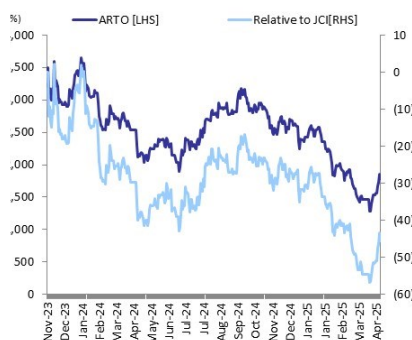


Buy

(Maintained)

Last Price (Rp)	1,920
Target Price (Rp)	3,400
Previous Target Price (Rp)	2,500
Upside/Downside	+77.1%
No. of Shares (mn)	13,856
Mkt Cap (Rpbn/US\$mn)	26,604/1,581
Avg, Daily T/O (Rpbn/US\$mn)	12.3/0.7
Free Float (%)	45.6
Major Shareholder (%)	
Metamorfosis Ekosistem	29.8
Dompet Karya Anak Bangsa	21.4
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	22.0 36.7 58.6
Consensus	22.1 45.1 77.3
BRIDS/Cons (%)	(0.5) (18.5) (24.2)

ARTO relative to JCI Index



Source: Bloomberg

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Bank Jago (ARTO IJ)

1Q25 Earnings: Positive Development from Its Higher-Risk Strategy

- ARTO booked a robust NP of Rp60bn in 1Q25 (+41% qoq, +178% yoy) as less insurance coverage improved the NIM, offsetting the higher CoC.
- CoC spiked to 4.7% in 1Q25 from 3.1% in 4Q24 due to seasonality and will be normalized from Apr25 onwards.
- We tweaked our LT projection to account for higher NIM and higher CoC, resulting in a higher TP of Rp3,400; maintain Buy rating.

Robust NP with higher NIM offsetting the higher CoC

In 1Q25, ARTO reported a record-high quarterly net profit of Rp60bn (+41% qoq, +178% yoy), above our estimate (33%) but below consensus (20%). The strong performance was mainly driven by robust PPOP growth (+48% qoq, +273% yoy), which offset the spike in provision expenses. Furthermore, NII grew significantly (+24% qoq, +71% yoy), supported by robust loan growth. NIM also expanded due to lower coverage for insured loans but at the expense of higher CoC, which rose to 4.7% in 1Q25 from 3.1% in 4Q24, above the bank's FY25F target. Despite this, management attributed the spike to seasonal factors in 1Q25, noting the normalization in Apr25. LaR also increased due to lower coverage of insured loans as 60–90 DPD loans are now recorded on the bank's books (previously only >60 DPD).

High loan and deposit growth but remain cautious throughout the FY25

As NIM expanded, operational efficiency also improved, with CIR declining to 56.4%, despite higher operating expenses driven by IT investments to enhance the digital ecosystem. While loan growth remained strong (+14% qoq, +42% yoy), deceleration is anticipated in the second half as the bank adopts a more conservative stance. Deposits rose 14% qoq to Rp21.4tr (+62% yoy), weighing on CoF as the bank prudently manages liquidity amid macroeconomic uncertainty.

Adjusting our number to account for the higher NIM

Management maintains a positive outlook for FY25F, reaffirming its target of 30% yoy loan growth and 4% CoC. We revised our FY25/26F earnings by 67.9/60.3% as we adjusted our NIM up by 111/123bps, partly offset by 40/40bps increase in CoC.

Maintain Buy with a higher TP of Rp3,400

We also revised our LT projection to account for higher NIM and higher CoC to reflect the higher risk strategy, resulting in a higher TP of Rp3,400 (from Rp2,500 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	1,226	1,735	2,447
Net profit (Rpbn)	72	129	304	509	812
EPS (Rp)	5.2	9.3	22.0	36.7	58.6
EPS growth (%)	354.7	77.6	136.8	67.3	59.5
BVPS (Rp)	603.1	614.8	636.8	673.5	732.1
PER (x)	367.7	207.0	87.4	52.3	32.8
PBV (x)	3.2	3.1	3.0	2.9	2.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	0.9	1.5	3.5	5.6	8.3

Source: ARTO, BRIDS Estimates

Exhibit 1. ARTO's 1Q25 earnings summary

ARTO - Financial (Rpbn)	1Q24	4Q24	1Q25	qoq, %	yoy, %	1Q24	1Q25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	442	641	789	23%	78%	442	789	78%	2,973	3,073	27%	26%
Interest expense	97	164	197	20%	102%	97	197	102%	774	750	25%	26%
Net interest income	345	476	591	24%	71%	345	591	71%	2,198	2,323	27%	25%
Other operating income	60	80	99	24%	64%	60	99	64%	338		29%	n/a
Operating expenses	325	352	389	11%	20%	325	389	20%	1,550		25%	n/a
PPOP	81	204	301	48%	273%	81	301	273%	986	1,138	31%	26%
Provision	53	134	224	67%	324%	53	224	324%	753	765	30%	29%
Operating Profits	28	70	77	11%	177%	28	77	177%	234	361	33%	21%
Net profits	22	43	60	41%	178%	22	60	178%	181	299	33%	20%
Loans	14,272	17,701	20,258	14%	42%	14,272	20,258	42%	22,898	24,741	88%	82%
Customer deposits	13,196	18,806	21,441	14%	62%	13,196	21,441	62%	23,732	25,694	90%	83%
qoq, bps yoy, bps yoy, bps												
Loan yield (%)	11.0	12.8	14.7	↑ 188	↑ 361	11.0	14.7	↑ 361				
Cost of fund (%)	3.1	3.7	3.9	↓ 24	↓ 84	3.1	3.9	↓ 84				
NIM (%)	7.4	7.9	8.9	↑ 93	↑ 146	7.4	8.9	↑ 146				
CIR (%)	80.1	63.3	56.4	↑ (692)	↑ (2,370)	80.1	56.4	↑ (2,370)				
Cost of credit (%)	1.5	3.1	4.7	↓ 164	↓ 317	1.5	4.7	↓ 317				
ROE (%) - ann	1.0	2.0	2.8	↑ 81	↑ 178	1.0	2.8	↑ 178				
CASA ratio (%)	62.7	53.0	53.7	↑ 72	↓ (904)							
LDR (%)	108.2	94.1	94.5	↓ 35	↑ (1,368)							
NPL ratio (%)	0.6	0.2	0.3	↓ 14	↑ (30)							
LaR ratio (%)	3.9	3.8	5.1	↓ 134	↓ 119							

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. ARTO's Changes in Forecast

ARTO - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2026F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	2,198	2,502	13.8	2,744	3,150	14.8
PPOP (Rpbn)	986	1,226	24.3	1,383	1,735	25.4
Net profit (Rpbn)	181	304	67.9	318	509	60.3
BVPS (Rp)	628	637	1.4	651	674	3.5
Gross Loans (Rpbn)	22,898	22,898	-	29,718	29,718	-
Customer Deposits (Rpbn)	23,732	23,732	-	30,493	30,493	-
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	8.1	9.2	111	8.3	9.5	123
Gross NPL Ratio	0.2	0.2	-	0.2	0.2	-
Cost/Income Ratio	61.1	56.9	(425)	56.0	51.1	(484)
Cost of Credit	3.7	4.1	40	3.7	4.1	40
ROAE	2.1	3.5	140	3.6	5.6	202

Source: Company, BRIDS Estimates

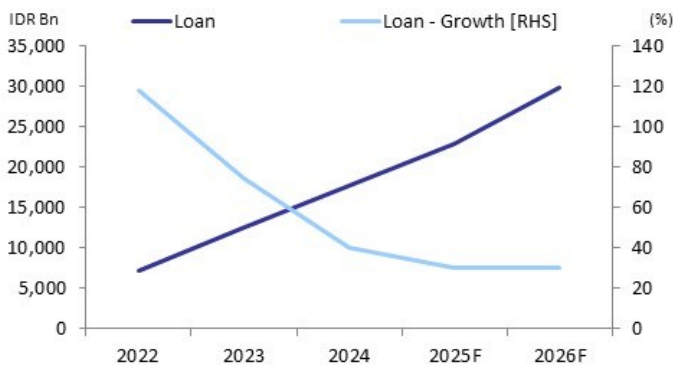
Exhibit 3. ARTO's Changes in Forecast

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)	3.2%	17.3%	22.2%
Growth rate (CAGR)	45.4%	32.0%	8.0%
Expected dividend payout ratio (average)	0.0%	37.4%	64.0%

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	637	674	732	811	912	1035	1160	1282	1393
Return on equity	1.0%	0.2%	0.9%	1.5%	3.4%	5.5%	8.0%	10.9%	14.1%	17.5%	18.7%	20.5%	22.2%
Earnings per share	6.2	1.1	5.2	9.3	22.0	36.7	58.6	88.2	128.6	180.9	217.0	262.2	309.9
growth		-82%	355%	78%	137%	67%	59%	51%	46%	41%	20%	21%	18%
Payout ratio	0%	0%	0%	0%	0%	0%	0%	10.7%	21.3%	32.0%	42.7%	53.4%	64%
Dividend per share	-	-	-	-	-	-	-	9.4	27.4	57.9	92.6	139.9	198.4
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
Present value	-	-	-	-	-	-	-	5.10	12.98	24.16	34.41	46.76	60.28
Terminal value	IDR 3,255												
Total value/share	IDR 3,439												
TP	IDR 3,400												

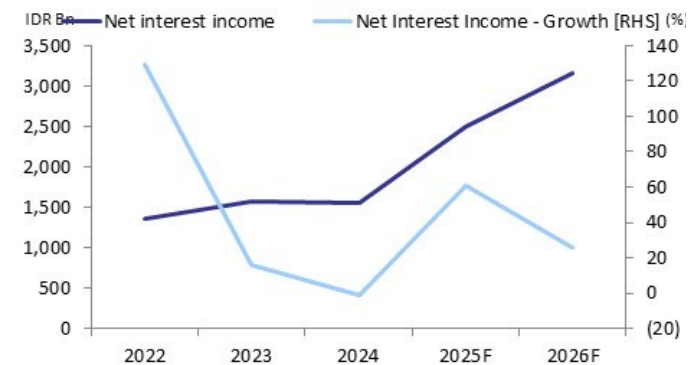
Source: Company, BRIDS Estimates

Exhibit 4. Loans and Growth



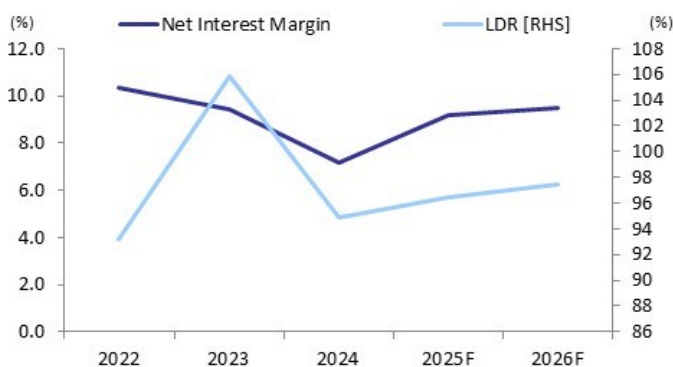
Source: Company, BRIDS Estimates

Exhibit 5. Net Interest Income and Growth



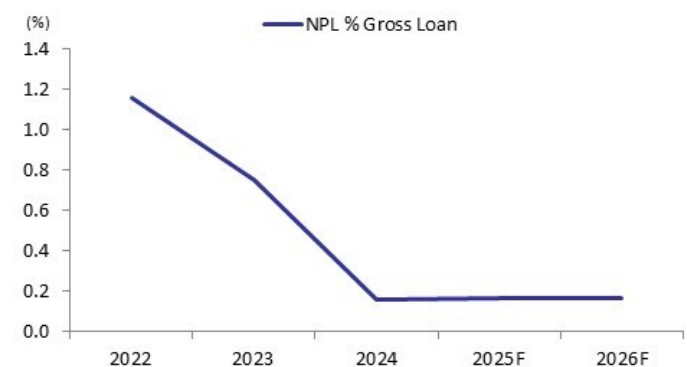
Source: Company, BRIDS Estimates

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	3,305	4,218	5,521
Interest Expense	(309)	(499)	(803)	(1,068)	(1,319)
Net Interest Income	1,565	1,553	2,502	3,150	4,202
Non-Interest Income (NII)	197	291	339	399	477
Oper. Income	1,762	1,844	2,841	3,549	4,679
Oper. Expenses	(1,274)	(1,360)	(1,616)	(1,815)	(2,231)
Pre-provisions profit	488	485	1,226	1,735	2,447
Provisions & Allowances	(401)	(304)	(834)	(1,081)	(1,405)
Operating Profit	87	181	391	654	1,042
Non-Operating Income	7	(1)	(1)	(1)	(1)
Exceptionals	0	0	0	0	0
Pre-tax Profit	94	179	390	653	1,041
Income Tax	(21)	(51)	(86)	(144)	(229)
Minorities	0	0	0	0	0
Net Profit	72	129	304	509	812

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	34,088	41,611	51,353
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)	268	777	1,589
Shareholders' Funds	8,357	8,519	8,823	9,332	10,144
Minority interests	0	0	0	0	0
Total Equity & Liabilities	21,296	28,543	34,088	41,611	51,651

Exhibit 10. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	11.3	9.4	12.1	12.7	13.1
Cost of funds	2.9	3.1	3.6	3.7	3.6
Interest Spread	8.4	6.4	8.5	9.0	9.5
Net Interest Margin	9.4	7.2	9.2	9.5	10.0
Cost/Income Ratio	72.3	73.7	56.9	51.1	47.7
Oper. Exp./Oper. Gross Inc.	95.8	92.3	89.3	85.8	82.6
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	4.1	4.1	4.1
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	3.5	5.6	8.3
ROAA	0.4	0.5	1.0	1.3	1.7
CAR	56.0	34.8	29.0	24.1	20.4

Exhibit 11. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	0.5	0.7	1.2	1.7	2.2
Tax Retention rate	77.3	71.7	78.0	78.0	78.0
Post-Tax ROAA	0.4	0.5	1.0	1.3	1.7
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.3	3.0	3.6	4.2	4.8
ROAE	0.9	1.5	3.5	5.6	8.3
Growth (%)					
Interest income	25.0	9.5	61.0	27.6	30.9
Net Interest Income	15.7	(0.8)	61.1	25.9	33.4
Other Oper. Expenses	24.3	6.7	18.8	12.3	23.0
Fee Based Income	147.9	47.7	15.8	17.3	19.1
Pre-Provision Oper. Profit	20.4	(0.7)	152.9	41.5	41.1
Net Profit	354.7	77.6	136.8	67.3	59.5
Shareholders' Equity	1.1	1.9	3.6	5.8	8.7
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	19.4	22.1	23.4

Source: ARTO, BRIDS Estimates

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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

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