

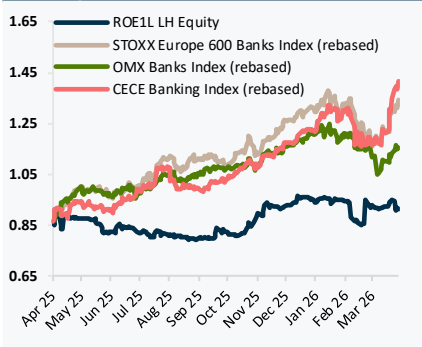
Artea Bank

Key share data

Sector	Financials
Reuters	ROE1L.VL
Bloomberg	ROE1L:LH

Market Cap (EURm)	598
Free float (EURm)	369
Issued shares, m	652
Avg. daily value traded 3M	260 023

Share price



Upcoming events

1Q26 report	April 27, 2026
2Q26 report	July 29, 2026
3Q26 report	October 28, 2026

This report is paid for by the company covered in it.

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Stable outlook

We view the quarter as signalling stabilisation after a weak end to 2025, although earnings momentum remains modest. At the same time, elevated market uncertainty and renewed inflation concerns are likely to weigh on sentiment and constrain share price performance. For Lithuanian banks, the backdrop remains mixed: firmer loan yields should continue to support earnings, but credit demand is likely to stay subdued, particularly in mortgages and more rate-sensitive corporate lending. Funding conditions are also unlikely to ease materially, keeping pressure on deposit competition and limiting margin upside. Rate expectations have shifted materially, with markets now pricing around 50-55bps of tightening through 2026, equivalent to roughly two hikes, with the first move most likely around mid-year. This marks a clear shift away from earlier expectations of stable or easing policy and reflects renewed concerns over energy-driven inflation. As there have been no material changes to the bank's valuation relative to the sector, we maintain our valuation range at EUR 0.78-1.00/sh. Artea Bank will report 1Q earnings on April 27th after market close.

Artea Bank's 1Q26 results:

- NII is estimated at EUR 33.4m, down ~2% QoQ and ~3% YoY, indicating continued pressure versus the prior year
- Net commission income is forecasted broadly flat YoY at EUR 7.7m
- Total costs are expected at EUR 27.1m, down ~13% QoQ but up ~8% YoY. On an adjusted basis, total costs are estimated at EUR 23.7m, down ~10% QoQ and up ~3% YoY
- Write-downs on loans are estimated at EUR 1.9m, up from EUR 0.7m in 4Q25 and slightly below EUR 2.2m in 1Q25
- The CET1 ratio is expected to stand at 17.9%, down from 18.9% in 4Q25
- Adjusted ROE is estimated at 11.2%, stable QoQ but lower YoY (13.6%).

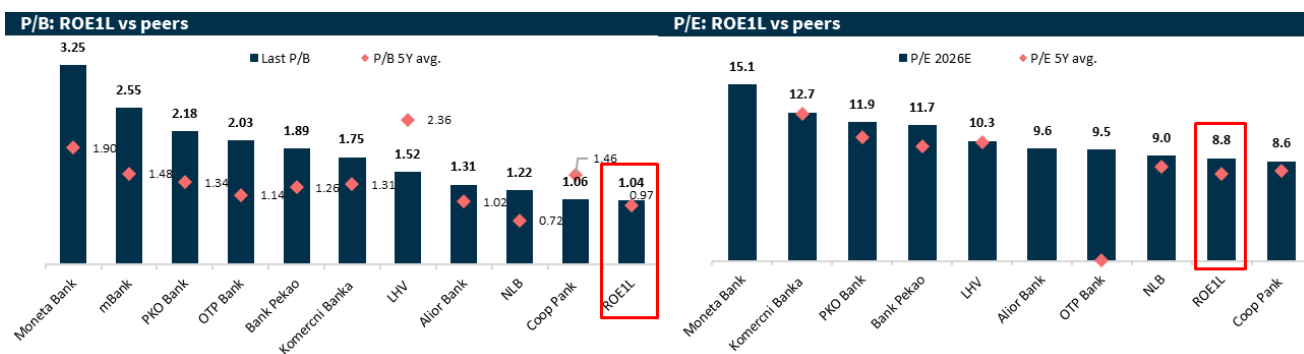
1Q/26 results	1Q/25	4Q/25	1Q/26e
EURm			Norne
Net interest income	34.4	34.0	33.4
Net commission income	7.6	8.2	7.7
Net insurance income incl. other income	5.4	-0.9	1.6
Total costs	25.1	31.1	27.1
Adj. total costs	22.9	26.4	23.7
Core earnings before loan losses	24.5	15.5	18.4
Write-downs on loans	2.2	0.7	1.9
Core earnings	22.3	14.8	16.5
EPS (EUR)	0.027	0.019	0.021
EPS adjusted (EUR)	0.029	0.025	0.025
CET1 ratio, %	18.6%	18.9%	17.9%
ROE (annualised)	12.4%	8.5%	9.3%
Adj. ROE (annualised)	13.6%	11.2%	11.2%

Tesonet Global targets to increase its interest in Artea Bank

Tesonet Global has taken a step toward becoming a larger shareholder in Artea Bank, having already completed an initial share purchase and signed additional conditional agreements that could increase its ownership to as much as 31.68%. The first completed transaction raised Tesonet's stake to 9.86%, while the remaining acquisitions are subject to regulatory approvals and are expected to be completed by the end of 1Q27. The pricing structure is notable. Future purchases will be executed at 1.2x Artea Bank's most recently disclosed book value per share at closing, indicating that Tesonet is prepared to pay above current accounting value to increase its position. This may be read as a sign of confidence in the bank's long-term prospects and in the potential contribution Tesonet believes it can make through its digital and strategic capabilities. The announcement also suggests that Tesonet's interest may extend beyond a purely financial investment. Its stated intention to later seek ECB approval for a controlling stake points to a possible ambition to play a more active role in the bank's development over time. If that were to happen, it could support further technological modernization, greater emphasis on digital customer experience, and a broader strategic evolution. For Artea Bank, the implications appear generally positive over the medium to long term. The bank may benefit from the support of a well-capitalized shareholder with experience in building and scaling digital-first businesses, which could be relevant for its ongoing transformation. At the same time, the process remains gradual and conditional, and there is still uncertainty around timing, approvals, and whether Tesonet will ultimately obtain control. Overall, the announcement can be seen as supportive of Artea Bank's longer-term strategic development, while the eventual outcome will depend on the regulatory process and Tesonet's ability to complete the planned transactions.

Potential triggers for the investment case

- Improving geopolitical landscape with prospects of ending the war in Ukraine would improve confidence in the CEE region and potentially reduce/remove discount to European peers
- Market leader position and scaling renovation initiative may lead to an increased commission
- Growing bank with an increasing market share: the bank has so far increased its market share in retail and corporate segments, implying a strong management ambition to focus on growth. The bank has set ambitious strategic targets to double its corporate and private customer segments by 2029
- Rebranding and changing its core system may make it a more attractive bank in the market, enhance client experiences and amplify cross-selling and upsell
- Current P/E and P/B suggest undemanding pricing relative to industry peers relative to ROE, implying the possibility of further re-ratings



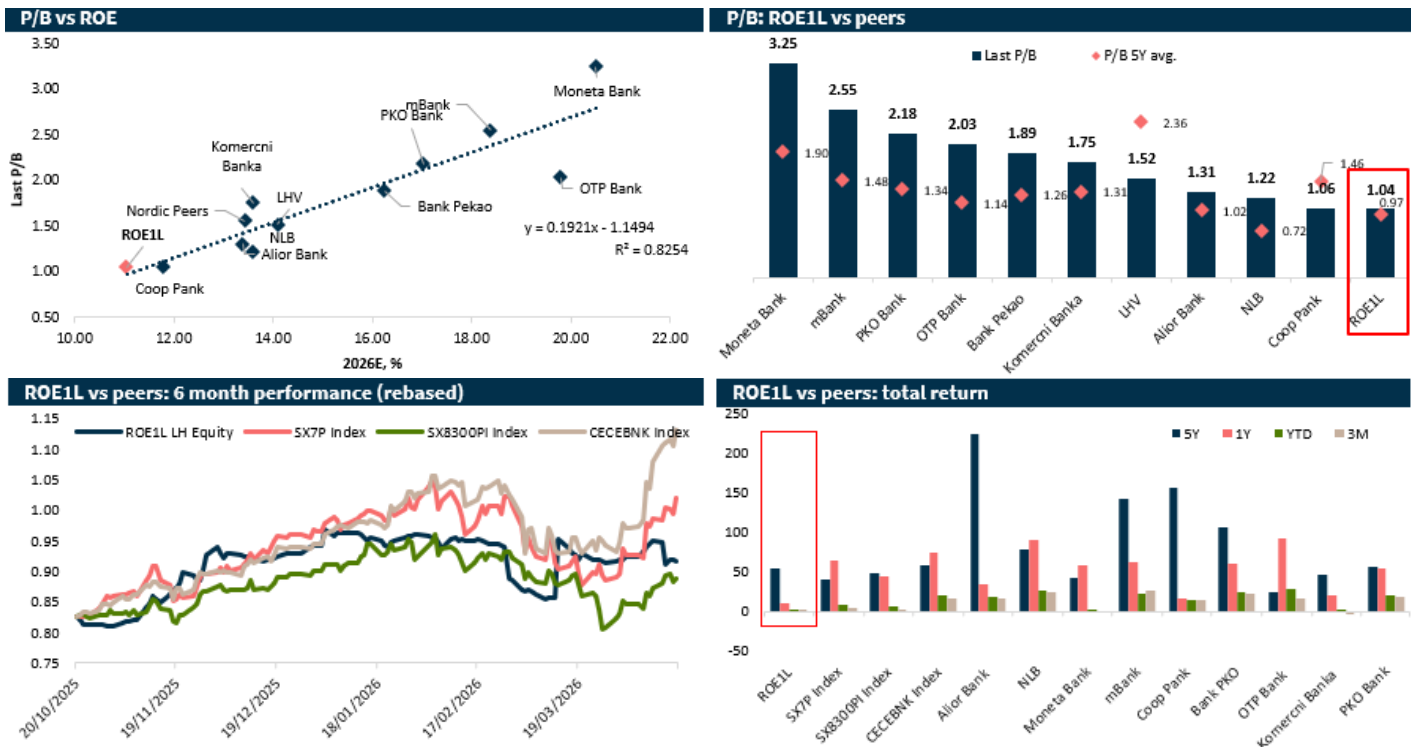
Potential downsides for the investment case

- Although the bank's targets are highly ambitious, aiming for an ROE exceeding 17%, we believe achieving this goal depends on several critical factors aligning simultaneously. These include sustained strong economic growth in Lithuania, stable asset quality without macroeconomic shocks, the successful implementation of its core banking system, an interest rate environment above zero, and continued profitable expansion alongside increasing market share. In reality, it is hardly ever that all elements occur or align in the right order. Therefore, we see a risk that the bank's long-term 2028-2029 targets are too ambitious, and there are several factors that the bank does not control, e.g. Lithuanian economy development, external shocks, interest rates cycle, etc.
- Economic downturn might lead to increased NPLs and deteriorating asset quality as well as lower credit demand and commission fees related products such as savings, insurance, etc.
- Capital risk. Failure to meet capital requirements, leading to a risk of equity issues or dividend reductions
- Interest rate risk. A sharp reduction in future interest rates could potentially have an impact on the bank's interest rate spread (i.e., lending-deposit spread) in turn having an adverse impact on the bank's core business results. Similarly, a sharp interest rate downturn could result in a steeper than anticipated decline in NIM in turn weakening than foreseen NII earnings outlook.
- Changes in regulatory requirements, particularly related to capital levels (e.g. countercyclical buffer, MREL requirements) and/or revision in Pillar 2 requirements
- Real estate market risk. The bank is exposed to the real estate and construction sectors, which may experience potential reductions in market prices and transaction volumes. This could adversely affect the bank's debtors and reduce the value and liquidity of the collateral, thereby having a negative effect on the bank's financial position.
- Geopolitical risk and political uncertainty might adversely affect the general economic situation and financial market conditions in Lithuania.

Estimate changes (EURm)	1Q/26e			2026E			2027E			2028E		
	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
Net interest income	33.4	33.4	0.1%	142.0	142.0	0.0%	154.5	154.5	0.0%	165.4	167.1	-1.0%
Net commission income	7.7	7.7	1.1%	32.3	32.2	0.3%	34.8	34.7	0.2%	40.0	39.9	0.2%
Net insurance income incl. other incor	1.6	1.6	nm	-9.8	-9.8	0.0%	-11.6	-11.6	0.0%	-13.6	-13.6	0.0%
Total costs	27.1	26.9	0.6%	115.3	115.1	0.2%	120.5	120.3	0.2%	126.0	125.8	0.2%
Write-downs on loans	1.9	2.2	-17.2%	6.9	7.2	-5.3%	8.9	8.9	0.0%	9.8	9.8	0.0%
Core earnings	16.5	16.2	2.0%	42.4	42.1	0.7%	48.3	48.4	-0.3%	56.0	57.8	-3.1%
Pre tax profit	16.5	16.2	2.0%	69.1	68.8	0.4%	76.7	76.8	-0.2%	86.4	88.2	-2.1%
EPS (EUR)	0.02	0.02	2.0%	0.09	0.09	0.4%	0.10	0.10	-0.2%	0.11	0.11	-2.1%
EPS adjusted (EUR)	0.03	0.02	1.7%	0.10	0.10	0.4%	0.10	0.10	-0.2%	0.11	0.11	-2.1%
CET1 ratio	17.9%	16.9%	1.0%p	18.2%	17.2%	1.0%p	18.1%	17.1%	1.0%p	17.9%	16.9%	0.9%p
Dividend per share (EUR)	-	-	-	0.04	0.04	0.4%	0.05	0.05	-0.2%	0.05	0.06	-2.1%
Adj. ROE (annualised)	11.2%	11.0%	0.2%p	11.1%	11.0%	0.0%p	10.1%	10.1%	0.0%p	10.4%	10.7%	-0.2%p

Staying put amidst market uncertainty

Ahead of the 1Q26 results, we have not made material changes to our estimates, as the main revisions were already implemented following 4Q25. Since then, volatility has risen amid the Middle East conflict, with higher energy prices reviving inflation concerns. While the ECB is still expected to hold rates in the near term, OIS-implied paths now price 50-55bps of tightening through 2026, or roughly two hikes, with the first move most likely around mid-year. This marks a clear shift from earlier expectations of stable or easing policy. For Lithuanian banks, the backdrop remains mixed. Firmer loan yields should support earnings, but credit demand is likely to stay subdued, particularly in mortgages and more rate-sensitive corporate lending. Funding conditions are also unlikely to ease materially, keeping pressure on deposit competition and limiting margin upside. As a result, we believe the focus remains on prudent pricing, cost control and diversified income generation rather than balance-sheet growth alone. The bank's valuation remains broadly unchanged versus the sector. The stock currently trades at 1.04x P/B on an adjusted 2026e ROE of 11.1%, compared with peer averages of 1.61x and 14.0%, respectively. In our view, the pricing-return profile remains less attractive than that of CEE peers, and we keep our valuation range unchanged at EUR 0.78-1.00/sh. For more information on valuation calculations, please see the next pages in the report.



Source: Bloomberg, Norne Securities

Valuation

Assumptions

Cost of equity	
Risk free rate*	3.7%
Equity risk premium	6.0%
Beta	1.10
Cost of equity	10.3%

*Lithuania 10Y govt. bond yield (approx.)

Terminal value (TV) assumptions	
Long term growth rate for DDM*	2.3%
Long term growth rate for RIV	2.3%
Long term ROE**	10.4%

*g - 2027 Lithuanian GDP growth (average of Ministry of Finance and Bank of Lithuania)

**Average of last explicit year ROE and cost of equity, assuming convergence to cost of equity

Dividend Discount Model (DDM)

Estimates (EURm)	2026E	2027E	2028E	2029E	Base year
Net profit	68	65	71	73	75
Dividends paid	29	32	36	37	37
Payout ratio (Group)	42%	48%	50%	50%	50%
Share buybacks	2.2	0.0	0.0	0.0	
PV of dividends	26	26	27	25	
Capital Adequacy ratio, %	22.4%	21.9%	21.4%	21.1%	
Capital Adequacy ratio target, %	18.3%	18.3%	18.3%	18.3%	
RWA	3 074	3 341	3 653	3 927	
Excess capital to shareholders	127	122	114	110	

Valuation (EURm)	Share
NPV of dividends paid, forecasted period	103 20%
NPV of excess capital to shareholders	82
NPV of share buybacks	2
NPV of dividends paid, TV	318 63%
Total NPV of dividends	506 83%
Number of shares (mill.)	652
Value per share (EUR)	0.78

Sensitivity (EUR/share)		Cost of equity				
		8.3%	9.3%	10.3%	11.3%	12.3%
Long term growth	0.5%	0.83	0.75	0.68	0.62	0.58
	1.5%	0.92	0.81	0.73	0.66	0.61
	2.5%	1.03	0.89	0.79	0.71	0.64
	3.5%	1.19	1.00	0.87	0.77	0.69

Residual Income Valuation (RIV)

Estimates (EURm)	2026E	2027E	2028E	2029E	Base year
Equity to shareholders (start of year)	635	669	709	747	747
ROE	11.1%	10.1%	10.4%	10.6%	10.4%
Cost of Equity	10.3%	10.3%	10.3%	10.3%	10.3%
Residual income	5.0	(0.9)	1.3	2.5	1.2
PV of residual income	4.6	(0.7)	1.0	1.7	

Valuation (EURm)	Share
Opening equity to shareholders	635 97%
PV of residual income, forecasted period	7 1%
PV of residual income, TV	11 2%
Total value to shareholders	652 100%
Number of shares (mill.)	652
Value per share (EUR)	1.00

Sensitivity (EUR/share)		Cost of equity				
		8.3%	9.3%	10.3%	11.3%	12.3%
Long term growth	0.5%	1.18	1.08	1.00	0.93	0.87
	1.5%	1.20	1.09	1.00	0.92	0.86
	2.5%	1.22	1.10	1.00	0.92	0.86
	3.5%	1.26	1.11	1.00	0.92	0.85

Valuation range of blended approach

We have used a blended approach using three different valuation methodologies, where we give equal weight to each method. The summary of our valuation under all three methods and Low/Base/High cases is presented below.

Fair value range (EUR per share)				
	DDM*	RIV**	Peers-based***	Average
Low Case	0.70	0.90	0.75	0.78
Base Case	0.78	1.00	0.79	0.85
High Case	0.92	1.20	0.88	1.00

*Low/High case as variables for lower/higher terminal growth/cost of equity

**Low/High assuming 5YR min. ROE of ~11% vs guided ROE >17%

***Low/High case assuming larger discount to peers/no discount

P/B multiple under target price				
	DDM	RIV	Peers-based	Average
Low Case	0.76	0.97	0.81	0.85
Base Case	0.84	1.08	0.86	0.92
High Case	1.00	1.29	0.95	1.08

Adj. P/E multiple under target price				
	DDM	RIV	Peers-based	Average
Low Case	6.31	8.13	6.74	7.06
Base Case	6.99	9.02	7.14	7.72
High Case	8.31	10.80	7.93	9.01

Our base case valuation range stands at EUR 0.79-1/sh. with a mid-point of EUR 0.85/sh., which values Artea Bank at P/B of 0.92x and adj. P/E of 7.72x for 2025E. As for the Low-High case, our blended approach implies a valuation range of EUR 0.78-1/sh., which suggests an upside potential to the current share price of 9%.

Lithuania's economy overview

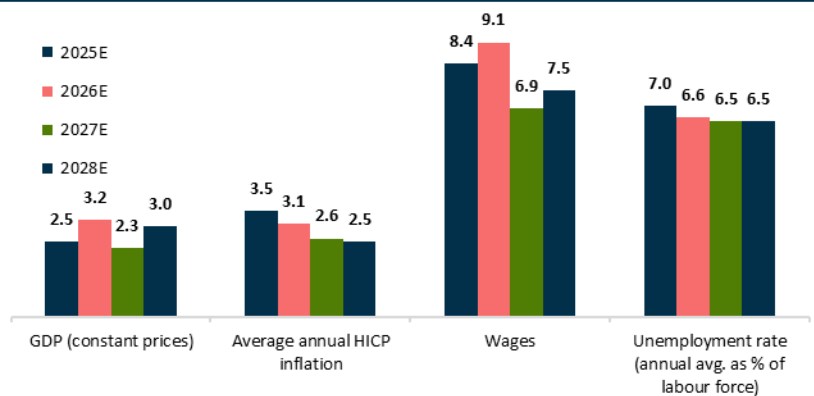
Lithuania's growth slowed in 2025 as inflation remained high and the external environment weakened. Average quarterly GDP growth in the first three quarters was only 0.27% (BoL), around four times lower than in 2024, largely because household spending softened. Retail and overall consumption slowed sharply, with the biggest drop in semi-durable goods such as clothing and household items. According to BoL, manufacturing also cooled: activity was strongest in Q1 due to stockpiling-related demand, but fell back as that effect faded, compounded by a temporary decline in fertiliser production. After several years of rapid expansion, parts of the services sector also moderated, including ICT, professional services, and administrative activities.

The labour market remains relatively resilient, but wage growth has started to ease. BoL indicates that quarterly wage increases were about one-fifth lower than in 2024, reflecting greater uncertainty and an already high labour share of value added. Even so, wages are still rising faster than prices, so real incomes continue to improve. Labour shortages remain close to the long-term average, while demographics are becoming less supportive: net migration is still positive but far below 2022-2023 levels, leaving both population and employment broadly flat.

According to BoL, growth is expected to accelerate in 2026 to 3.2% (from 2.5% in 2025), supported by higher government spending, particularly defence-related investment, and pension reform that allows withdrawals from second-pillar funds, temporarily boosting disposable income and consumption. External demand should contribute less as the 2025 stockpiling boost fades, while tariffs and the June 2025 tax package are expected to modestly constrain activity and lift prices. As the pension-related impulse wears off, growth is projected to slow to 2.3% in 2027, before picking up again to 3.0% in 2028 (BoL).

Inflation is expected to remain sticky in the near term, driven by food prices, indirect tax increases, and wage growth that still exceeds productivity gains. Indirect taxes explain a meaningful share of food and energy price increases and are estimated to add around 0.8pp to inflation in 2025 (BoL). Inflation is projected at 3.5% in 2025 and 3.1% in 2026, supported by additional tax measures (around +1.1pp in 2026) and stronger demand from pension withdrawals (BoL). As food commodity markets normalise and producer prices decline, inflation is expected to ease to 2.6% in 2027 and 2.5% in 2028 (BoL).

Lithuania's macroeconomic projections (annual % change)

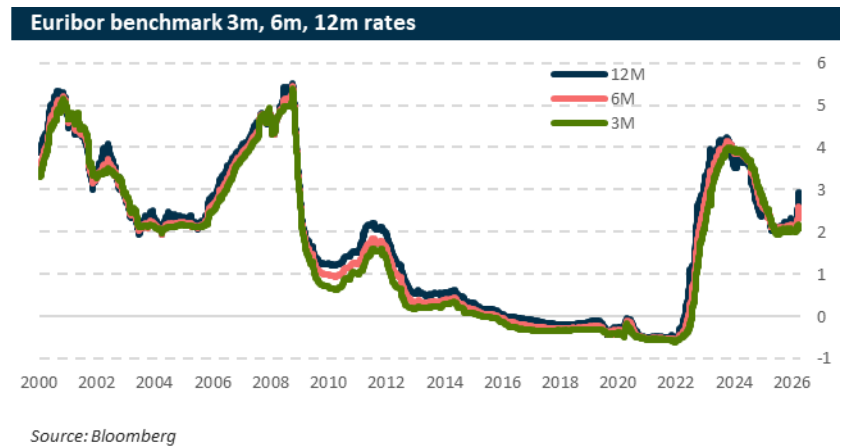


Data source: Bank of Lithuania

On 6 March 2026, the ECB's Governing Council left all three key policy rates unchanged (deposit facility 2.00%, main refinancing operations 2.15%, marginal lending facility 2.40%) and reaffirmed a meeting-by-meeting, data-dependent approach, while acknowledging heightened uncertainty around the inflation outlook. Updated staff projections delivered a material upward revision to inflation, with headline HICP now seen at 2.6% in 2026, before easing to 2.0% in 2027 and 2.1% in 2028. Core inflation is projected at 2.3%, 2.2% and 2.1%, respectively. The ~0.7pp upward revision to 2026 is primarily driven by higher energy prices, with early signs of pass-through into core, while GDP growth was revised down to 0.9%, reflecting weaker real incomes and confidence. The updated outlook marks a shift from a disinflationary trajectory toward a more stagflationary mix, with above-target inflation coinciding with softer growth. While the ECB continues to view policy as sufficiently restrictive and has not signalled an imminent tightening cycle, the revised projections tilt risks to the upside, reinforcing the case for a prolonged pause and leaving the door open to further hikes should inflation persistence broaden.

Market pricing has adjusted accordingly. While near-term meetings are still expected to deliver no change, OIS-implied paths now price ~50-55bps of tightening through 2026 (~2 hikes), with the first move most likely around mid-year. This represents a clear shift from prior expectations of stability or easing, driven by renewed concerns over energy-led inflation and potential second-round effects.

Region: Eurozone »		Instrument: Overnight Index Swaps »			
Target Rate	2.0000	Pricing Date	04/08/2026		
Effective Rate	1.9310	Cur. Imp. O/N Rate	1.934		
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
04/30/2026	+0.257	+25.7%	+0.064	1.998	0.250
06/11/2026	+0.947	+69.0%	+0.237	2.170	0.250
07/23/2026	+1.446	+49.9%	+0.362	2.295	0.250
09/10/2026	+1.882	+43.6%	+0.471	2.404	0.250
10/29/2026	+2.025	+14.3%	+0.506	2.440	0.250
12/17/2026	+2.099	+7.4%	+0.525	2.458	0.250



For Lithuania, the latest ECB update implies that financial conditions are likely to remain relatively tight for longer than previously expected. With euro area inflation now projected to stay above target in 2026 and growth slowing, Lithuanian banks should benefit from loan yields staying firmer for longer, but credit demand may remain subdued, particularly in mortgages and more rate-sensitive corporate lending. Funding conditions are unlikely to ease materially, which keeps pressure on competition for deposits and limits scope for margin expansion. In this environment, the main implications for Lithuania are slower lending momentum, a continued need for prudent pricing and cost control, and greater reliance on capital strength and diversified income rather than balance-sheet growth alone.

Financial guiding

		2026	2027	2028
Growth	Loan Book	11%	13%	13%
	Deposits	5%	13%	12%
	Total Revenue	10%	14%	19%
	NFCI	4%	8%	15%
Efficiency	C/I Ratio	60.7%	50.1%	42.2%
	Adj. C/I Ratio ¹	53.2%	49.0%	42.2%
Profitability	RoE	10.0%	13.5%	16.9%
	Adj. RoE ²	12.0%	13.8%	16.9%
	Net Profit	€61m	€87m	€122m
	Adj. Net Profit ²	€73m	€89m	€122m
Shareholder Returns	Dividend Policy	<i>Minimum 50% Pay-out</i>		

Relative valuation

Peer comparison

EURm	Source	Market Cap.	P/B	P/E			Dividend Yield, %			ROE, %			ROE, %		P/E		P/B
				2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	5Y avg.	5Y avg.	5Y avg.		
ROE1L	Norne	598	1.04	8.8	9.1	8.4	4.8	5.3	6.0	11.1	10.1	10.4	14.9	7.4	0.97		
ROE1L	Consensus*	-	-	8.5	7.3	6.2	5.3	6.6	8.1	10.7	12.6	13.6	14.9	7.0	0.95		
Nordic Peers																	
DNB Bank ASA	Consensus*	40 728	1.64	11.4	10.9	10.5	6.0	6.2	6.4	14.0	14.2	14.3	14.7	11.4	1.36		
Svenska Handelsbanken AB	Consensus*	24 575	1.32	11.7	11.2	10.8	7.5	7.4	7.6	11.6	12.2	12.4	12.4	12.9	1.12		
Nordea Bank Abp	Consensus*	54 639	1.69	11.4	10.6	9.9	6.0	6.3	6.6	14.7	15.5	15.8	14.1	11.4	1.33		
Swedbank AB	Consensus*	34 655	1.65	12.2	11.4	10.8	7.2	7.2	7.4	13.6	14.4	14.8	15.1	12.9	1.25		
Skandinaviska Enskilda Banken AB	Consensus*	34 941	1.57	11.6	10.5	9.8	5.2	5.6	5.9	13.5	14.3	14.6	14.9	11.8	1.39		
Danske Bank A/S	Consensus*	37 296	1.50	11.4	10.7	10.0	6.6	6.8	7.2	13.1	13.6	14.1	8.8	11.0	0.92		
Average			1.56	11.6	10.9	10.3	6.4	6.6	6.8	13.4	14.0	14.3	13.3	11.9	1.23		
Median			1.60	11.5	10.8	10.3	6.3	6.6	6.9	13.5	14.3	14.4	14.4	11.6	1.29		
<i>Premium/discount</i>			-35%	-23%	-15%	-18%	-1.5%p	-1.3%p	-0.9%p	-2.5%p	-4.2%p	-4.0%p	0.5%p	-36%	-25%		
CEE Peers																	
Alior Bank SA	Consensus*	4 002	1.31	9.6	8.5	8.4	7.0	8.1	8.4	13.4	14.4	13.7	17.8	na	1.02		
LHV Group AS	Consensus*	1 149	1.52	10.3	7.8	6.5	2.3	3.1	3.7	14.1	16.2	17.1	21.4	10.2	2.36		
Nova Ljubljanska Banka dd	Consensus*	4 600	1.22	9.0	8.3	7.6	6.1	6.9	7.8	13.6	13.7	14.0	16.8	8.1	0.72		
Moneta Money Bank AS	Consensus*	4 179	3.25	15.1	14.1	12.5	6.3	6.2	7.2	20.5	21.7	26.6	17.3	na	1.90		
mBank SA	Consensus*	12 906	2.55	12.5	11.0	11.0	1.9	4.0	6.6	18.4	19.4	18.2	3.9	na	1.48		
Coop Pank AS	Consensus*	248	1.06	8.6	6.7	5.6	2.9	3.8	5.0	11.8	13.7	14.7	16.2	7.8	1.46		
Bank Polska Kasa Opieki SA	Consensus*	15 739	1.89	11.7	10.4	9.5	6.8	6.5	7.6	16.2	17.3	17.6	16.5	9.9	1.26		
OTP Bank Nyrt	Consensus*	34 685	2.03	9.5	8.6	7.4	3.0	3.5	3.8	19.8	19.1	19.3	19.2	na	1.14		
Komercni Banka AS	Consensus*	9 235	1.75	12.7	11.9	11.2	7.0	6.1	6.8	13.6	14.2	13.9	13.1	12.6	1.31		
Powszechna Kasa Oszczednosci Bai	Consensus*	30 112	2.18	11.9	9.8	9.1	6.0	6.7	7.5	17.0	19.8	20.5	13.6	10.6	1.34		
Average			1.87	11.1	9.7	8.9	4.9	5.5	6.5	15.8	16.9	17.6	15.6	9.9	1.40		
Median			1.82	11.0	9.2	8.7	6.1	6.2	7.0	15.2	16.7	17.3	16.7	10.0	1.32		
<i>Premium/discount</i>			-43%	-20%	-1%	-4%	-1.3%p	-0.9%p	-1.1%p	-4.1%p	-6.6%p	-6.9%p	-1.8%p	-26%	-27%		
Western Europe Peers																	
Deutsche Bank AG	Consensus*	55 235	0.84	8.7	7.5	6.7	4.4	5.0	5.7	9.7	10.3	11.0	6.4	8.6	0.52		
Raiffeisen Bank International AG	Consensus*	15 361	0.79	7.4	7.2	7.1	4.0	4.7	5.0	10.8	10.1	9.7	12.4	6.9	0.47		
Erste Group Bank AG	Consensus*	44 582	1.85	11.1	10.1	9.1	3.9	4.5	5.1	15.6	15.3	15.7	11.1	10.1	1.12		
KBC Group NV	Consensus*	50 078	1.87	12.5	11.2	10.2	5.1	5.9	6.6	14.9	15.6	16.2	14.1	11.5	1.37		
Commerzbank AG	Consensus*	40 432	1.30	11.9	9.9	8.2	4.0	4.9	5.7	10.5	12.1	13.5	6.0	11.4	0.62		
Societe Generale SA	Consensus*	56 124	0.93	9.7	8.3	7.4	2.6	3.0	3.4	8.8	9.5	10.0	5.8	9.3	0.47		
Banco Santander SA	Consensus*	162 199	1.57	11.1	9.4	8.2	2.6	3.7	4.5	13.5	14.7	15.7	11.4	10.6	0.77		
ING Groep NV	Consensus*	72 045	1.44	10.6	9.1	7.9	4.9	5.5	6.5	13.0	14.3	15.3	11.4	10.5	1.02		
Average			1.32	10.4	9.1	8.1	3.9	4.6	5.3	12.1	12.8	13.4	9.8	9.9	0.79		
Median			1.37	10.8	9.3	8.0	4.0	4.8	5.4	11.9	13.2	14.4	11.2	10.3	0.70		
<i>Premium/discount</i>			-24%	-18%	-1%	4%	0.8%p	0.5%p	0.6%p	-0.8%p	-3.1%p	-4.0%p	3.7%p	-28%	40%		
Average all peers			1.61	11.0	9.8	9.0	5.0	5.5	6.2	14.0	14.8	15.4	13.1	10.5	1.15		
Median all peers			1.57	11.4	10.0	9.1	5.2	5.7	6.5	13.6	14.3	14.7	13.8	10.6	1.20		
<i>Premium/discount</i>			-34%	-22%	-8%	-8%	-0.4%p	-0.4%p	-0.6%p	-2.5%p	-4.2%p	-4.3%p	1.1%p	-30%	-19%		

* Bloomberg

Annual financial data

Profit & Loss (EURm)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net interest income	76	81	107	157	160	138	142	154	165
Net commission income	16	17	19	20	29	31	32	35	40
Net insurance income incl. other income	3	5	12	-8	-6	0	-10	-12	-14
Total income	95	103	137	169	183	170	165	178	192
Salaries and related expenses	23	27	31	36	50	55	57	62	67
Depreciation and amortization expenses	4	4	5	5	8	8	7	7	7
Other costs	15	17	22	31	38	49	51	52	53
Total costs	43	49	57	73	96	112	115	120	126
Core earnings before loan losses	52	55	80	96	87	58	49	57	66
Write-downs on loans	12	4	5	15	11	4	7	9	10
Core earnings	40	51	75	81	76	54	42	48	56
Dividends/associated companies	-	-	-	-	-	-	-	-	-
Net return on financial investments	13	17	5	14	20	20	27	28	30
One-offs	-	-	-	7	7	15	13	3	-
Pre tax profit	53	67	80	96	96	74	69	77	86
Taxes	-10	-12	-13	-20	-18	-14	-12	-13	-15
Minority interest	-	-	-	-	-	-	-	-	-
Net profit	43	55	67	75	79	61	57	63	71
Adj. profit after taxes	43	55	67	81	85	73	68	65	71
EPS	0.07	0.09	0.11	0.12	0.12	0.09	0.09	0.10	0.11
EPS (adj.)	0.07	0.09	0.11	0.13	0.13	0.11	0.10	0.10	0.11
Profitability									
ROE (adj.)	12.7%	14.3%	16.1%	16.7%	15.0%	12.4%	11.1%	10.1%	10.4%
ROE (reported)	12.7%	14.3%	16.1%	15.5%	14.0%	10.3%	9.3%	9.8%	10.4%
ROA	1.4%	1.4%	1.6%	1.6%	1.6%	1.0%	0.9%	0.9%	0.9%
RORWA	2.2%	2.6%	2.8%	3.1%	2.9%	2.1%	1.9%	1.9%	2.0%
Core earnings ROE	11.3%	12.4%	17.0%	15.0%	13.1%	9.0%	6.7%	7.2%	7.9%
Core earnings in % of RWA	2.1%	2.4%	3.1%	3.3%	2.8%	1.9%	1.4%	1.4%	1.5%
Cost/Income ratio	45.0%	47.0%	41.5%	43.1%	52.3%	65.9%	70.1%	67.8%	65.7%
Adjusted Cost/Income ratio	45.0%	47.0%	41.5%	39.2%	48.5%	57.1%	62.2%	66.4%	65.7%
Costs in % of total assets	1.4%	1.2%	1.4%	1.5%	1.9%	1.8%	1.8%	1.7%	1.7%
Tax rate	18.7%	17.9%	16.1%	21.3%	18.3%	18.3%	17.5%	17.5%	17.5%
Loss ratio	0.75%	0.21%	0.21%	0.58%	0.35%	0.10%	0.17%	0.20%	0.20%
Net interest margin	3.00%	2.99%	3.21%	4.05%	3.70%	2.58%	2.29%	2.34%	2.29%
Operating margin	3.1%	2.6%	3.3%	3.5%	3.7%	2.8%	2.6%	2.6%	2.5%
Pretax margin	1.7%	1.7%	1.9%	2.0%	2.0%	1.2%	1.1%	1.1%	1.1%
Growth rates (YoY)									
Core earnings	-5%	26%	49%	8%	-6%	-29%	-21%	14%	16%
EPS (adj.)	-16%	28%	22%	18%	-4%	-13%	-6%	-3%	9%

Share data	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Shares outstanding, year end (mill.)	601	601	601	663	663	652	652	652	652
Share price, year end (EUR)	0.50	0.76	0.69	0.69	0.82	0.94	0.92	0.92	0.92
Market cap (EURm)	299	457	412	459	546	615	598	598	598
EPS	0.07	0.09	0.11	0.12	0.12	0.09	0.09	0.10	0.11
EPS (adj.)	0.07	0.09	0.11	0.13	0.13	0.11	0.10	0.10	0.11
Book value per share (EUR)	0.59	0.68	0.74	0.82	0.88	0.92	0.97	1.03	1.09
Dividends per share (EUR)	0.005	0.034	0.027	0.049	0.059	0.047	0.044	0.048	0.055
Share buybacks per share	-	-	-	-	0.013	0.008	0.003	-	-
Share buybacks (EURm)	-	-	-	-	8.4	5.0	2.2	-	-
Dividend payout ratio (Group)	8%	37%	24%	43%	50%	50%	50%	50%	50%
Total Dividend payout ratio (incl. buybacks)	8%	37%	24%	43%	61%	58%	54%	50%	50%

Valuation	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
P/E	7.0	8.3	6.1	5.6	6.9	10.2	10.5	9.4	8.4
P/E (adj.)	7.0	8.3	6.1	5.2	6.5	8.5	8.8	9.1	8.4
P/B (excl. goodwill)	0.84	1.12	0.93	0.85	0.93	1.02	0.94	0.89	0.84
Dividend yield	1.1%	4.5%	3.9%	7.0%	7.2%	4.9%	4.8%	5.3%	6.0%

Growth (YoY)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Growth of loans	6.0%	18.9%	25.3%	10.6%	17.9%	19.1%	11.1%	10.4%	10.4%
Growth of deposits	22.2%	31.1%	2.8%	7.6%	-3.5%	15.4%	5.1%	10.4%	10.4%
EPS (adj.)	-16.5%	28.3%	22.1%	18.2%	-3.9%	-13.1%	-6.3%	-3.5%	9.0%

Capital ratios	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Equity ratio	11.7%	10.3%	10.6%	11.3%	11.9%	9.9%	10.0%	9.7%	9.4%
CET1 ratio	19.6%	19.5%	18.1%	19.9%	18.9%	18.9%	18.2%	18.1%	17.9%
Tier 1 ratio	19.6%	19.5%	18.1%	19.9%	20.8%	20.7%	19.9%	19.6%	19.3%
Capital adequacy	20.7%	20.4%	19.0%	22.4%	24.4%	23.4%	22.4%	21.9%	21.4%

Profitability	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
ROE (adj.)	12.7%	14.3%	16.1%	16.7%	15.0%	12.4%	11.1%	10.1%	10.4%
ROE (reported)	12.7%	14.3%	16.1%	15.5%	14.0%	10.3%	9.3%	9.8%	10.4%
ROA	1.4%	1.4%	1.6%	1.6%	1.6%	1.0%	0.9%	0.9%	0.9%
Costs/Income ratio	45.0%	47.0%	41.5%	43.1%	52.3%	65.9%	70.1%	67.8%	65.7%
Adjusted Costs/Income ratio	45.0%	47.0%	41.5%	39.2%	48.5%	57.1%	62.2%	66.4%	65.7%
Costs in % of total assets	1.4%	1.2%	1.4%	1.5%	1.9%	1.8%	1.8%	1.7%	1.7%
Loss ratio	0.75%	0.21%	0.21%	0.58%	0.35%	0.10%	0.17%	0.20%	0.20%
Net interest margin	3.00%	2.99%	3.21%	4.05%	3.70%	2.58%	2.29%	2.34%	2.29%

Valuation, risk and sources

Valuation range

Valuation range history for Artea Bank Group during the previous 12 months:

Date	Valuation range (EUR/share)
20/04/2026	0.78-1.00
12/03/2026	0.78-1.00
20/02/2026	0.94-1.17
07/11/2025	0.90-1.13
20/10/2025	0.84-1.06
05/08/2025	0.86-1.08
18/07/2025	0.86-1.08
06/05/2025	0.86-1.08

Valuation

Any valuation range and/or discussion of valuation methodology and comparable analysis included in the report was not provided by or prepared in consultation with the Company. Any suggested valuation framework is based upon long-term analysis and is not linked to a near-term assessment of the likely performance of the Securities. The target prices for banks are based on a combination of a Dividend Discount Model (DDM) and Residual Income Valuation (RIV), and peers-multiple-based approaches, with a certain discount possible. We also look at the sustainability of dividends, asset quality, capitalization level vs. requirements and growth as well as other important metrics in order to determine the bank's attractiveness relative to other banks in our research coverage and relative to historical levels.

Risks

The main risks to our investment cases in Artea Bank are the following:

- The bank has **ambitious strategic targets** and our estimates partly reflect that. Failure to meet those targets might adversely affect the bank's ROE and financial position
- **Economic downturn** might lead to an increased **non-performing loan risk** and deteriorating asset quality (NPLs) as well as lower credit demand and commission fees related products such as savings, insurance, etc.
- **Capital risk.** Failure to meet capital requirements, leading to a risk of equity issues or dividend reductions
- **Interest rate risk.** A sharp reduction in future interest rates could potentially have an impact on the bank's interest rate spread (i.e., lending-deposit spread) in turn having an adverse impact on the bank's core business results. Similarly, a sharp interest rate downturn could result in a steeper than anticipated decline in NIM in turn weakening than foreseen NII earnings outlook.
- **Changes in regulatory requirements**, particularly related to capital levels (e.g. countercyclical buffer, MREL requirements) and/or revision in Pillar 2 requirements
- **Real estate market risk.** The bank is exposed to the real estate and construction sectors, which may experience potential reductions in market prices and transaction volumes. This could adversely affect the bank's debtors and reduce the value and liquidity of the collateral, thereby having a negative effect on the bank's financial position.
- **Geopolitical risk** and political uncertainty might adversely affect the general economic situation and financial market conditions in Lithuania.

Sources

The sources used in the preparation of this report were: Artea Bank, Bloomberg, and Infront.

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