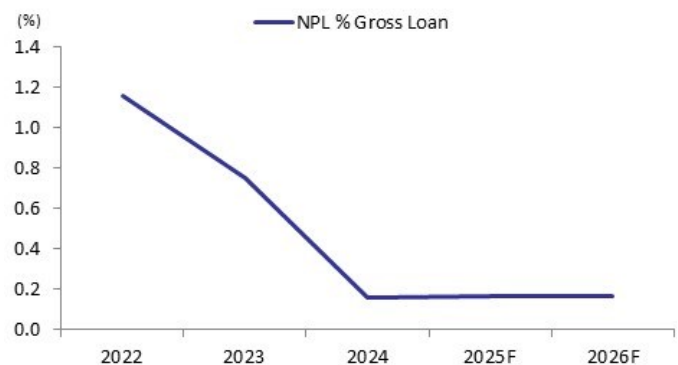
Source: Company, BRIDS Estimates

Exhibit 6. NIM and LDR



Source: Company, BRIDS Estimates

Exhibit 7. NPLs



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	1,875	2,053	2,973	3,773	4,928
Interest Expense	(309)	(499)	(774)	(1,030)	(1,272)
Net Interest Income	1,565	1,553	2,198	2,744	3,656
Non-Interest Income (NII)	197	291	338	398	475
Oper. Income	1,762	1,844	2,537	3,141	4,131
Oper. Expenses	(1,274)	(1,360)	(1,550)	(1,758)	(2,161)
Pre-provisions profit	488	485	986	1,383	1,970
Provisions & Allowances	(401)	(304)	(753)	(975)	(1,268)
Operating Profit	87	181	234	408	702
Non-Operating Income	7	(1)	(1)	(1)	(1)
Exceptionals	0	0	0	0	0
Pre-tax Profit	94	179	232	407	701
Income Tax	(21)	(51)	(51)	(90)	(154)
Minorities	0	0	0	0	0
Net Profit	72	129	181	318	546

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	12,592	17,644	22,898	29,718	38,567
Provisions	(242)	(289)	(383)	(504)	(667)
Net Loans	12,349	17,355	22,516	29,213	37,901
Govt. Bonds	0	0	0	0	0
Securities	2,957	4,166	4,166	4,583	5,958
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	18,274	25,175	29,435	36,900	47,410
Fixed Assets	204	227	232	244	247
Non-Earnings Assets	1,904	2,516	2,100	2,192	2,039
Total Assets	21,296	28,543	33,965	41,297	50,773
Customer Deposits	11,892	18,598	23,732	30,493	39,496
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	175	207	213	218	223
Total Liabilities	12,939	20,024	25,264	32,279	41,506
Share capital & Reserves	8,522	8,555	8,555	8,555	8,555
Retained Earnings	(165)	(36)	145	463	1,009
Shareholders' Funds	8,357	8,519	8,700	9,018	9,564
Minority interests	0	0	0	0	0
Total Equity & Liabilities	21,296	28,543	33,965	41,297	51,071

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	11.3	9.4	10.9	11.4	11.7
Cost of funds	2.9	3.1	3.5	3.6	3.5
Interest Spread	8.4	6.4	7.4	7.8	8.2
Net Interest Margin	9.4	7.2	8.1	8.3	8.7
Cost/Income Ratio	72.3	73.7	61.1	56.0	52.3
Oper. Exp./Oper. Gross Inc.	95.8	92.3	92.9	90.2	87.0
Gross NPL Ratio	0.7	0.2	0.2	0.2	0.2
LLP/Gross NPL	257.0	1,016.4	1,027.7	1,033.3	1,042.0
Cost of Credit	4.1	2.0	3.7	3.7	3.7
Loan to Deposit Ratio	105.9	94.9	96.5	97.5	97.6
Loan to Funding Ratio	105.9	94.9	96.5	97.5	97.6
CASA Mix	66.3	53.5	52.9	52.6	52.6
ROAE	0.9	1.5	2.1	3.6	5.9
ROAA	0.4	0.5	0.6	0.8	1.2
CAR	56.0	34.8	28.8	23.6	19.7

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	0.5	0.7	0.7	1.1	1.5
Tax Retention rate	77.3	71.7	78.0	78.0	78.0
Post-Tax ROAA	0.4	0.5	0.6	0.8	1.2
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.3	3.0	3.6	4.2	5.0
ROAE	0.9	1.5	2.1	3.6	5.9
Growth (%)					
Interest income	25.0	9.5	44.8	26.9	30.6
Net Interest Income	15.7	(0.8)	41.5	24.8	33.3
Other Oper. Expenses	24.3	6.7	14.0	13.4	23.0
Fee Based Income	147.9	47.7	15.8	17.3	19.1
Pre-Provision Oper. Profit	20.4	(0.7)	103.5	40.2	42.4
Net Profit	354.7	77.6	41.1	75.2	72.0
Shareholders' Equity	1.1	1.9	2.1	3.7	6.1
Loan	74.3	40.1	29.8	29.8	29.8
Earnings Asset	22.0	37.8	16.9	25.4	28.5
Deposit	53.5	56.4	27.6	28.5	29.5
Int. Bearing Liab.	49.5	54.6	26.6	28.1	28.8
CASA	38.9	26.4	26.1	27.7	29.7
Total Asset	25.5	34.0	19.0	21.6	22.9

Source: ARTO, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement, Infrastructure	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Kafi Ananta Azhari	Research Associate	kafi.azhari@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlich Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.