CREDIT OPINION
11 May 2026

Update

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RATINGS

AB Artea bankas

Domicile	Vilnius, Lithuania
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Baa1
Type	Senior Unsecured - Dom Curr
Outlook	Positive
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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AB Artea bankas

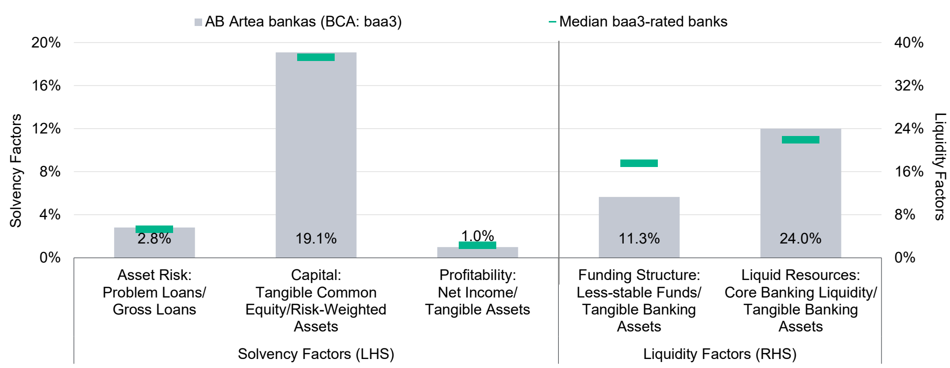
Update following upgrade of long-term deposit rating and positive outlook

Summary

The A3 long-term deposit and Baa1 senior unsecured debt ratings of AB Artea bankas (Artea), which carry a positive outlook, reflect the bank's standalone creditworthiness, as evidenced by a baa3 Baseline Credit Assessment (BCA), and very low loss given failure, which results in a three-notch and two-notch uplift, respectively. Our assessment of a low probability of support coming from the Government of Lithuania (A2 stable) does not result in any further uplift to the bank's ratings.

The bank's baa3 BCA reflects its robust capitalisation supported by healthy earnings, and sound liquidity buffers. This is balanced against relatively high concentration in the more vulnerable SME lending segment, and execution risks arising from its ambitious five-year strategy to cement itself as a full-retail service bank.

Exhibit 1
Rating Scorecard - Key financial ratios



These are our Banks Methodology scorecard ratios. Asset risk and profitability reflect the weaker of either the three-year average or the latest reported ratio. The capital ratio is the latest reported figure. The funding structure and liquid asset ratios are the latest year-end figures.
Source: Moody's Ratings

Credit strengths

» Robust capital, with significant capacity above regulatory requirements to persist

» Strong profitability, supported by high net interest margins

» Sound funding and liquidity, underpinned by a stable deposit base

Credit challenges

» High lending growth that causes seasoning concerns

» Sector concentration in the more vulnerable SME segment

» Earnings pressure arising from execution risk in delivering strategic plan

Outlook

The positive outlooks on the long-term deposit and senior unsecured debt ratings reflects our expectation of improving profitability through better cost efficiency and greater share of non-interest income as the bank concludes its strategic plan, which is now in its final stages.

The positive outlook also reflects our expectation that the announced intention for a new shareholder, Tesonet Global, UAB, to acquire an increasingly large stake over the next 12 months, will not result in material changes to the bank's strategy and financial performance in the next 12-18 months.

Factors that could lead to an upgrade

Artea's ratings could be upgraded following an upgrade of the bank's BCA or following significant issuances of loss-absorbing debt.

The BCA could be upgraded if the bank's recurring net income to tangible assets remains above 1.2%, with continued strengthening in non-interest income, while the stock of problem loans to gross loans ratio remains low, the problem loans coverage ratio improves, capitalization remains strong with TCE/RWA above 16%, funding further diversifies and liquidity remains sound. An upgrade is not likely until the change in primary shareholding is finalized with greater certainty on the implications for the bank's fundamentals.

Factors that could lead to a downgrade

Although unlikely given the positive outlook on the long-term deposit and senior unsecured ratings, Artea's ratings could be downgraded following a downgrade of the bank's BCA or because of lower volumes of loss-absorbing liabilities protecting creditors and depositors in case of failure.

The BCA could be downgraded if the bank's asset quality, profitability or capital significantly deteriorate following, for example, its ambitious growth or due to delayed execution of the new strategy plan. Furthermore, the BCA could also be downgraded if there are material shifts in strategy following the ownership change that would negatively affect bank's financials.

Key indicators

Exhibit 2
Exhibit
AB Artea Bankas (Consolidated Financials)

	12-25 [2]	12-24 [2]	12-23 [2]	12-22 [2]	12-21 [2]	CAGR/Avg. [3]
Total Assets (EUR Million)	6,075.5	4,922.6	4,809.3	4,182.7	3,962.5	11.3 [4]
Total Assets (USD Million)	7,135.4	5,097.4	5,312.6	4,463.9	4,489.9	12.3 [4]
Tangible Common Equity (EUR Million)	541.5	523.1	481.7	420.4	388.9	8.6 [4]
Tangible Common Equity (USD Million)	635.9	541.6	532.1	448.6	440.7	9.6 [4]
Problem Loans / Gross Loans (%)	2.8	2.2	2.8	2.8	3.4	2.8 [5]
Tangible Common Equity / Risk Weighted Assets (%)	19.1	19.3	18.7	16.2	17.5	18.1 [6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	17.6	13.5	16.0	16.2	17.2	16.1 [5]
Net Interest Margin (%)	2.6	3.3	3.6	2.7	2.4	2.9 [5]
PPI / Average RWA (%)	2.8	4.0	4.3	3.6	3.3	3.6 [6]
Net Income / Tangible Assets (%)	1.0	1.6	1.6	1.6	1.4	1.4 [5]
Cost / Income Ratio (%)	58.8	47.1	39.7	40.0	40.3	45.2 [5]
Gross Loans / Due to Customers (%)	93.8	103.0	95.5	96.2	80.5	93.8 [5]
Core Banking Liquidity (HQLA) / Tangible Banking Assets (%)	24.0	19.8	--	--	--	--
Less-stable Funds (LCR) / Tangible Banking Assets (%)	11.3	9.7	--	--	--	--

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods. Further to the publication of our revised methodology in November 2025, only ratios from annual 2024 onwards included in this report apply reported risk weights for all exposures, discontinuing our previously applied standard adjustment for certain government securities.
Sources: Moody's Ratings and company filings

Profile

AB Artea bankas (Artea) was established in 1992 in Siauliai, Lithuania, and is publicly traded on Nasdaq Vilnius. Artea is focused on business and retail lending, and also provides a suite of other products, including finance leasing and consumer credits, life insurance, investment management activities, real estate management activities, and the development of residential areas in Lithuania. The bank is partially owned by the European Bank for Reconstruction & Development (EBRD, Aaa stable), which has decreased its stake in Artea in recent years, down from 26% to 7.37% as of December 2025.

As of December 2025, Artea held a 10% share of the loan market and a 9% share of the deposit market[1] in Lithuania, making it the fourth-largest bank in the country based on domestic activities. The bank operates in all major cities and financially active regional centres of Lithuania. The bank had 51 regional customer service points across the country and 1,147 employees as of December 2025.

Recent developments

In March 2026, Tesonet Global (Tesonet) increased its stake in Artea by additional 2.5% to 9.9% through sale-purchase agreements with Willgrow UAB. The company also announced on the same date its plans to raise its stake in Artea to 31.7% from current 9.9% and that it has signed conditional agreements to acquire additional shares in Artea from multiple existing shareholders. The acquisitions will be executed through a series of transactions and are subject to required regulatory and other approvals. Tesonet aims to complete the transactions by the end of the first quarter of 2027.

Additionally, Tesonet announced its intention to apply for regulatory clearance from the European Central Bank to ultimately acquire a controlling stake in Artea.

Detailed credit considerations

High lending growth and sector concentration in more vulnerable SME lending

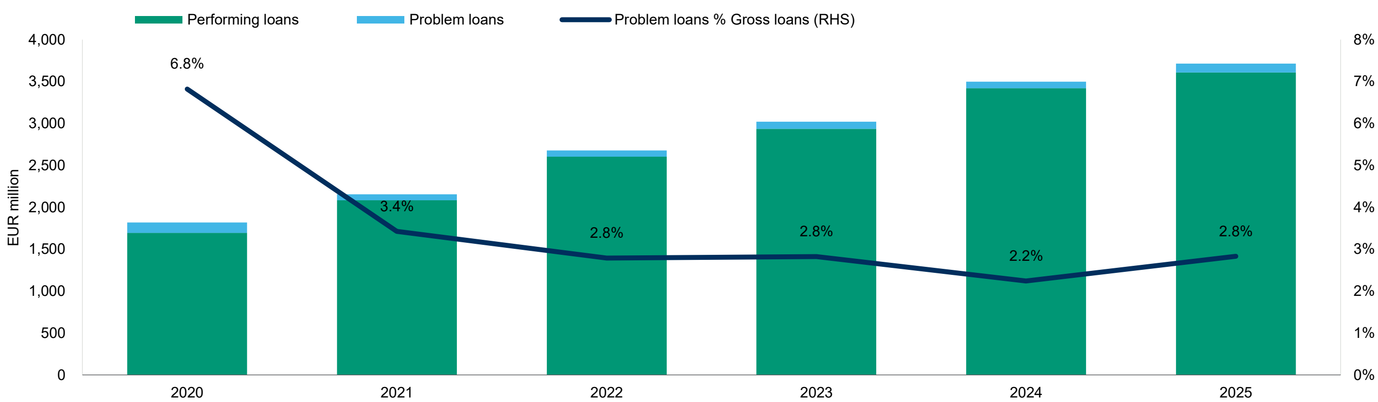
Artea has solid credit quality which has benefited from improved underwriting standards, a supportive macro environment and a relatively stable problem loan ratio, although elevated lending growth in recent years and SME concentration continue to pose downside risks.

Improved underwriting standards, alongside Lithuania's strong economic development, has contributed to a reduction in Artea's problem loans to gross loans ratio to 2.8% as of December 2025 from 6.8% at the end of 2020 (see Exhibit 3), which has remained resilient in recent years despite the challenging operating environment. However, Artea also experienced strong lending growth in recent years, so the ratio does not fully capture the credit risks of an unseasoned lending portfolio. We expect the share of problem loans to stabilize in the next 12 months as the lower interest rate environment and economic growth will support borrowers' repayment ability, however, uncertainties in the economic and geopolitical environment might pressure some companies in the corporate segment.

Exhibit 3

Problem loans decline as operating environment has been supportive

Lending development and problem loans ratio



Sources: Company reports and Moody's Ratings

In January 2024, Artea announced its strategy update for 2024-2029 following its merger with Invalda INVL. One of the key cornerstones of the strategy is the doubling of bank's customer base and higher lending growth. After strong growth in 2023 and 2024, Artea's lending growth has slowed down and is closer to the system growth rate, however, it still remains relatively high. Gross loans grew by 13% in 2023, 16% in 2024 and 6% in 2025. Artea forecasts a slightly lower growth of 11-13% over the next three years. We expect the growth rates to remain moderate and close to the system growth in the next 12-18 months, in line with Artea's strategic plan, as increased competition might limit the bank's ability to grow its market share. However, a relatively high lending growth in the past years increased the portion of unseasoned loans in the bank's portfolio, making Artea vulnerable to higher asset quality deterioration in the case of a downturn.

The coverage ratio (loan loss reserves/problem loans) was around 53% as of December 2025, higher than the 38.2% as of year-end 2020, but significantly lower than the 97% global median for its baa3 BCA peers. A relatively low coverage ratio exposes Artea to a potential risk of higher loan loss provisioning need than that of its peers if the loan book was to suffer losses unexpectedly.

Artea has a relatively high lending concentration to the more vulnerable SME segment, which comprised 52% of total loans as of December 2025, 27% of which were toward commercial real estate. However, the bank has been slowly increasing its mortgage lending book in the last few years as a portion of total lending, with it comprising 28% of total outstanding loans in December 2025 compared to around 18% in December 2020. We view this development as a credit positive trend since a move towards a lower-risk lending portfolio could reduce potential losses in a downturn.

Asset quality concerns from high loan growth and concentration in the more vulnerable SME segment are incorporated into the ba1 assigned Asset Risk score, which is four notches below the initial score.

Robust capitalisation with significant capacity above regulatory requirements to persist

Artea's assigned a3 Capital score, positioned one notch below the initial score, incorporates our expectation that the bank's core capital ratio will decline, yet remain strong, and significantly above regulatory requirements.

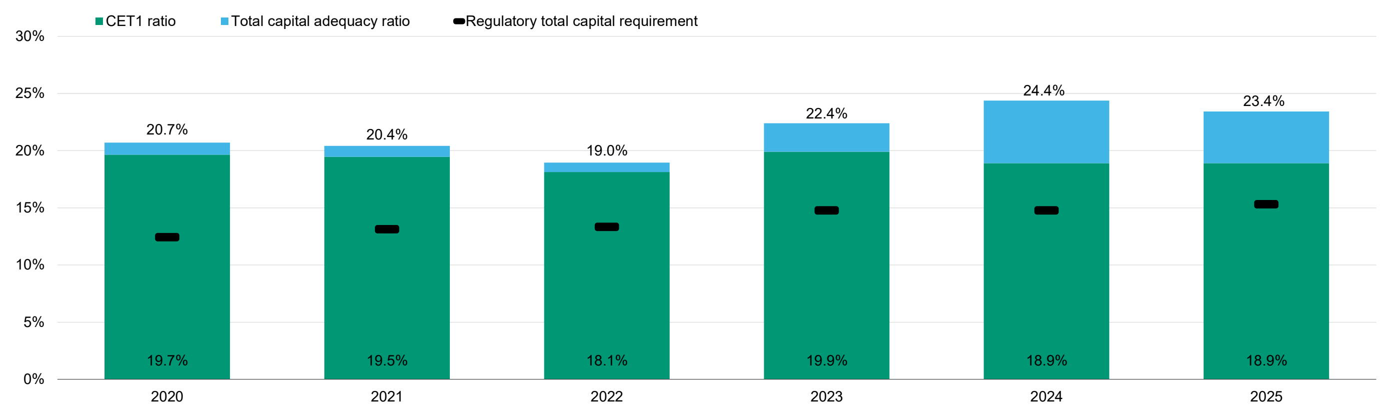
The bank's TCE/RWA ratio was 19.1% as of December 2025, down from 19.3% as of December 2024 primarily due to relatively lower internal capital generation during the year and lower growth. On 1 October 2024, Artea announced an updated dividend policy. These changes include a higher minimum dividend payout ratio, raised from 25% to 50%, and recurring share buybacks. We expect these changes, alongside the banks strong growth ambitions, to lower its CET1 ratio over the next 12-18 months but still remain well-above its regulatory requirements.

Artea reported a CET1 capital ratio of 19% and a total capital ratio of 23% as of December 2025, well-above its total regulatory requirement of 15.3%, which includes a capital conservation buffer of 2.5% (CCB) and an Other Systemically Important Institution (O-SII) buffer of 1%. The outcome of its December 2024 Supervisory Review and Evaluation Process (SREP) was an updated Pillar 2 requirement of 2.56%. The bank's Pillar 2 Guidance of 1.75%, previously set by the European Central Bank (ECB), remained unchanged.

Exhibit 4

Capital is materially above regulatory minimum

Capital ratios and regulatory requirement



The total regulatory requirement encompasses Pillar 1 and Pillar 2 requirements, as well as capital conservation and O-SII buffers.
Sources: Company reports and Moody's Ratings

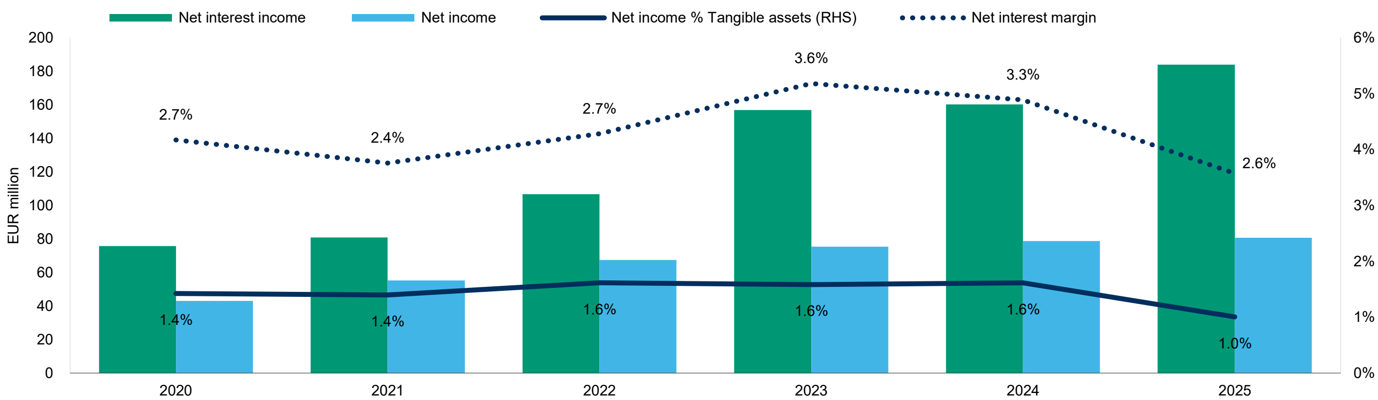
Strong profitability, supported by high net interest margins, but also earnings pressure arising from execution risk in delivering strategic plan

Artea's net profit reached €60.7 million in 2025, which equates to an annualised net income/tangible assets ratio of 1.0%. Earnings benefitted from still strong, albeit moderating, net interest margins, high lending growth and a 6.5% year-on-year growth in net fees and commission income, driven by strong performance across asset management and other fee-generating businesses. The drop in the ratio compared to 2024 was largely driven by lower margins and the new banking platform development costs.

The bank's sound profitability metrics, notably strong net interest margins (NIM) and high cost efficiency, support its solid net income/ tangible assets ratio. However, higher operating expenses driven by the bank's execution of its strategic plan and an upgrade of its core banking system put pressures on the bank's profitability in the medium term, which is reflected in its baa2 Profitability score, assigned in line with the initial score.

We expect Artea's profitability to remain strong over the next 12-18 months, albeit at lower levels due to the new strategy implementation costs. In the longer term, a successfully executed strategy should provide higher earnings diversification following the growth in non-interest income and a wider product offering. Increased cooperation with Tesonet should also increase bank's efficiency, however, a lower policy rate and a higher share of mortgages in the bank's portfolio will result in a slight reduction in net interest margins compared to historic levels.

Exhibit 5
Profits have moderated following a decline in NIM and higher operating costs
Profitability metrics

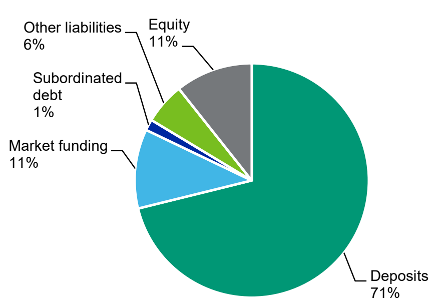


Sources: Company reports and Moody's Ratings

Sound funding and liquidity, underpinned by a stable deposit-based funding model

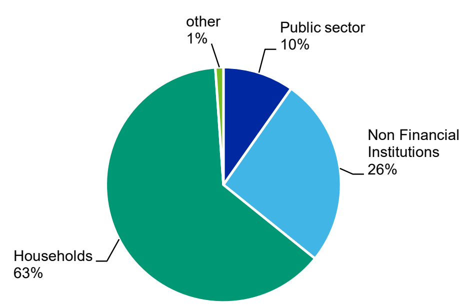
Artea is largely deposit funded, though it also utilises a moderate share of wholesale funding. Less-stable Funds (LCR) / Tangible Banking Assets stood at 11.3% as of December 2025. The bank's deposit book is comprised primarily of retail deposits (63% of total deposits as of December 2025), though it also has a relatively high share of corporate deposits (29% of total deposits for the same period, 77% of which are in current accounts), which we consider more volatile than retail deposits.

Exhibit 6
Funding Breakdown



Sources: Bank's financial report and Moody's Ratings

Exhibit 7
Deposit Breakdown



Sources: Bank's financial report and Moody's Ratings

The bank's share of wholesale funding has increased to comply with its Minimum Requirement for Eligible Liabilities and own funds (MREL) and to finance further growth in line with the updated strategy. Because the bank's senior debt is issued in bulk, it creates potential refinancing hurdles at the call date. At the same time, we note the bank has so far managed this risk well, successfully refinancing its outstanding debt and extending its senior debt financing to multiple issuances that significantly increased the bank's total MREL buffers.

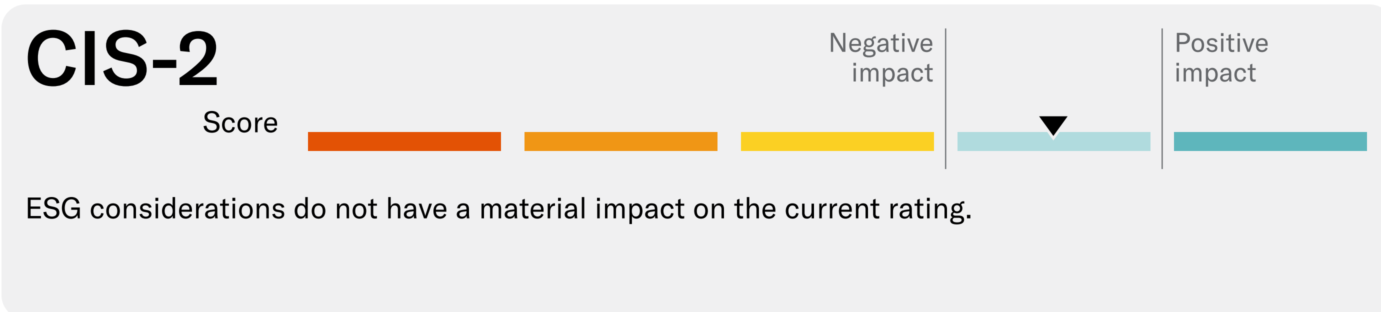
The assigned Funding Structure score of baa3 reflects the bank's relatively high exposure to corporate deposits and a moderate refinancing risk stemming from large senior unsecured debt issuances.

Artea's liquid reserves are sound and comprise mostly of high-quality liquid assets (HQLAs). As of December 2025, this comprised 24% of tangible banking assets, up from 19.8% as of December 2024. We believe that an increase in liquid assets in 2025 is temporary following the benchmark issuance and strong deposit growth at the end of the year, and that they will decline closer to the December 2024 level as Artea continues to grow, which is reflected in our assigned baa2 score, two notches below the initial score.

ESG considerations

AB Artea bankas' ESG credit impact score is CIS-2

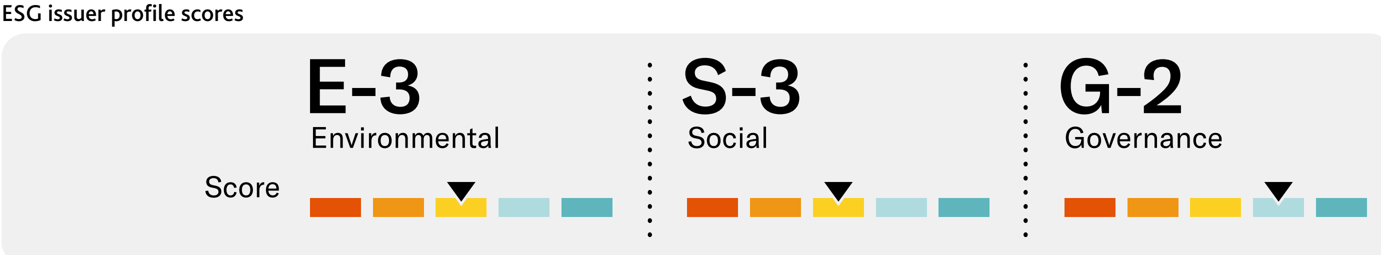
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Artea's **CIS-2** reflects the limited credit impact of environmental and social factors on the rating to date, and low governance risks.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Artea faces moderate environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified bank. In line with its peers, the bank is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, Artea is developing its climate risk and portfolio management capabilities.

Social

Artea faces moderately high industry-wide social risks particularly related to customer relations risk and associated regulatory and litigation risks, requiring high compliance standards. These risks are mitigated by the bank's developed policies and procedures. Significant cyber and personal data risks are mitigated by the bank's strong IT framework.

Governance

Artea faces low governance risks. Artea is a Lithuanian bank with an adequate track record of good risk management and financial strategy. Loan growth has been high in the past years but focused on segments with lower risk, such as mortgages. The bank has a clear and simple organisational structure with no identified concerns regarding ownership and control. Due to the historical AML issues in the Baltic countries, financial crime is a high risk, but low exposures to non-resident clients reduce the risk for Artea.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

We consider Artea to be domiciled in an operational resolution regime. Our Advanced LGF analysis reflects that full depositor preference over senior debt creditors will be implemented in the EU by early 2028.

We apply our Advanced LGF analysis to Artea. For this analysis, we assume that equity and losses are at 3% and 8%, respectively, of tangible banking assets in a failure scenario. We also assume a 25% run-off of junior wholesale deposits, a 5% run-off in preferred deposits and a 26% proportion of junior deposits. These are in line with our standard assumptions.

Artea's depositors and senior bondholders are likely to face very low losses given failure because of the loss absorption provided by bail-in-able debt and deposits, resulting in a three-notch and a two-notch uplift, respectively.

Artea's subordinated bondholders and preference share holders are likely to face high loss given failure, due to the low volume of more subordinated instruments and residual equity that we expect in a resolution scenario. We also incorporate additional notching for preference share instruments, reflecting coupon features.

Government support considerations

We assign a low probability of government support for Artea's ratings, because of the bank's small, albeit growing, size, which does not translate into any uplift.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 10
Rating Factors

Macro Factors		
Weighted Macro Profile	**Strong -**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.8%	a3	↔	ba1	Loan growth	Sector concentration
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	19.1%	a2	↓	a3	Expected trend	
Profitability						
Net Income / Tangible Assets	1.0%	baa2	↔	baa2	Expected Trend	
Combined Solvency Score		a3		baa2		
Liquidity						
Funding Structure						
Less-stable Funds / Tangible Banking Assets	11.3%	a3	↔	baa3	Deposit quality	Limited market access
Liquid Resources						
Core Banking Liquidity / Tangible Banking Assets	24.0%	a3	↓	baa2	Expected trend	
Combined Liquidity Score		a3		baa3		
Financial Profile		a3		baa2		
Qualitative Adjustments				Adjustment		
Business and Geographic Diversification				0		
Complexity and Opacity				0		
Strategy, Risk Appetite and Governance				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				A2		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa3		
Affiliate Support notching				0		
Adjusted BCA				baa3		

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	868	14.4%	1 272	21.1%
Deposits	3 961	65.6%	3 557	58.9%
Preferred deposits	2 931	48.6%	2 785	46.1%
Junior deposits	1 030	17.1%	772	12.8%
Senior unsecured bank debt	900	14.9%	900	14.9%
Dated subordinated bank debt	75	1.2%	75	1.2%
Preference shares (bank)	50	0.8%	50	0.8%
Equity	181	3.0%	181	3.0%
Total Tangible Banking Assets	6 035	100.0%	6 035	100.0%

Debt Class	**De Jure waterfall**		**De Facto waterfall**		**Notching**		**LGF Notching Guidance vs. Adjusted BCA**	**Assigned LGF notching**	**Additional Notching**	**Preliminary Rating Assessment**
	Instrument volume + subordination	**Sub-ordination**	**Instrument volume + subordination**	**Sub-ordination**	**De Jure**	**De Facto**				
Counterparty Risk Rating	32.8%	32.8%	32.8%	32.8%	3	3	3	3	0	a3
Counterparty Risk Assessment	32.8%	32.8%	32.8%	32.8%	3	3	3	3	0	a3 (cr)
Deposits	32.8%	5.1%	32.8%	20.0%	2	3	3	3	0	a3
Senior unsecured bank debt	32.8%	5.1%	20.0%	5.1%	2	2	2	2	0	baa1
Dated subordinated bank debt	5.1%	3.8%	5.1%	3.8%	-1	-1	-1	-1	0	ba1
Non-cumulative bank preference shares	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	-2	ba3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a3	0	A3	A3
Counterparty Risk Assessment	3	0	a3 (cr)	0	A3(cr)	
Deposits	3	0	a3	0	A3	A3
Senior unsecured bank debt	2	0	baa1	0	Baa1	
Dated subordinated bank debt	-1	0	ba1	0	Ba1	
Non-cumulative bank preference shares	-1	-2	ba3	0	Ba3 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 11

Category	Moody's Rating
AB ARTEA BANKAS	
Outlook	Positive
Counterparty Risk Rating	A3/P-2
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Counterparty Risk Assessment	A3(cr)/P-2(cr)
Senior Unsecured -Dom Curr	Baa1
Subordinate -Dom Curr	Ba1
Pref. Stock Non-cumulative -Dom Curr	Ba3 (hyb)

Source: Moody's Ratings

Endnotes

1 Deposit market share excludes Revolut due to its predominantly international deposit-taking operations.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454