

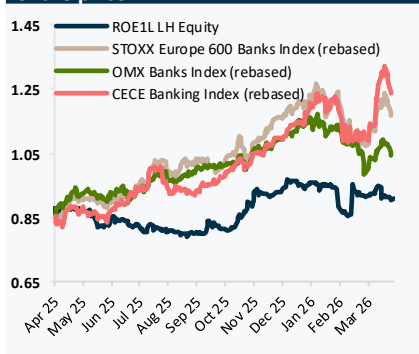
## Artea Bank

### Key share data

Sector	Financials
Reuters	ROE1L:VL
Bloomberg	ROE1L:LH

Market Cap (EURm)	590
Free float (EURm)	365
Issued shares, m	652
Avg. daily value traded 3M	248 759

### Share price



### Upcoming events

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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## Forward growth path looks rugged amid elevated market uncertainty

Artea Bank's share price has remained relatively muted around the 1Q26 results, suggesting that the market is still awaiting stronger evidence that the bank can deliver on its targets. The quarter showed a modest improvement in profitability, supported by cost-control measures, although returns remained below 1Q25 levels. Loan book growth was subdued, raising questions around the pace of balance sheet expansion, while asset quality remained solid, with negligible loan loss provisions. Non-interest income was the main weak spot, adding some uncertainty around target delivery amid strong competition for loan volumes and margins. Although lower funding costs supported 1Q26, asset yield and funding cost dynamics may become less favourable given the current rate path and continued margin pressure. Overall, the quarter was broadly ahead of our expectations, leading to net positive estimate revisions and a higher valuation. We therefore revise our valuation range to EUR 0.86-1.08/sh.

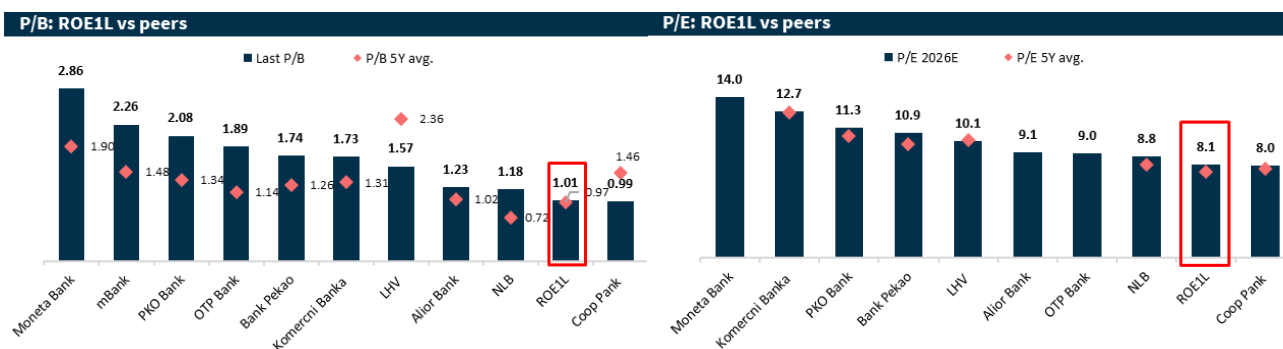
### Artea Bank's 1Q26 results:

- NII beat our estimate by ~7% and increased ~5% QoQ (+4% YoY). Loan book growth was modest, with corporate loans broadly flat QoQ and retail volumes up ~2.4% QoQ. The NII increase, therefore, appears to have been driven primarily by a stronger treasury contribution, likely reflecting higher income from the liquidity/investment portfolio and/or improved balance sheet management, together with a positive funding cost effect, rather than loan book growth
- Fee income came in slightly below our forecast, declining ~2% YoY, mainly due to a lower contribution from capital markets activity
- Total costs were broadly in line with our estimate, increasing ~2% YoY, compared with ~6% YoY growth in 4Q25. Adjusting for one-offs of EUR 2.5m in the quarter, versus EUR 4.7m in 4Q25 and ~EUR 14.8m in FY25, costs were marginally below our estimate and broadly flat YoY
- Loan losses were lower than expected, with the bank booking EUR 0.5m in provisions, compared with our estimate of EUR 1.9m and EUR 2.2m in 1Q25
- The CET1 ratio stood at 18.0%, down 90bp QoQ, but in line with our estimate
- Adj. ROE was 11.8%, slightly ahead of our 11.2% estimate, although still below the 13.6% reported in 1Q25.

1Q/26 results	1Q/25	4Q/25	1Q/26	1Q/26e	Deviation
EURm			Reported	Norne	
<b>Net interest income</b>	<b>34.4</b>	<b>34.0</b>	<b>35.8</b>	<b>33.4</b>	<b>7.0%</b>
Net commission income	7.6	8.2	7.4	7.7	-4.2%
Total costs	25.1	31.1	25.6	27.1	-5.4%
Adj. total costs	22.9	26.4	23.1	23.7	-2.5%
<b>Core earnings before loan losses</b>	<b>24.5</b>	<b>15.5</b>	<b>19.9</b>	<b>18.4</b>	<b>8.2%</b>
Write-downs on loans	2.2	0.7	0.5	1.9	-73.0%
<b>Core earnings</b>	<b>22.3</b>	<b>14.8</b>	<b>19.40</b>	<b>16.5</b>	<b>17.3%</b>
<b>EPS (EUR)</b>	<b>0.027</b>	<b>0.019</b>	<b>0.024</b>	<b>0.021</b>	<b>13.0%</b>
EPS adjusted (EUR)	0.029	0.025	0.027	0.025	5.7%
<b>CET1 ratio, %</b>	<b>18.6%</b>	<b>18.9%</b>	<b>18.0%</b>	<b>17.9%</b>	<b>0.1%p</b>
<b>ROE (annualised)</b>	<b>12.4%</b>	<b>8.5%</b>	<b>10.5%</b>	<b>9.3%</b>	<b>1.2%p</b>
<b>Adj. ROE (annualised)</b>	<b>13.6%</b>	<b>11.2%</b>	<b>11.8%</b>	<b>11.2%</b>	<b>0.7%p</b>

## 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



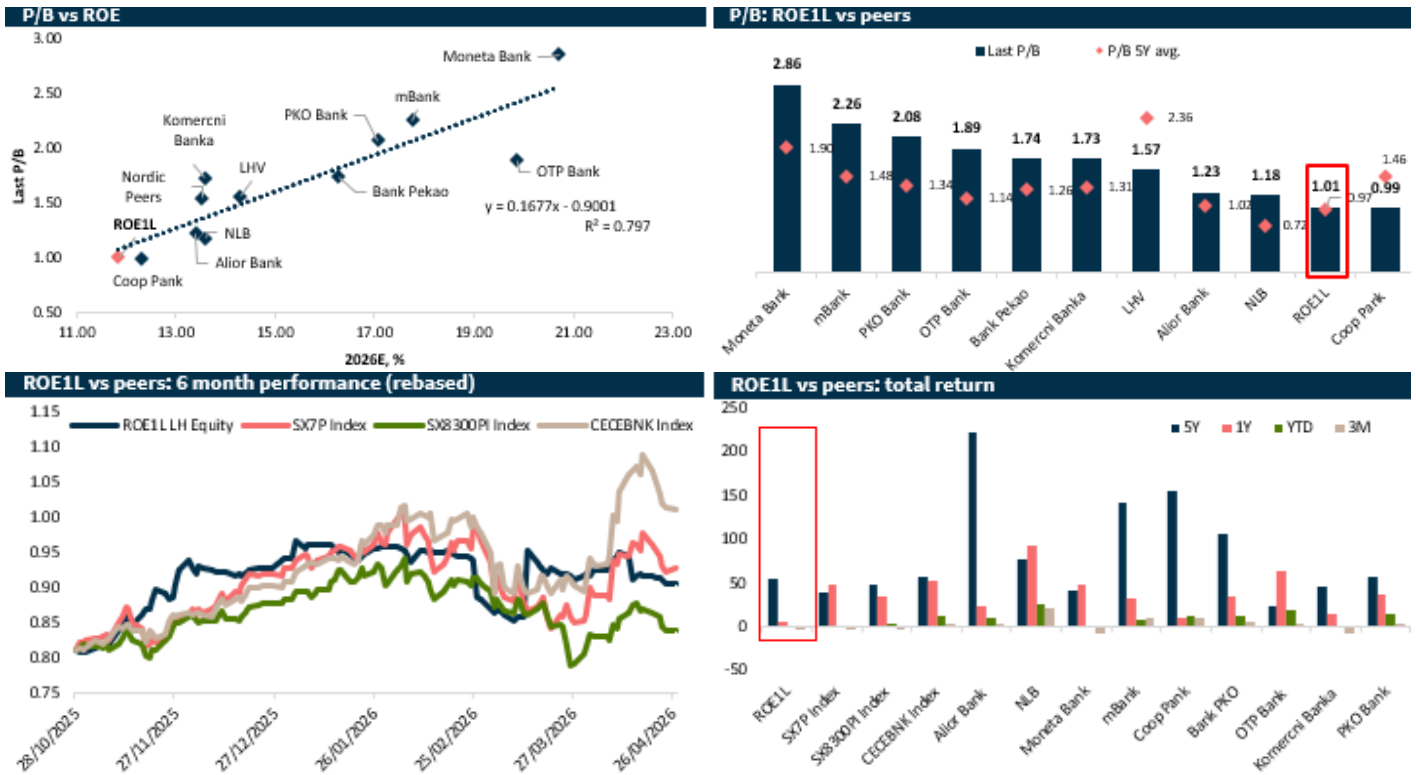
## Potential downsides for the investment case

- 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)	2Q/26e			2026E			2027E			2028E		
	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
<b>Net interest income</b>	<b>35.6</b>	<b>34.3</b>	<b>3.6%</b>	<b>147.1</b>	<b>142.0</b>	<b>3.5%</b>	<b>155.5</b>	<b>154.5</b>	<b>0.7%</b>	<b>165.5</b>	<b>165.4</b>	<b>0.0%</b>
Net commission income	7.6	7.9	-4.8%	31.9	32.3	-1.4%	34.1	34.8	-2.0%	37.2	40.0	-7.1%
Net insurance income incl. other income	-4.1	-4.3	nm	-5.5	-9.8	nm	-9.6	-11.6	nm	-11.2	-13.6	nm
Total costs	26.9	27.9	-3.4%	112.3	115.3	-2.6%	114.9	120.5	-4.6%	119.6	126.0	-5.1%
Write-downs on loans	1.0	1.8	-44.4%	4.5	6.9	-34.7%	7.3	8.9	-18.2%	8.0	9.8	-18.3%
<b>Core earnings</b>	<b>19.0</b>	<b>16.4</b>	<b>15.8%</b>	<b>56.7</b>	<b>42.4</b>	<b>33.6%</b>	<b>57.8</b>	<b>48.3</b>	<b>19.7%</b>	<b>63.8</b>	<b>56.0</b>	<b>14.0%</b>
Pre tax profit	19.0	16.4	15.8%	77.0	69.1	11.4%	83.8	76.7	9.3%	91.5	86.4	5.8%
<b>EPS (EUR)</b>	<b>0.02</b>	<b>0.02</b>	<b>15.8%</b>	<b>0.10</b>	<b>0.09</b>	<b>10.4%</b>	<b>0.11</b>	<b>0.10</b>	<b>9.3%</b>	<b>0.12</b>	<b>0.11</b>	<b>5.8%</b>
EPS adjusted (EUR)	0.03	0.03	13.1%	0.11	0.10	7.5%	0.11	0.10	9.0%	0.12	0.11	5.8%
CET1 ratio	18.1%	18.0%	0.1%p	18.6%	18.2%	0.4%p	18.6%	18.1%	0.5%p	18.4%	17.9%	0.5%p
Dividend per share (EUR)	-	-	-	0.05	0.04	10.4%	0.05	0.05	9.3%	0.06	0.05	5.8%
<b>Adj. ROE (annualised)</b>	<b>12.4%</b>	<b>10.9%</b>	<b>1.4%p</b>	<b>11.8%</b>	<b>11.1%</b>	<b>0.8%p</b>	<b>10.9%</b>	<b>10.1%</b>	<b>0.8%p</b>	<b>10.9%</b>	<b>10.4%</b>	<b>0.5%p</b>

### Somewhat improved valuation, but we remain wary

Updating our model with 1Q26 inputs results in net positive estimate revisions, driven by broadly stronger-than-expected core item performance, excluding NFCl. However, we remain cautious on the forward outlook and avoid a more aggressive uplift to NII, as the 1Q26 increase was largely driven by a combination of a strong treasury contribution and improved funding costs. Given the current interest-rate path and continued competition on lending margins, we see a risk that asset yield and funding cost dynamics become less favourable going forward. Market uncertainty around inflation and inflation expectations also remains elevated, which we believe is unlikely to support a richer valuation in the near term. The stock currently trades at 1.01x 2026e P/B for an adj. 2026e ROE of 11.8%, compared with peer averages of 1.54x and 14.0%, respectively. In our view, the pricing-return profile remains less attractive than that of CEE peers. On the back of a somewhat improved valuation, we revise our valuation range to EUR 0.86–1.08/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
<b>Cost of equity</b>	<b>10.3%</b>

\*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**	10.7%

\*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	73	71	75	78	80
Dividends paid	31	35	38	39	40
Payout ratio (Group)	43%	49%	50%	50%	50%
Share buybacks	2.2	0.0	0.0	0.0	
<b>PV of dividends</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>27</b>	
Capital Adequacy ratio, %	23.0%	22.6%	22.1%	21.9%	
Capital Adequacy ratio target, %	18.3%	18.3%	18.3%	18.3%	
RWA	3 017	3 256	3 534	3 766	
Excess capital to shareholders	142	141	135	135	

Valuation (EURm)	Share
NPV of dividends paid, forecasted period	114 20%
NPV of excess capital to shareholders	104
NPV of share buybacks	2
NPV of dividends paid, TV	347 61%
<b>Total NPV of dividends</b>	<b>567 81%</b>
Number of shares (mill.)	652
<b>Value per share (EUR)</b>	<b>0.87</b>

Sensitivity (EUR/share)		Cost of equity				
		8.3%	9.3%	10.3%	11.3%	12.3%
Long term growth	0.5%	0.93	0.84	0.76	0.70	0.65
	1.5%	1.02	0.90	0.82	0.75	0.69
	2.5%	1.14	0.99	0.88	0.80	0.73
	3.5%	1.32	1.11	0.97	0.86	0.78

## Residual Income Valuation (RIV)

Estimates (EURm)	2026E	2027E	2028E	2029E	Base year
Equity to shareholders (start of year)	640	678	718	759	759
ROE	11.8%	10.9%	10.9%	11.1%	10.7%
Cost of Equity	10.3%	10.3%	10.3%	10.3%	10.3%
Residual income	10.1	4.6	4.8	6.6	3.3
PV of residual income	9.4	3.9	3.7	4.6	

Valuation (EURm)	Share
Opening equity to shareholders	640 93%
PV of residual income, forecasted period	21 3%
PV of residual income, TV	29 4%
<b>Total value to shareholders</b>	<b>690 100%</b>
Number of shares (mill.)	652
<b>Value per share (EUR)</b>	<b>1.06</b>

Sensitivity (EUR/share)		Cost of equity				
		8.3%	9.3%	10.3%	11.3%	12.3%
Long term growth	0.5%	1.25	1.14	1.05	0.97	0.91
	1.5%	1.27	1.15	1.05	0.97	0.91
	2.5%	1.30	1.16	1.06	0.97	0.90
	3.5%	1.35	1.18	1.07	0.97	0.90

## 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	0.79	0.96	0.82	0.86
Base Case	0.87	1.06	0.87	0.93
High Case	1.03	1.26	0.96	1.08

\*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	0.87	1.07	0.91	0.95
Base Case	0.97	1.18	0.96	1.04
High Case	1.14	1.40	1.07	1.21

Adj. P/E multiple under target price	DDM	RIV	Peers-based	Average
Low Case	7.05	8.62	7.33	7.67
Base Case	7.79	9.48	7.76	8.34
High Case	9.20	11.31	8.63	9.71

Our base case valuation range stands at EUR 0.87-1.06/sh. with a mid-point of EUR 0.93/sh., which values Artea Bank at P/B of 1.04x and adj. P/E of 8.34x for 2026E. As for the Low-High case, our blended approach implies a valuation range of EUR 0.86-1.08/sh., which suggests an upside potential to the current share price of 20%.

### Lithuania's economy overview

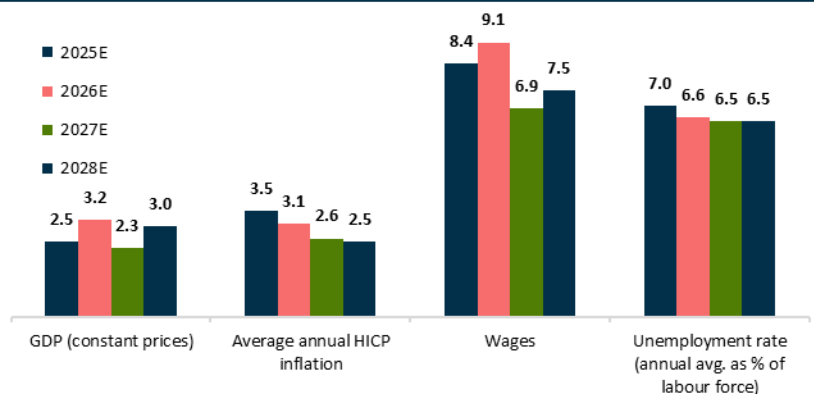
Lithuania's growth slowed in 2025 as inflation remained high and the external environment weakened. Average quarterly GDP growth in the first three quarters was only 0.27% (BoL), around four times lower than in 2024, largely because household spending softened. Retail and overall consumption slowed sharply, 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)

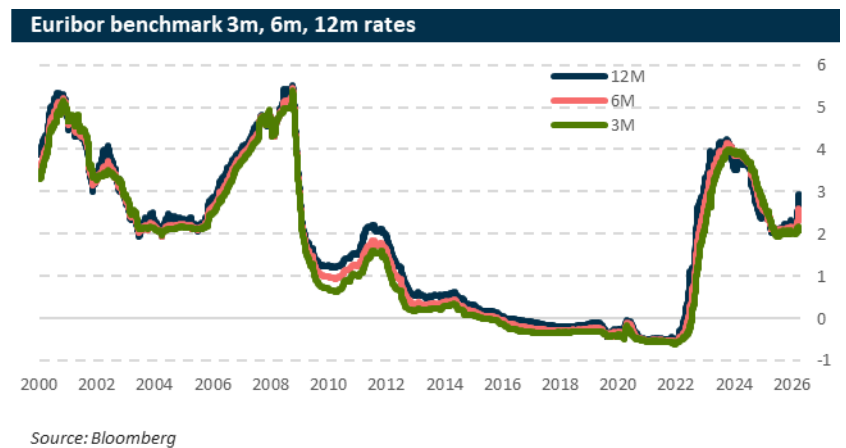


Data source: Bank of Lithuania

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 <sup>1</sup>	53.2%	49.0%	42.2%
Profitability	RoE	10.0%	13.5%	16.9%
	Adj. RoE <sup>2</sup>	12.0%	13.8%	16.9%
	Net Profit	€61m	€87m	€122m
	Adj. Net Profit <sup>2</sup>	€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, % 5Y avg.	P/E 5Y avg.	P/B 5Y avg.
				2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E			
ROE1L	Norne	590	1.01	8.1	8.3	7.8	5.3	5.9	6.4	11.8	10.9	10.9	14.9	7.4	0.97
ROE1L	Consensus*	-	-	8.4	7.2	6.1	5.4	6.6	8.2	10.7	12.6	13.5	14.9	7.0	0.95
<b>Nordic Peers</b>															
DNB Bank ASA	Consensus*	37 929	1.47	10.5	10.0	9.6	6.5	6.7	6.9	14.1	14.3	14.3	14.7	11.4	1.36
Svenska Handelsbanken AB	Consensus*	24 221	1.51	11.5	11.1	10.6	7.8	7.5	7.7	11.7	12.4	12.7	12.4	12.9	1.12
Nordea Bank Abp	Consensus*	54 025	1.79	11.2	10.4	9.7	6.1	6.4	6.6	15.1	16.0	16.5	14.1	11.4	1.33
Swedbank AB	Consensus*	33 386	1.59	11.7	11.0	10.5	7.5	7.5	7.7	13.6	14.5	14.8	15.1	12.9	1.25
Skandinaviska Enskilda Banken AB	Consensus*	32 655	1.52	11.2	10.1	9.4	5.3	5.7	6.1	13.5	14.3	14.5	14.9	11.8	1.39
Danske Bank A/S	Consensus*	36 104	1.45	11.0	10.3	9.7	6.8	7.0	7.4	13.2	13.6	14.1	8.8	11.0	0.92
<b>Average</b>			<b>1.55</b>	<b>11.2</b>	<b>10.5</b>	<b>9.9</b>	<b>6.7</b>	<b>6.8</b>	<b>7.1</b>	<b>13.5</b>	<b>14.2</b>	<b>14.5</b>	<b>13.3</b>	<b>11.9</b>	<b>1.23</b>
<b>Median</b>			<b>1.51</b>	<b>11.2</b>	<b>10.4</b>	<b>9.7</b>	<b>6.6</b>	<b>6.9</b>	<b>7.1</b>	<b>13.5</b>	<b>14.3</b>	<b>14.4</b>	<b>14.4</b>	<b>11.6</b>	<b>1.29</b>
<i>Premium/discount</i>			-33%	-28%	-20%	-19%	-1.3%p	-1.0%p	-0.8%p	-1.7%p	-3.4%p	-3.5%p	0.5%p	-36%	-25%
<b>CEE Peers</b>															
Alior Bank SA	Consensus*	3 791	1.23	9.1	8.1	7.6	7.4	8.5	9.0	13.4	14.4	14.3	17.8	na	1.02
LHV Group AS	Consensus*	1 131	1.57	10.1	7.7	6.4	2.3	3.2	3.8	14.3	16.8	17.6	21.4	10.2	2.36
Nova Ljubljanska Banka dd	Consensus*	4 480	1.18	8.8	8.1	7.4	6.3	7.1	8.0	13.6	13.7	14.0	16.8	8.1	0.72
Moneta Money Bank AS	Consensus*	3 851	2.86	14.0	13.1	12.2	6.7	6.6	7.2	20.7	21.7	24.1	17.3	na	1.90
mBank SA	Consensus*	11 397	2.26	11.7	9.9	9.5	2.1	3.7	6.1	17.8	18.8	17.9	3.9	na	1.48
Coop Pank AS	Consensus*	239	0.99	8.0	6.4	5.3	3.0	3.9	4.3	12.3	13.7	14.7	16.2	7.8	1.46
Bank Polska Kasa Opieki SA	Consensus*	14 513	1.74	10.9	9.7	8.9	7.4	7.0	8.1	16.3	17.3	17.5	16.5	9.9	1.26
OTP Bank Nyrt	Consensus*	32 107	1.89	9.0	8.2	7.2	3.3	3.8	4.3	19.9	19.1	19.2	19.2	na	1.14
Komercni Banka AS	Consensus*	9 102	1.73	12.7	11.9	11.2	7.2	6.2	6.6	13.6	14.2	14.3	13.1	12.6	1.31
Powszechna Kasa Oszczednosci Ba	Consensus*	28 598	2.08	11.3	9.3	8.6	6.3	7.1	7.9	17.1	20.0	20.7	13.6	10.6	1.34
<b>Average</b>			<b>1.75</b>	<b>10.6</b>	<b>9.2</b>	<b>8.4</b>	<b>5.2</b>	<b>5.7</b>	<b>6.5</b>	<b>15.9</b>	<b>17.0</b>	<b>17.4</b>	<b>15.6</b>	<b>9.9</b>	<b>1.40</b>
<b>Median</b>			<b>1.74</b>	<b>10.5</b>	<b>8.7</b>	<b>8.1</b>	<b>6.3</b>	<b>6.4</b>	<b>6.9</b>	<b>15.3</b>	<b>17.1</b>	<b>17.6</b>	<b>16.7</b>	<b>10.0</b>	<b>1.32</b>
<i>Premium/discount</i>			-42%	-23%	-5%	-3%	-1.0%p	-0.5%p	-0.5%p	-3.5%p	-6.1%p	-6.6%p	-1.8%p	-26%	-27%
<b>Western Europe Peers</b>															
Deutsche Bank AG	Consensus*	51 796	0.79	8.3	7.1	6.3	4.7	5.3	6.0	9.6	10.3	11.0	6.4	8.6	0.52
Raiffeisen Bank International AG	Consensus*	14 513	0.74	7.0	6.8	6.7	4.2	4.9	5.3	10.7	10.1	9.8	12.4	6.9	0.47
Erste Group Bank AG	Consensus*	41 380	1.72	10.3	9.3	8.6	4.1	4.8	5.4	15.8	15.5	15.7	11.1	10.1	1.12
KBC Group NV	Consensus*	47 029	1.76	11.6	10.5	9.5	5.4	6.2	7.0	14.9	15.7	16.2	14.1	11.5	1.37
Commerzbank AG	Consensus*	38 176	1.28	11.7	9.6	8.0	4.0	5.1	5.9	10.5	12.2	13.6	6.0	11.4	0.62
Societe Generale SA	Consensus*	52 591	0.87	9.1	7.8	6.9	2.8	3.7	4.3	9.0	9.7	10.1	5.8	9.3	0.47
Banco Santander SA	Consensus*	151 623	1.47	10.4	8.8	7.6	2.8	3.9	4.9	13.4	14.7	15.8	11.4	10.6	0.77
ING Groep NV	Consensus*	69 767	1.40	10.2	8.9	7.7	5.1	5.7	6.7	13.1	14.4	15.4	11.4	10.5	1.02
<b>Average</b>			<b>1.25</b>	<b>9.8</b>	<b>8.6</b>	<b>7.7</b>	<b>4.1</b>	<b>5.0</b>	<b>5.7</b>	<b>12.1</b>	<b>12.8</b>	<b>13.5</b>	<b>9.8</b>	<b>9.9</b>	<b>0.79</b>
<b>Median</b>			<b>1.34</b>	<b>10.3</b>	<b>8.8</b>	<b>7.6</b>	<b>4.2</b>	<b>5.0</b>	<b>5.6</b>	<b>11.9</b>	<b>13.3</b>	<b>14.5</b>	<b>11.2</b>	<b>10.3</b>	<b>0.70</b>
<i>Premium/discount</i>			-25%	-21%	-6%	2%	1.1%p	0.9%p	0.8%p	-0.1%p	-2.4%p	-3.6%p	3.7%p	-28%	40%
<b>Average all peers</b>			<b>1.54</b>	<b>10.5</b>	<b>9.3</b>	<b>8.5</b>	<b>5.2</b>	<b>5.7</b>	<b>6.4</b>	<b>14.0</b>	<b>14.9</b>	<b>15.4</b>	<b>13.1</b>	<b>10.5</b>	<b>1.15</b>
<b>Median all peers</b>			<b>1.51</b>	<b>10.7</b>	<b>9.4</b>	<b>8.6</b>	<b>5.4</b>	<b>5.9</b>	<b>6.6</b>	<b>13.6</b>	<b>14.4</b>	<b>14.7</b>	<b>13.8</b>	<b>10.6</b>	<b>1.20</b>
<i>Premium/discount</i>			-33%	-24%	-12%	-9%	0.0%p	-0.1%p	-0.2%p	-1.7%p	-3.4%p	-3.8%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	147	156	165
Net commission income	16	17	19	20	29	31	32	34	37
Net insurance income incl. other income	3	5	12	-8	-6	0	-5	-10	-11
<b>Total income</b>	<b>95</b>	<b>103</b>	<b>137</b>	<b>169</b>	<b>183</b>	<b>170</b>	<b>173</b>	<b>180</b>	<b>191</b>
Salaries and related expenses	23	27	31	36	50	55	57	61	66
Depreciation and amortization expenses	4	4	5	5	8	8	7	7	7
Other costs	15	17	22	31	38	49	48	47	47
<b>Total costs</b>	<b>43</b>	<b>49</b>	<b>57</b>	<b>73</b>	<b>96</b>	<b>112</b>	<b>112</b>	<b>115</b>	<b>120</b>
Core earnings before loan losses	52	55	80	96	87	58	61	65	72
Write-downs on loans	12	4	5	15	11	4	4	7	8
<b>Core earnings</b>	<b>40</b>	<b>51</b>	<b>75</b>	<b>81</b>	<b>76</b>	<b>54</b>	<b>57</b>	<b>58</b>	<b>64</b>
Dividends/associated companies	-	-	-	-	-	-	-0	-	-
Net return on financial investments	13	17	5	14	20	20	20	26	28
One-offs	-	-	-	7	7	15	12	3	-
<b>Pre tax profit</b>	<b>53</b>	<b>67</b>	<b>80</b>	<b>96</b>	<b>96</b>	<b>74</b>	<b>77</b>	<b>84</b>	<b>91</b>
Taxes	-10	-12	-13	-20	-18	-14	-14	-15	-16
Minority interest	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>43</b>	<b>55</b>	<b>67</b>	<b>75</b>	<b>79</b>	<b>61</b>	<b>63</b>	<b>69</b>	<b>75</b>
Adj. profit after taxes	43	55	67	81	85	73	73	71	75
<b>EPS</b>	<b>0.07</b>	<b>0.09</b>	<b>0.11</b>	<b>0.12</b>	<b>0.12</b>	<b>0.09</b>	<b>0.10</b>	<b>0.11</b>	<b>0.12</b>
<b>EPS (adj.)</b>	<b>0.07</b>	<b>0.09</b>	<b>0.11</b>	<b>0.13</b>	<b>0.13</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>	<b>0.12</b>
<b>Profitability</b>									
<b>ROE (adj.)</b>	<b>12.7%</b>	<b>14.3%</b>	<b>16.1%</b>	<b>16.7%</b>	<b>15.0%</b>	<b>12.4%</b>	<b>11.8%</b>	<b>10.9%</b>	<b>10.9%</b>
<b>ROE (reported)</b>	<b>12.7%</b>	<b>14.3%</b>	<b>16.1%</b>	<b>15.5%</b>	<b>14.0%</b>	<b>10.3%</b>	<b>10.2%</b>	<b>10.6%</b>	<b>10.9%</b>
ROA	1.4%	1.4%	1.6%	1.6%	1.6%	1.0%	1.0%	1.0%	1.0%
RORWA	2.2%	2.6%	2.8%	3.1%	2.9%	2.1%	2.1%	2.1%	2.1%
Core earnings ROE	11.3%	12.4%	17.0%	15.0%	13.1%	9.0%	8.9%	8.5%	8.9%
Core earnings in % of RWA	2.1%	2.4%	3.1%	3.3%	2.8%	1.9%	1.9%	1.8%	1.8%
Cost/Income ratio	45.0%	47.0%	41.5%	43.1%	52.3%	65.9%	64.7%	63.8%	62.5%
Adjusted Cost/Income ratio	<b>45.0%</b>	<b>47.0%</b>	<b>41.5%</b>	<b>39.2%</b>	<b>48.5%</b>	<b>57.1%</b>	<b>57.7%</b>	<b>62.4%</b>	<b>62.5%</b>
Costs in % of total assets	1.4%	1.2%	1.4%	1.5%	1.9%	1.8%	1.8%	1.7%	1.6%
Tax rate	18.7%	17.9%	16.1%	21.3%	18.3%	18.3%	18.3%	17.5%	17.5%
Loss ratio	0.75%	0.21%	0.21%	0.58%	0.35%	0.10%	0.11%	0.17%	0.17%
<b>Net interest margin</b>	<b>3.00%</b>	<b>2.99%</b>	<b>3.21%</b>	<b>4.05%</b>	<b>3.70%</b>	<b>2.58%</b>	<b>2.38%</b>	<b>2.35%</b>	<b>2.26%</b>
Operating margin	3.1%	2.6%	3.3%	3.5%	3.7%	2.8%	2.8%	2.6%	2.5%
Pretax margin	1.7%	1.7%	1.9%	2.0%	2.0%	1.2%	1.2%	1.2%	1.2%
<b>Growth rates (YoY)</b>									
Core earnings	-5%	26%	49%	8%	-6%	-29%	5%	2%	10%
EPS (adj.)	-16%	28%	22%	18%	-4%	-13%	1%	-2%	6%

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	0.91	0.91	0.91
Market cap (EURm)	299	457	412	459	546	615	590	590	590
EPS	0.07	0.09	0.11	0.12	0.12	0.09	0.10	0.11	0.12
<b>EPS (adj.)</b>	<b>0.07</b>	<b>0.09</b>	<b>0.11</b>	<b>0.13</b>	<b>0.13</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>	<b>0.12</b>
Book value per share (EUR)	0.59	0.68	0.74	0.82	0.88	0.92	0.98	1.04	1.10
Dividends per share (EUR)	0.005	0.034	0.027	0.049	0.059	0.047	0.048	0.053	0.058
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	9.4	8.5	7.8
P/E (adj.)	7.0	8.3	6.1	5.2	6.5	8.5	8.1	8.3	7.8
P/B (excl. goodwill)	0.84	1.12	0.93	0.85	0.93	1.02	0.92	0.87	0.82
Dividend yield	1.1%	4.5%	3.9%	7.0%	7.2%	4.9%	5.3%	5.9%	6.4%

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%	7.0%	10.2%	10.3%
Growth of deposits	22.2%	31.1%	2.8%	7.6%	-3.5%	15.4%	2.8%	12.4%	12.4%
EPS (adj.)	-16.5%	28.3%	22.1%	18.2%	-3.9%	-13.1%	0.7%	-2.1%	5.8%

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%	10.2%	9.8%	9.3%
<b>CET1 ratio</b>	<b>19.6%</b>	<b>19.5%</b>	<b>18.1%</b>	<b>19.9%</b>	<b>18.9%</b>	<b>18.9%</b>	<b>18.6%</b>	<b>18.6%</b>	<b>18.4%</b>
Tier 1 ratio	19.6%	19.5%	18.1%	19.9%	20.8%	20.7%	20.3%	20.2%	19.8%
Capital adequacy	20.7%	20.4%	19.0%	22.4%	24.4%	23.4%	23.0%	22.6%	22.1%

Profitability	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>ROE (adj.)</b>	<b>12.7%</b>	<b>14.3%</b>	<b>16.1%</b>	<b>16.7%</b>	<b>15.0%</b>	<b>12.4%</b>	<b>11.8%</b>	<b>10.9%</b>	<b>10.9%</b>
<b>ROE (reported)</b>	<b>12.7%</b>	<b>14.3%</b>	<b>16.1%</b>	<b>15.5%</b>	<b>14.0%</b>	<b>10.3%</b>	<b>10.2%</b>	<b>10.6%</b>	<b>10.9%</b>
ROA	1.4%	1.4%	1.6%	1.6%	1.6%	1.0%	1.0%	1.0%	1.0%
Costs/Income ratio	45.0%	47.0%	41.5%	43.1%	52.3%	65.9%	64.7%	63.8%	62.5%
Adjusted Costs/Income ratio	45.0%	47.0%	41.5%	39.2%	48.5%	57.1%	57.7%	62.4%	62.5%
Costs in % of total assets	1.4%	1.2%	1.4%	1.5%	1.9%	1.8%	1.8%	1.7%	1.6%
Loss ratio	0.75%	0.21%	0.21%	0.58%	0.35%	0.10%	0.11%	0.17%	0.17%
<b>Net interest margin</b>	<b>3.00%</b>	<b>2.99%</b>	<b>3.21%</b>	<b>4.05%</b>	<b>3.70%</b>	<b>2.58%</b>	<b>2.38%</b>	<b>2.35%</b>	<b>2.26%</b>

# Valuation, risk and sources

## Valuation range

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

Date	Valuation range (EUR/share)
28/04/2026	0.86-1.08
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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Obligation to provide information about employees' own holdings, cf. Securities Regulations § 3-10 (2) and § 3-11 (1) lit. a and b. Information on holdings of listed financial instruments that the employees of Norne Securities AS own is provided on request.

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