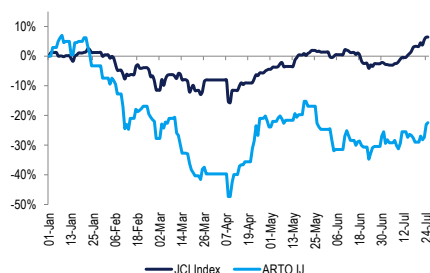


Stock Data

Target price	Rp2,300
Prior TP	Rp2,300
Current price	Rp1,870
Upside/downside	+23%
Shares outstanding (mn)	13,861
Market cap (Rp bn)	26,129
Free float	13%
Avg. 6m daily T/O (Rp bn)	17

Price Performance

	3M	6M	12M
Absolute	5,9%	-23,1%	-22,4%
Relative to JCI	-8,0%	-27,2%	-26,5%
52w low/high (Rp)	1,280 – 3,180		



Major Shareholders

PT Metamorfosis Ekosistem Indonesia	29.8%
PT Dompot Karya Anak Bangsa	21.4%
Wealth Track Tech Limited	11.7%

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2Q25 results: in-line with improvement in CoC

- 1H25 net profit of Rp127bn (+154% yoy) was in line (50/42% of ours/consensus). 2Q25 profit up by 10% qoq.
- NIM compressed to 8.4% (-70bp qoq) as loan yield dropped by 130bp qoq from loan mix shift and continued funding pressure.
- Loan growth remained robust at +37% yoy while LAR remained flat qoq at 5.2%. Maintain Buy with TP of Rp2,300.

1H25 results: in line with estimates but lower vs. consensus

ARTO posted 1H25 net profit of Rp127bn (+154% yoy/+10% qoq in 2Q25), in line at 50/42% of our/consensus FY25F. NII grew +65% yoy but declined 3% qoq as interest expense rose 16% qoq amid tighter liquidity. PPOP rose by 218% yoy in 1H25 but dropped 10% qoq from lower revenue (-1% qoq) and slightly higher opex (+5% qoq). Provision expenses rose 256% yoy due to insurance coverage shift to 75%, but eased qoq at -17%. CoC declined to 3.5% in 2Q25 (from 4.6% in 1Q25). CIR was relatively stable at 58% (vs. 56% in 1Q25), tracking well below its FY25F guidance of <60%.

NIM compressed as loan mix shifts toward lower risk; CoF stays elevated

Quarterly NIM fell to 8.1% in 2Q25 (8.4% in 1H25) vs. 8.8% in 1Q25 (7.2% in 2Q24). Loan yield dropped 130bp qoq to 9.1% as ARTO shifted to lower-risk loans. Treasury asset yield also fell to 5.4% (vs. 5.6% in 1Q25), contributing to softer overall margin. At the same time, CoF rose to 4.1% from 3.1% in 2Q24 (4% in 1Q25), as CASA declined to 51% (vs. 61% in 2Q24). Deposit grew +51% yoy (+5% qoq) driven by TD (+91% yoy) as customers preferred higher yielding deposit. LDR was flattish at 96% (vs. 94% in 1Q25/106% in 2Q24).

Loan growth remains healthy but a slight uptick in LAR

Gross loan reached Rp21.4tr (+37% yoy/+6% qoq). April disbursement was soft due to Lebaran but recovered by end of 2Q. LAR rose to 5.2% (vs. 3.3% in 2Q24/5.1% in 1Q25) while NPL remained flat at 0.3%. CoC eased to 3.5% in 2Q25 from 4.6% in 1Q25, aligning with FY25F guidance of ~4%. ARTO continued to scale its FX pocket offerings, custodian, and ecosystem-linked products to continue to generate a more diversified income.

Maintain Buy

We maintain our Buy rating with TP of Rp2,300 as we think the strong growth and execution shall warrant a premium. Despite tighter liquidity, relatively stable qoq CoF shown a good progress in terms of building its funding franchise. Risk is worsening asset quality from slower economic growth and elevated funding costs.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net interest income	1,565	1,553	2,549	3,103	3,874
Non-interest income	197	291	464	584	708
Total revenue	1,762	1,844	3,013	3,687	4,583
PPOP	488	485	1,176	1,505	1,937
Provision charges	(401)	(304)	(820)	(1,035)	(1,274)
Net profit	72	129	255	336	475
Net profit growth	355%	78%	98%	32%	41%
P/BV (x)	3.1	3.0	3.0	2.8	2.7
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
ROAE	0.9%	1.5%	2.9%	3.8%	5.1%
IPS vs. consensus			88%	57%	52%

Source: Company, Indo Premier

Share price closing as of: 24 July 2025

Fig. 1: ARTO 2Q25 results summary

ARTO 2Q25 result (in Rp bn)	1H25	1H24	yoy%	2Q25	2Q24	%YoY	1Q25	%QoQ	IPS FY25F	% of IPS	Cons FY25F	% of Cons.
Interest income	1,593	912	75%	804	469	71%	789	2%	3,400	47%		
Interest expense	(427)	(204)	110%	(230)	(106)	116%	(197)	16%	(852)	50%		
Net interest income	1,166	708	65%	575	363	58%	591	-3%	2,549	46%		
Non-interest income	203	133	53%	105	72	45%	98	7%	464	44%		
Total Income	1,369	841	63%	680	435	56%	689	-1%	3,013	45%		
Overhead expenses	(797)	(661)	21%	(409)	(336)	22%	(388)	5%	(1,837)	43%		
Pre-provision profit	572	180	218%	271	99	172%	301	-10%	1,176	49%		
Loan loss provision	(409)	(115)	256%	(185)	(62)	198%	(224)	-17%	(820)	50%		
Non Operating	0	(1)	-100%	0	(1)	-100%	0	#DIV/0!	(1)	0%		
Pretax profit	163	64	154%	86	36	136%	77	10%	355	46%	399	41%
Tax	(36)	(14)	155%	(19)	(8)	138%	(17)	12%	(100)	36%		
Net Profit	127	50	154%	67	28	135%	60	10%	255	50%	303	42%

Source: Company, Indo Premier

Fig. 2: ARTO 2Q25 balance sheet summary

Balance sheet	2Q25	2Q24	%YoY	1Q25	%QoQ
Cash & BI	1,552	1,464	6%	1,703	-9%
Placement & SBI	6,883	4,940	39%	8,018	-14%
Gross Loan	21,434	15,671	37%	20,258	6%
Provision	(410)	(167)	146%	(455)	-10%
Other assets	2,970	2,341	27%	2,939	1%
Total Assets	32,429	24,249	34%	32,463	0%
CASA	11,444	9,060	26%	11,507	-1%
Time Deposits (TD)	10,987	5,749	91%	9,934	11%
Total Deposits	22,431	14,809	51%	21,441	5%
Other liabilities	1,334	1,016	31%	2,431	-45%
Total liabilities	23,765	15,825	50%	23,872	0%
Equity	8,664	8,424	3%	8,591	1%

Source: Company, Indo Premier

Fig. 3: ARTO 2Q25 key ratios

Key ratios	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Loan yield (Quarterly, reported)	13.8	12.2	11.0	9.2	8.1	7.7	7.0	8.9	10.4	9.1
Loan yield (Cumulative, reported)	13.8	13.0	12.3	11.7	8.1	8.0	7.6	8.0	10.4	9.7
CoF (Cumulative, reported)	3.2	3.6	2.9	3.0	3.1	3.1	3.4	3.7	4.0	4.1
NIM (Quarterly, reported)	11.0	10.0	9.0	8.0	7.5	7.2	6.7	8.0	8.8	8.1
NIM (Cumulative, reported)	11.0	10.5	10.0	9.5	7.5	7.3	7.1	7.3	8.8	8.4
CIR	67	67	69	72	80	79	77	74	56	58
LDR	117	111	105	108	108	106	102	94	94	96
Gross NPL	1.5	1.2	1.2	0.8	0.6	0.4	0.2	0.2	0.3	0.3
LAR	7.3	8.6	8.5	5.5	4.0	3.3	3.5	3.8	5.1	5.2
Credit Costs (Quarterly, reported)	5.2	4.7	3.2	1.7	1.5	1.6	1.3	3.0	4.6	3.5
Credit Costs (Cumulative, reported)	5.2	4.9	4.4	3.6	1.5	1.6	1.5	1.9	4.6	4.0
CASA	63.8	71.4	73.2	65.3	62.7	61.2	56.7	53.0	53.7	51.0
CAR	78.7	72.8	71.3	61.8	55.0	50.3	45.6	44.4	36.4	35.9

Source: Company, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Interest income	1,875	2,053	3,400	4,138	5,138
Interest expense	(309)	(499)	(852)	(1,036)	(1,264)
Net interest income	1,565	1,553	2,549	3,103	3,874
Non-interest income	197	291	464	584	708
Total operating income	1,762	1,844	3,013	3,687	4,583
Opex	(1,274)	(1,360)	(1,837)	(2,182)	(2,645)
PPOP	488	485	1,176	1,505	1,937
Provisions	(401)	(304)	(820)	(1,035)	(1,274)
Operating profit	87	181	356	470	663
Non-operating profit	7	(1)	(1)	(1)	(1)
Pre-tax profit	94	179	355	468	662
Income tax	(21)	(51)	(100)	(132)	(187)
Minority interest	-	-	-	-	-
Net profit	72	129	255	336	475

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash + CA with BI	1,188	1,022	2,222	2,789	3,328
Secondary reserves	5,254	7,474	7,212	7,212	6,563
Gross loans	13,020	17,701	23,290	29,811	37,264
Loan provisions	(242)	(289)	(809)	(1,446)	(2,218)
Other assets	2,076	2,634	2,634	2,634	2,634
Total Assets	21,296	28,543	34,549	41,000	47,572
Total deposits	12,067	18,806	24,557	30,672	36,769
Securities and borrowings	0	0	0	0	0
Other liabilities	872	1,218	1,218	1,218	1,218
Total liabilities	12,939	20,024	25,775	31,890	37,987
Shareholders' equity	8,357	8,519	8,774	9,110	9,585
Total liabilities & equity	21,296	28,543	34,549	41,000	47,572

Growth YoY	2023A	2024A	2025F	2026F	2027F
Gross loans	38.1%	36.0%	31.6%	28.0%	25.0%
Total assets	25.5%	34.0%	21.0%	18.7%	16.0%
Total deposits	45.8%	55.8%	30.6%	24.9%	19.9%
Net interest income	15.7%	-0.8%	64.1%	21.7%	24.9%
Non-interest income	152.5%	47.7%	59.6%	25.8%	21.2%
Total operating income	582.4%	108.1%	97.4%	31.7%	41.1%
Operating expense	24.3%	6.7%	35.1%	18.8%	21.2%
PPOP	20.4%	-0.7%	142.7%	28.0%	28.7%
Net profit	354.7%	77.6%	98.3%	31.9%	41.3%

Key Ratios	2023A	2024A	2025F	2026F	2027F
ROAA	0.4%	0.5%	0.8%	0.9%	1.1%
ROAE	0.9%	1.5%	2.9%	3.8%	5.1%
NIM	8.9%	6.8%	8.7%	8.6%	8.9%
Credit cost	3.6%	2.0%	4.0%	3.9%	3.8%
Cost/income	72.3%	73.7%	61.0%	59.2%	57.7%
LDR	107.9%	94.1%	94.8%	97.2%	101.3%
CAR	61.8%	44.4%	36.4%	31.4%	28.1%
NPL ratio	0.8%	0.2%	0.8%	1.1%	1.3%
Provisions/NPL	221.4%	996.8%	419.4%	444.1%	449.5%

Source: Company, Indo Premier

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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