

Bank Jago (ARTO): IDR 3,160 — HOLD, SSI TP: IDR 3,000; Cons. TP: IDR 2,949



8M24 Results: 30 September 2024

(IDRbn)	Aug-24	MoM (%)	YoY (%)	8M23	8M24	YoY (%)	8M24/2024F	8M24/cons
Net Interest Income	121	(2.2)	(3.2)	1,088	952	(12.5)	-	-
Non-interest income	28	12.6	119.7	122	185	51.5	-	-
Total operating income	148	0.3	8.1	1,210	1,137	(6.1)	56.7	60.5
Provisions	18	(2.4)	(30.5)	324	151	(53.5)	-	-
Operating profit	15	0.8	146.9	57	95	66.6	-	-
Net profit	12	0.8	214.7	47	73	56.3	66.1	61.1
Key ratios (%)								
Assets yield (annualized)	-	-	-	12.0	9.1	-	-	-
Cost of funds (annualized)	-	-	-	3.4	3.3	-	-	-
NIM (annualized)	-	-	-	10.1	7.0	-	-	-
Credit Costs (annualized)	-	-	-	5.4	1.7	-	-	-
LDR	-	-	-	101.9	102.7	-	-	-
ROE (annualized)	-	-	-	0.8	1.3	-	-	-

SWOT Analysis of the Results (SSI: In-line; Consensus: Below)

<p>Strength</p> <p>Despite sharia financing portfolio runoff, ARTO still managed to book loan growth of 54.6% YoY in Aug-24 vs. 47.0% in Jul-24, while keeping its CoC at low level of 167bps in 8M24 vs. 170bps in 7M24</p>	<p>Weakness</p> <p>Loan yield fell -11bps MoM to 9.1%, primarily due to changes in ARTO's portfolio mix, which led to lower NIM in 8M24 of 7.0%, from 7.1% in 7M24</p>
<p>Opportunity</p> <p>Ample room to grow in 2H24 and beyond thanks to its joint products with GOTO (Gopay Tabungan Syariah); at the moment, only ~20% of total lending comes from GoTo's ecosystem</p>	<p>Threat</p> <p>The bank's NPL (0.4% in 2Q24) may rise further as ARTO maintains its aggressive lending disbursement strategy; this may lead to more downgrades in TPs causing unexciting share price performance</p>

Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	2024F			
							NIM (%)	EPS Growth (%)	PBV (x)	ROE (%)
BBCA	BUY	1,344	10,650	12,000	7,234	12.7	5.7	9.2	5.0	20.9
BBRI	HOLD	830	5,100	5,500	(18,212)	7.8	7.7	3.6	2.5	19.6
BMRI	BUY	688	7,050	8,500	3,435	20.6	5.2	0.1	2.4	20.3
BBNI	BUY	218	5,450	6,500	127	19.3	4.3	6.6	1.3	14.3
BRIS	HOLD	143	3,060	2,900	2,228	(5.2)	5.5	15.6	2.7	16.9
ARTO	HOLD	43	3,160	3,000	791	(5.1)	7.9	53.7	5.2	1.3
BBTN	HOLD	22	1,460	1,400	384	(4.1)	3.6	7.4	0.5	11.7
Sector	Overweight	3,288			(802)	12.4	6.0	6.6	3.5	19.5

Relative YTD Performance vs JCI (%)

