# Artea Bank

INITIAL COMMENT

**Key share data**

| | |
|---|---|
| Sector | Financials |
| Reuters | ROE1L.VL |
| Bloomberg | ROE1L:LH |
| | |
| Market Cap (EURm) | 532 |
| Free float (EURm) | 358 |
| Issued shares, m | 652 |

**Figures & Ratios (EUR)**

| | 2025 | 2026E | 2027E |
|---|---|---|---|
| NII | 138 | 147 | 158 |
| Loan losses | 4 | 4 | 7 |
| Core earnings | 54 | 53 | 60 |
| EBT | 74 | 73 | 86 |
| Net profit | 61 | 60 | 71 |
| | | | |
| EPS | 0.09 | 0.09 | 0.11 |
| EPS (adj.) | 0.11 | 0.11 | 0.12 |
| DPS (EUR) | 0.05 | 0.05 | 0.05 |
| Div. yield | 4.9% | 5.6% | 6.7% |
| | | | |
| C/I ratio | 65.9% | 67.0% | 63.3% |
| Equity ratio | 9.9% | 10.1% | 9.8% |
| Tier 1 ratio | 20.7% | 20.2% | 20.2% |
| P/E (adj.) | 8.5 | 7.4 | 6.9 |
| P/B (excl. gw) | 1.02 | 0.84 | 0.78 |
| | | | |
| ROE (adj.) | 12.4 % | 11.7 % | 11.8 % |

not updated

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## Analysts

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**Initial view of earnings**

| vs. our estimates | forecasted revisions |
|---|---|
| **Weaker** | **Downwards** |

## Stronger income overshadowed by impairment charge

**Artea Bank's 2Q26 results were mixed. Income development was stronger than expected and costs remained well controlled, but these positives were more than offset by a materially higher impairment charge stemming from revised model assumptions linked to the Pillar II reform. Consequently, profitability fell significantly short of our expectations, while the capital position weakened amid strong loan growth.**

**Artea Bank's 2Q26 results:**

- NII increased by ~3% QoQ and ~8% YoY to EUR 36.7m, coming in 4.5% above our estimate. The loan book expanded by ~6% QoQ after broadly flat growth in 1Q26
- NFCI increased by ~13% YoY, exceeding our estimate by 7.1%
- Total costs were broadly flat YoY, spot on our estimate. Adjusted total costs increased by ~2% YoY, also coming in line with our estimate
- Loan losses rose sharply to EUR 9.8m from EUR 0.5m in 1Q26 and EUR 1.6m in 2Q25, significantly above our estimate of EUR 1.0m
- The bank recognised a gross impairment charge of ~EUR 10.0m related to the Pillar II reform. This was partly offset by a tax benefit of ~EUR 1.7m, resulting in a net after-tax impact of EUR 8.2m
- Stage 3 exposure declined by ~24bps QoQ to 189bps of total exposure
- The consolidated CET1 ratio declined by 70bps QoQ to 17.3%, likely reflecting the strong expansion of the loan book
- Reported ROE declined to 5.2% from 10.5% in 1Q26 and 9.9% in 2Q25. Adjusted for one-off costs and the impairment charge, ROE was 12.7%, 80bps above our estimate and up from 12.3% in 2Q25.

| 2Q/26 results<br>EURm | 2Q/25 | 1Q/26 | 2Q/26<br>Reported | 2Q/26e<br>Norne | Deviation |
|---|---|---|---|---|---|
| **Net interest income** | **34.0** | **35.8** | **36.7** | **35.2** | **4.5%** |
| Net commission income | 7.6 | 7.4 | 8.6 | 8.0 | 7.1% |
| Total costs | 27.8 | 25.6 | 27.7 | 28.0 | -0.9% |
| Adj. total costs | 23.7 | 23.1 | 24.1 | 24.6 | -2.0% |
| **Core earnings before loan losses** | **18.4** | **19.9** | **20.6** | **19.0** | **8.0%** |
| Write-downs on loans | 1.6 | 0.5 | 9.8 | 1.0 | >100% |
| **Core earnings** | **16.9** | **19.4** | **10.7** | **18.0** | **-40.5%** |
| **EPS (EUR)** | **0.021** | **0.024** | **0.012** | **0.023** | **-47.8%** |
| EPS adjusted (EUR) | 0.027 | 0.027 | 0.029 | 0.027 | 6.7% |
| **CET1 ratio, %** | **17.7%** | **18.0%** | **17.3%** | **18.1%** | **-0.7%p** |
| **ROE (annualised)** | **9.9%** | **10.5%** | **5.2%** | **10.0%** | **-4.7%p** |
| **Adj. ROE (annualised)*** | **12.3%** | **11.8%** | **12.7%** | **11.8%** | **0.8%p** |

**Adjusted for one-off costs and the EUR 8.2m net after-tax impact of an impairment charge related to the Pillar II reform, recognised in 2Q26*

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