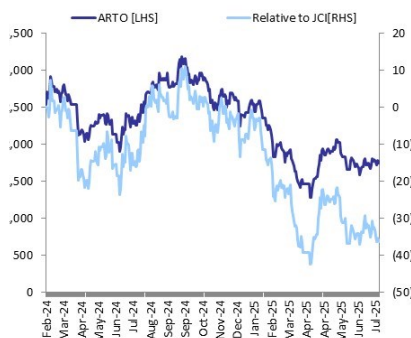


Buy

(Maintained)

Last Price (Rp)	1,870
Target Price (Rp)	3,300
Previous Target Price (Rp)	3,400
Upside/Downside	+76.5%
No. of Shares (mn)	13,856
Mkt Cap (Rpbn/US\$mn)	25,911/1,591
Avg, Daily T/O (Rpbn/US\$mn)	13.5/0.8
Free Float (%)	45.6
Major Shareholder (%)	
Metamorfosis Ekosistem	29.8
Dompot Karya Anak Bangsa	21.4
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	20.9 35.2 56.6
Consensus	22.4 43.2 66.1
BRIDS/Cons (%)	(6.6) (18.6) (14.4)

ARTO relative to JCI Index



Source: Bloomberg

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Bank Jago (ARTO IJ)

2Q25 Earnings Miss, Despite Record Profit on Lower Provisions; Margin Pressure Persists

- ARTO posted 2Q25 net profit growth of +11% qoq/ +136% yoy, resulting in 1H25 NP of Rp127bn (+154% yoy), but below our/cons ests.
- Mgmt. maintains its +30% loan growth guidance and expects a delayed impact from rate cuts to bring CoF lower in 2H25.
- We maintain our Buy rating but lowered our FY25-27F est. to account for higher CoF, resulting in a lower TP of Rp3,300.

Record Profit Amid Margin Pressure and Lower Provisions

ARTO booked a record-high quarterly net profit of Rp67bn (+11% qoq, +136% yoy) in 2Q25, supported by an 18% qoq decline in provisions, which offset a 10% qoq drop in PPOP due to compressed NIM. NIM declined to 8.1% from 8.9% in 1Q25, as CoF rose on the back of a lower CASA ratio and a shift toward TDs. EA yield also softened as the bank prioritized higher quality lending, which in turn improved CoC to 3.5% from 4.7% in 1Q25. Meanwhile, CIR rose to 60.1%, driven by lower NII and higher IT opex, although this still marked a significant yoy improvement from 77.2% in 2Q24.

Strong PPOP Growth, but 1H25 Earnings Miss Estimates

Despite reporting Rp127bn in 1H25 net profit (+154% yoy), earnings fell short of our and consensus est. (42% of FY25F). Nonetheless, PPOP surged 218% yoy, driven by strong NII and robust fee income. NIM rose to 8.6% in 1H25 from 7.3% in 1H24, supported by an increase in loan yield to 14.1%. CIR improved to 58.2% as income growth outpaced the 21% yoy rise in opex, which was driven by increased transaction volume and IT investment.

Solid Growth Outlook Backed by Digital Initiatives and Loan Momentum

ARTO maintains its +30% loan growth guidance, with solid 2Q25 loan and deposit growth of 37% yoy (+6% qoq) and 51% yoy (+5% qoq), respectively. Mgmt. expects CoF to trend lower in 2H25 following rate cuts, though the impact may be delayed. Continued improvement in CoC will depend on disciplined credit quality management. Performance will also hinge on monetizing new digital features such as GoPay Deposito, FX-linked debit cards, and digital asset custody. While risks remain around cost pressures and funding, we believe ARTO's structural initiatives and scalable platform continue to position it well for long-term growth.

Maintain Buy with a TP of Rp3,300

We maintain our Buy rating on ARTO, supported by robust loan growth outlook, solid asset quality, and better margin for 2H25. We lowered our FY25/26/27F estimates by 4.7/4.1/3.4% to account for higher CoF, lowering our TP to Rp3,300, based on a 3-stage DDM, with an LTG assumption of 8.0% and a CoE of 10.0%. Risks to our view include higher CoF and higher CoC.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	488	485	1,208	1,708	2,412
Net profit (Rpbn)	72	129	290	488	784
EPS (Rp)	5.2	9.3	20.9	35.2	56.6
EPS growth (%)	354.7	77.6	125.8	68.2	60.7
BVPS (Rp)	603.1	614.8	635.7	671.0	727.6
PER (x)	358.1	201.6	89.3	53.1	33.0
PBV (x)	3.1	3.0	2.9	2.8	2.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	0.9	1.5	3.3	5.4	8.1

Source: ARTO, BRIDS Estimates

Exhibit 1. ARTO's 2Q25 earnings summary

ARTO - Financial (Rpbn)	2Q24	1Q25	2Q25	qoq, %	yoy, %	1H24	1H25	yoy, %	FY25F	FY25C	A/F	A/C
Interest income	469	789	804	2%	71%	912	1,593	75%	3,305	3,096	48%	51%
Interest expense	106	197	230	16%	116%	204	427	110%	803	768	53%	56%
Net interest income	363	591	575	-3%	58%	708	1,166	65%	2,502	2,328	47%	50%
Other operating income	72	99	104	5%	43%	133	203	53%	339		60%	n/a
Operating expenses	336	389	408	5%	21%	661	797	21%	1,616		49%	n/a
PPOP	99	301	271	-10%	173%	180	572	218%	1,226	996	47%	57%
Provision	62	224	185	-18%	197%	115	409	256%	834	735	49%	56%
Operating Profits	37	77	86	12%	132%	65	163	151%	391	380	42%	43%
Net profits	28	60	67	11%	136%	50	127	154%	304	303	42%	42%
Loans	15,671	20,258	21,434	6%	37%	15,671	21,434	37%	22,898	24,308	94%	88%
Customer deposits	14,809	21,441	22,431	5%	51%	14,809	22,431	51%	23,732	25,562	95%	88%
				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%)	10.8	14.7	13.5	⬇️ (114)	⬆️ 273	10.9	14.1	⬆️ 324				
Cost of fund (%)	3.0	3.9	4.2	⬇️ 26	⬇️ 115	3.0	4.1	⬇️ 104				
NIM (%)	7.3	8.9	8.1	⬇️ (73)	⬆️ 80	7.3	8.6	⬆️ 122				
CIR (%)	77.2	56.4	60.1	⬇️ 370	⬆️ (1,710)	78.6	58.2	⬆️ (2,036)				
Cost of credit (%)	1.7	4.7	3.5	⬆️ (118)	⬇️ 188	1.6	4.1	⬇️ 252				
ROE (%) - ann	1.3	2.8	3.1	⬆️ 28	⬆️ 175	1.2	3.0	⬆️ 177				
CASA ratio (%)	61.2	53.7	51.0	⬇️ (265)	⬇️ (1,016)							
LDR (%)	105.8	94.5	95.6	⬇️ 107	⬆️ (1,027)							
NPL ratio (%)	0.4	0.3	0.3	➡️ (3)	⬆️ (11)							
LaR ratio (%)	3.3	5.1	5.2	⬇️ 11	⬇️ 195							

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%	2027F (Prev)	2027F (Curr)	Δ%
Net Interest Income (Rpbn)	2,502	2,461	(1.6)	3,150	3,096	(1.7)	4,202	4,136	(1.6)
PPOP (Rpbn)	1,226	1,208	(1.5)	1,735	1,708	(1.6)	2,447	2,412	(1.4)
Net profit (Rpbn)	304	290	(4.7)	509	488	(4.1)	812	784	(3.4)
BVPS (Rp)	637	636	(0.2)	674	671	(0.4)	732	728	(0.6)
Gross Loans (Rpbn)	22,898	22,898	-	29,718	29,718	-	38,567	38,567	-
Customer Deposits (Rpbn)	23,732	23,732	-	30,493	30,493	-	39,496	39,496	-
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2026F (Prev)	2026F (Curr)	Δ bps	2027F (Prev)	2027F (Curr)	Δ bps
Net Interest Margin	9.2	9.0	(15)	9.5	9.3	(16)	10.0	9.8	(16)
Cost of Funds	3.6	3.8	18	3.7	3.9	19	3.6	3.8	18
Gross NPL Ratio	0.2	0.2	-	0.2	0.2	-	0.2	0.2	-
Cost/Income Ratio	56.9	56.9	2	51.1	51.1	2	47.7	47.7	2
ROAE	3.5	3.3	(16)	5.6	5.4	(22)	8.3	8.1	(24)

Source: Company, BRIDS Estimates

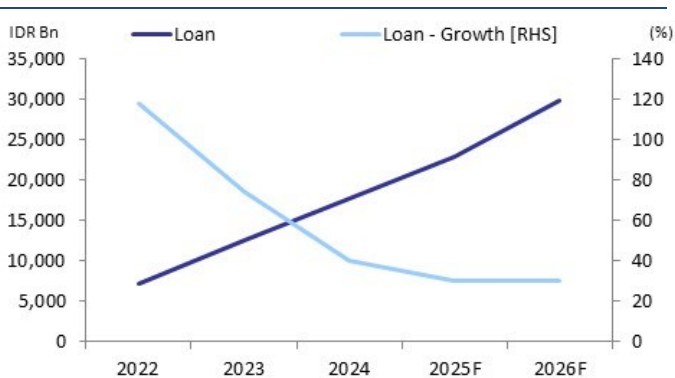
Exhibit 3. ARTO's Changes in Forecast

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)	3.1%	17.1%	22.0%
Growth rate (CAGR)	44.5%	32.2%	8.0%
Expected dividend payout ratio (average)	0.0%	37.1%	63.6%

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	636	671	728	804	903	1023	1145	1266	1376
Return on equity	1.0%	0.2%	0.9%	1.5%	3.3%	5.2%	7.8%	10.7%	13.9%	17.3%	18.5%	20.2%	22.0%
Earnings per share	6.2	1.1	5.2	9.3	20.9	35.2	56.6	85.7	125.3	176.7	211.9	256.0	302.5
growth		-82%	355%	78%	126%	68%	61%	51%	46%	41%	20%	21%	18%
Payout ratio	0%	0%	0%	0%	0%	0%	0%	10.6%	21.2%	31.8%	42.4%	53.0%	64%
Dividend per share	-	-	-	-	-	-	-	9.1	26.6	56.2	89.9	135.8	192.5
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	-	-	-	-	-	-	-	4.92	12.57	23.45	33.39	45.37	58.49
TP	IDR 3,300												

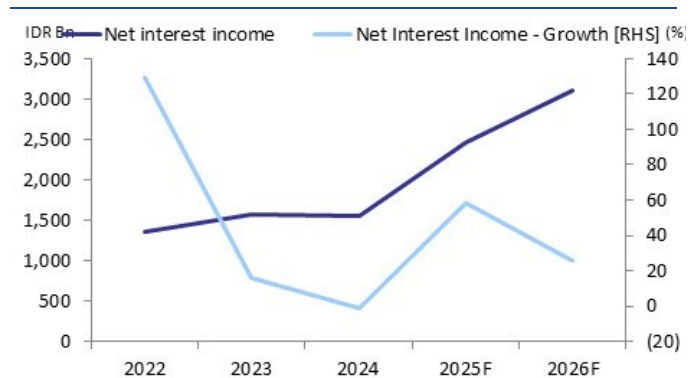
Source: Company, BRIDS Estimates

Exhibit 4. Loans and Growth



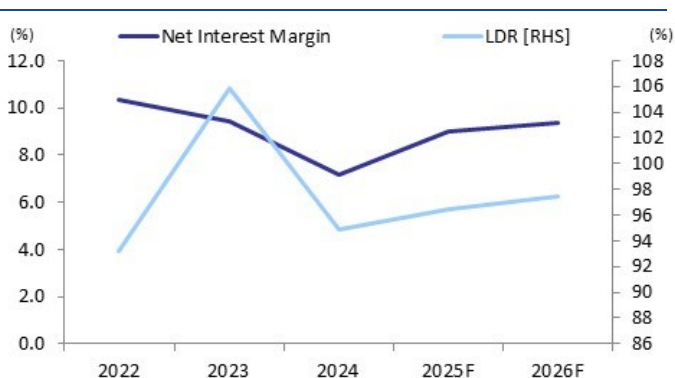
Source: Company, BRIDS Estimates

Exhibit 5. Net Interest Income and Growth



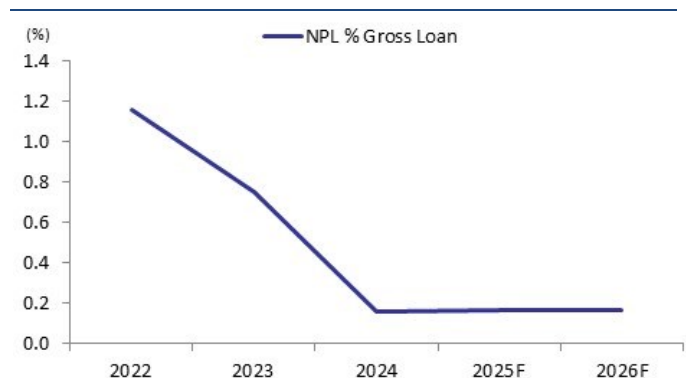
Source: Company, BRIDS Estimates

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)	(843)	(1,121)	(1,385)
Net Interest Income	1,565	1,553	2,461	3,096	4,136
Non-Interest Income (NII)	197	291	339	399	477
Oper. Income	1,762	1,844	2,801	3,495	4,613
Oper. Expenses	(1,274)	(1,360)	(1,593)	(1,788)	(2,201)
Pre-provisions profit	488	485	1,208	1,708	2,412
Provisions & Allowances	(401)	(304)	(834)	(1,081)	(1,405)
Operating Profit	87	181	373	627	1,007
Non-Operating Income	7	(1)	(1)	(1)	(1)
Exceptionals	0	0	0	0	0
Pre-tax Profit	94	179	372	626	1,006
Income Tax	(21)	(51)	(82)	(138)	(221)
Minorities	0	0	0	0	0
Net Profit	72	129	290	488	784

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	34,073	41,576	51,290
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)	254	742	1,526
Shareholders' Funds	8,357	8,519	8,809	9,297	10,082
Minority interests	0	0	0	0	0
Total Equity & Liabilities	21,296	28,543	34,073	41,576	51,588

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	3.8	3.9	3.8
Interest Spread	8.4	6.4	8.3	8.8	9.3
Net Interest Margin	9.4	7.2	9.0	9.3	9.8
Cost/Income Ratio	72.3	73.7	56.9	51.1	47.7
Oper. Exp./Oper. Gross Inc.	95.8	92.3	89.8	86.4	83.2
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	3.3	5.4	8.1
ROAA	0.4	0.5	0.9	1.3	1.7
CAR	56.0	34.8	29.0	24.0	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	0.9	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	3.3	5.4	8.1
Growth (%)					
Interest income	25.0	9.5	61.0	27.6	30.9
Net Interest Income	15.7	(0.8)	58.5	25.8	33.6
Other Oper. Expenses	24.3	6.7	17.2	12.2	23.1
Fee Based Income	147.9	47.7	15.8	17.3	19.1
Pre-Provision Oper. Profit	20.4	(0.7)	149.2	41.4	41.3
Net Profit	354.7	77.6	125.8	68.2	60.7
Shareholders' Equity	1.1	1.9	3.4	5.5	8.4
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	22.0	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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