

**LITHUANIAN CENTRAL CREDIT UNION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025**

**LITHUANIAN CENTRAL CREDIT UNION'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

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Translation note

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

INDEPENDENT AUDITOR'S REPORT

To the Members of Lithuanian Central Credit Union

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of Lithuanian Central Credit Union (the Union), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effect of the matter described in section “Basis for Qualified opinion”, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as adopted by the European Union.

Basis for Qualified opinion

As at 31 December 2025 the Union accounted for the shares acquired by the Republic of Lithuania, legally denoting the participation in the equity of the Union and providing voting rights, in the amount of EUR 3,979 thousand (EUR 5,279 thousand as at 31 December 2024) in the shareholders' equity (Note 27). However, based on the European Commission's approval and signed agreement with the Ministry of Finance (Note 27) for this state aid (acquired shares), the amount has to be gradually repaid, interest is paid for it and the Union does not have the unilateral right not to repay the amount. Consequently, in accordance with the requirements of IAS 32 Financial instruments: Presentation the above amount has to be accounted for as a liability in the financial statements for the year ended 31 December 2025 and 31 December 2024. If the above amount had been accounted for properly in accordance with IFRS, the shareholders' equity of the Union would decrease, and liabilities would increase by EUR 3,979 thousand as at 31 December 2025 (by EUR 5,279 thousand as at 31 December 2024).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council (the Regulation) on specific requirements regarding the statutory audit of public interest entities that are relevant to statutory audit of public interest entities, the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit of financial statements in the Republic of Lithuania and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Regulation (EU) No 537/2014 and the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Impairment of loans and receivables from other parties.

As disclosed in the Credit risk disclosure under Financial risk management note (Note 4) as at 31 December 2025 the gross loans and receivables from other parties amounted to EUR 127,143 thousand, and the related expected credit losses amounted to EUR 2,934 thousand. The Union's accounting policy for impairment is presented in the 'Impairment of financial assets' section of the accounting policies note to the financial statements. Also, we draw attention to the use of judgements and estimates in this area, which are set out in the 'Impairment of financial assets' part of the 'Critical accounting estimates and judgements' section of the accounting policies note to the financial statements, while preparing disclosures in the financial statements.

Impairment of loans and receivables from other parties is a subjective assessment area due to the level of judgement applied by the management in determining the extent of expected credit losses, which is dependent on the methods and models used, significant assumptions applied and consideration of estimation uncertainty.

The significant assumptions applied by the management in determining the level of impairment for loans and receivables include selection of the appropriate method and model, identification of events of significant increase in credit risk, estimation of forward-looking information for different probability-weighted scenarios, the assessment of other parties that are defaulted, appropriate valuation of the related collaterals and the future expected cash flows relating to loans and receivables.

Due to the material nature of loans and receivables from other parties and the related judgment involved in the estimation of loans and receivables impairment, it is considered to be a key audit matter.

How our audit addressed the key audit matter

We have gained an understanding (including understanding about assumptions, methods and models used) and tested design and implementation, and operating effectiveness of the relevant controls over the process of estimating individually and collectively assessed expected credit losses of loans and receivables from other parties.

We performed analytical procedures over loans and receivables from other parties and the expected credit losses disaggregated by loan type, risk groups, overdue periods, stages and other parameters. Our analysis based on financial information as of 30 June 2025 against 31 December 2024 was aimed to identify unusual or unexpected fluctuations and trends, as well as outliers in stages and risk groups which could indicate mistakes in model or calculations. Based on the performed analysis we have identified a sample of loans and receivables from other parties with characteristics of audit interest and performed test of details to cover the allocation of loans and receivables to other parties between stages. We performed roll-forward aggregated analysis of loans and receivables as of 31 December 2025 to verify that there were not significant changes since 30 June 2025.

We involved our internal IFRS specialist to assist us in assessing whether the existing accounting policy for the estimation of impairment of loans and receivables from other parties is in accordance with requirements of IFRS 9 "Financial instruments".

For individually assessed loans for impairment, we selected a sample of outstanding loans and receivables and assessed whether the criteria for determining whether the credit losses expected to arise over the life of the asset or over next 12 months agrees to the applied accounting policy. For the selected sample of loans and receivables we assessed management's forecast of the recoverable cash flows, the valuation of collaterals, estimation of recovery on default and other sources of repayment. For individually assessed loans allocated to stage 3 in accordance with IFRS 9 "Financial instruments" we have also assessed the expected cash flows from realization of collateral.

For the collectively assessed loans for impairment, we involved our internal IFRS specialist to assist us in assessing the model's compliance with IFRS requirements and key inputs used (probability of default, loss given default and exposure at default) by reviewing the selected expected credit loss calculation. We assessed the computation of the key inputs (probability of default, loss given default and exposure at default) by agreeing data used in the calculation to the supporting evidence (e.g. default event and cash payments received) for a selected sample. Our internal IFRS specialist assisted in assessment of forward-looking adjustments by comparing the management's estimate with the publicly available reputable sources of information.

We also assessed the adequacy of the related financial statements disclosures according to IFRS requirements in this area.

Other Information

The other information comprises the information included in the Union's management report, , but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except of the matter described in section "Basis for Qualified opinion".

In addition, our responsibility is to consider whether information included in the Union's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Union's management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Union's management report, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the decision made by the General Meeting of Members on 30 April 2024 we have been appointed for the first time to carry out the audit of Union's financial statements for the period 2024-2026. Our appointment to carry out the audit of Union's financial statements in accordance with the decision made by General Meeting of Members is renewed every three years and the period of total uninterrupted engagement is two years.

We confirm that our opinion in the section 'Qualified opinion' is consistent with the additional report which we have submitted to the Union and Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Union are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014.

In the course of audit, we have not provided any other services except for audit of financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Simonas Rimasauskas.

Deloitte Lietuva UAB
Licence No. 001275

Simonas Rimašauskas
Lithuanian Certified Auditor
Licence No. 00466

Vilnius, the Republic of Lithuania
10 April 2026

The auditor's electronic signature applies only to the Independent Auditor's Report.

LITHUANIAN CENTRAL CREDIT UNION'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in EUR thousand unless stated otherwise)

MANAGEMENT REPORT

GENERAL INFORMATION

Name: Lithuanian Central Credit Union

Legal form: Cooperative company

Address: Its location address is Savanorių ave. 363B-201, Kaunas, Lithuania

Company code: 110086034

Telephone: +370 37 200584

INFORMATION ABOUT BRANCHES AND OTHER GENERAL INFORMATION

The Lithuanian Central Credit Union (hereinafter "LCCU") was registered on 22 April 2002. On 28 November 2002, the Bank of Lithuania issued a license to LCCU to provide licensed financial services as stipulated in the Law on the Central Credit Union of the Republic of Lithuania. LCCU started its activities on 2 December 2002. LCCU has no branches or representative offices, member credit unions of the LCCU Group (hereinafter "LCCU Group") are its service centres. LCCU is a co-operative society operating on the basis of share capital. The adoption of the amendments to the laws regulating the activities of credit unions (CUs) and the Central Credit Union by the Seimas of the Republic of Lithuania on 30 June 2016 initiated the reform in the sector of credit unions, which significantly affected the activities of both credit unions and LCCU. Key developments related to the activities of LCCU and its members include: mandatory credit union membership of central credit unions, the introduction of the framework for ensuring solvency of credit unions, and the consolidated supervision of LCCU and its member credit unions.

OVERVIEW OF ACTIVITIES AND FINANCIAL PERFORMANCE

Despite the geopolitical uncertainties prevailing in 2025, LCCU continued to expand its activities and to grow sustainably, maintaining stability and profitability of its operations. In 2025, LCCU continued to expand the range of services offered to customers. In its lending activities, LCCU, acting on behalf of its member credit unions, actively participates in the financial instruments promoted by ILTE UAB, and continues to actively cooperate with foreign partners to provide credit unions with more lending opportunities: member credit unions can grant loans with guarantees from the European Investment Fund (EIF) under the EaSI Guarantee Instrument. In 2025, LCCU issued subordinated bonds in the amount of EUR 4 million to strengthen the LCCU Group's capital base. With the aim of improving client experience and streamlining processes, LCCU continued to enhance existing services and introduce new ones. Clients were given the option to receive payment cards by mail, and at the beginning of 2026 the ability to execute international payments in the "i-Unija" system was implemented. Considerable attention continued to be devoted to the digitisation of services and the development of remote solutions, with the mobile application's functionality being expanded. In addition, a new service was introduced for credit unions, allowing documents to be signed with clients using a tablet via partner-provided solutions. The functionality of the mobile app has been expanded, with the design of the i-Unija online banking platform being updated in 2025, which is scheduled to be completed in 2026. In the area of IT, LCCU focused on infrastructure decisions, system development and improving system security.

OBJECTIVE OVERVIEW OF THE LCCU'S FINANCIAL POSITION, PERFORMANCE AND DEVELOPMENT

During the FY 2025, LCCU's assets increased by EUR 33,363 thousand (8.76%) to EUR 414,016 thousand as at 31 December 2025. In 2025, the largest part of the Bank's assets consisted of securities (45.07%) and a portfolio of loans granted to customers and member credit unions (42.81%). During 2025, changes were observed in the composition of the loan portfolio, with continued active growth in loans and advances from other parties (38.59%). Loans and receivables from credit institutions saw growth of 27.87%; however, despite being higher than in 2024, the growth rate remained below the 2023 level. The main reason for this was the funds raised by member credit unions from customers, which reduced the need to borrow from the central credit union. The main growth in lending is reflected in the cooperation with ILTE UAB, which represents the LCCU Group of Credit Unions in incentive financial instruments. Consequently, the central credit union continued to channel its available resources toward investment activities (expanding its securities portfolio) and lending to credit unions' customers (increasing the loans and advances from other parties). The remaining funds were held with the central bank to (2% as at 31 December 2025). During 2025, interest income on loans grew by 22.327% to EUR 17.5 million at the end of the year, due to the increase in the average balance held with the central bank and the growth of the portfolio of loans to other parties. Interest expense increased due to the growing portfolio of term deposits from credit institutions and other financial institutions: during the year increased 16.27% to EUR 7.6 million, with net interest income amounting to EUR 9.8 million. By assessing the assumed credit risk both in relation to specific customers and projects and in the perspective of macroeconomic forecasts, LCCU has increased the loan portfolio provisions for expected credit losses by EUR 972 thousand in 2025.

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In 2025, LCCU maintained its investment position: the large portion of the securities portfolio consisted of securities issued by the Government of the Republic of Lithuania. The investment activities rely on deposits from credit unions (which operate in the local Lithuanian market and offer one of the highest interest rates on deposits in the Lithuanian market) and other financial institutions. In 2025, LCCU issued subordinated bonds in the amount of EUR 4 million to strengthen the LCCU Group's capital base. LCCU continues to improve efficiency, with the LCCU's cost of services and commissions decreasing from EUR 127 thousand to EUR 58 thousand. LCCU's performance improved from EUR 2,247 thousand to EUR 2,963 thousand as a result of the increase in interest income, the decrease in commissions and relatively lower growth in other operating expenses. The improved performance also led to an increase in the return on assets (ROA) from 0.59% in 2024 to 0.72%, and in the return on equity (ROE) grew from 7.35% to 8.57%. Due to the changing market conditions, LCCU pays particular attention to the management of its operating expenses through detailed planning and periodic control: the cost management methodology is being improved, and analysis of efficiency indicators is being carried out. In 2025, the cost-to-income ratio (CIR) stood at 46.68% (2024: 45.22%).

DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES ENCOUNTERED BY LCCU

LCCU assesses the following types of risks in its activities:

- Credit risk
- Concentration risk
- Liquidity risk
- Operational risk
- ICT risk
- Market risk
- Compliance risk
- Sustainability risk
- ML/TF and international sanctions risk
- Fraud risk
- Other risks (income, reputational, operational, strategic risks).

For more details on the key risks of the LCCU, see Note 4 to the financial statements.

In 2025, the LCCU complied with the following prudential indicators:

Indicator	General requirement	As at 31 December 2025	As at 31 December 2024
CET1 capital adequacy ratio	9.36 %	16.31%	22.57%
Tier 1 capital adequacy ratio	11.32%	16.31%	22.57%
Total capital adequacy ratio	13.92%	21.65%	28.09%
Leverage ratio	3%	8.25%	7.98%
Liquidity coverage ratio	50%	173.15%	176.10%
Net stable funding ratio	50%	109.13%	145.09%
Maximum exposure to a single borrower (non-institutions)	25%	20.61%	19.66%
Maximum exposure to a single borrower (institutions)	100%	30.73%	25.67%

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Risk management is an essential field of activity in a changing regulatory, economic, and geopolitical environment. With the aim to ensure sustainable growth and operational stability, the LCCU has set ambitious risk management objectives for the next period, including improving governance by strengthening internal control mechanisms and optimising decision-making processes, implementing IT systems, modernising infrastructure and increasing the efficiency of data processing for prompt response to market dynamics, diversifying financing sources by broadening their base and reducing reliance on a single supply source, and reducing credit concentration by balancing the credit portfolio and reducing the risk of over-reliance on individual sectors or customer groups. The focused and consistent implementation of these objectives will allow LCCU to not only reinforce operational stability and financial resilience, but also to increase its competitive advantage and ensure sustainable long-term growth in a challenging market environment. ICT risk management, cybersecurity, management of ML/TF and fraud risks, and implementation of international sanctions will continue to be a matter of concern.

COMPANY'S ACTIVITY PLANS AND FORECASTS

At the beginning of 2025, the LCCU developed a strategic action plan for 2025-2027. This plan sets out the strategic vision of the LCCU: an efficient, innovative, leading centre of excellence in cooperative banking. The mission of the LCCU Group of Credit Unions: we are a close financial partner to communities, helping them to grow and develop. LCCU Group's values

1. Fairness: we use resources sparingly and offer the best solutions for our members.
2. Professionalism: we are competent and constantly evolving, striving for the best result, as well as applying innovation.
3. Openness and sense of community: we encourage self-expression, engagement, diversity of opinion and respect. We share experiences, ideas and information.

LCCU Group's operating principles are based on leadership, competence and professionalism, reputation, accountability, equality and fairness, sense of community and self-improvement.

In its activities, LCCU highlights three strategic directions of the LCCU Group of Credit Unions as basis for planning actions over the period of the Strategic Plan:

1. Increasing market share (growth in membership, digitalisation of services).
2. Operational stability of the LCCU Group and LCCU (effective risk management, adequate qualification and compliance).
3. Increase in operating profit of the LCCU Group and LCCU.

INFORMATION ABOUT MEMBER SHARES

LCCU does not hold own member shares and did not purchase or sell them during the reporting period. On 31 December 2025, the member share capital of LCCU was made up of the members' shares. The member share capital of LCCU amounts to EUR 23.334 thousand (2024: EUR 22,428 thousand). It consists of primary and additional member shares. Nominal value per primary membership share is EUR 1,000 and per additional membership share – EUR 300. All the member shares of LCCU have been paid. Each member of LCCU holding a primary member share has a number of votes calculated in accordance with the voting methodology set out in LCCU's Articles of Association. As at 31 December 2025, the number of primary member shares was 45 (as at 31 December 2024, 46). In 2017, the State of Lithuania became a member and acquired (primary and additional) member shares of LCCU. The total value of contributed shares of the State of Lithuania is EUR 8,879,800, which contains: (a) EUR 1,000 of primary member shares; (b) EUR 8,878,800 of additional member shares. Regardless of the treatment of this member share contribution under IFRS, it means the participation of the State of Lithuania in the capital of LCCU and provides the State of Lithuania with 10% voting rights. As at 31 December 2025, the balance was EUR 3,979,000 (as at 31 December 2024, EUR 5,279,200). As at 31 December 2025, the number of additional member shares was 77,628 (2024: 74,607). In 2025, the members of LCCU acquired additional member shares with a value of EUR 2,306 thousand (2023: EUR 1,633 thousand). In 2024, LCCU repaid additional State owned member shares at amount of EUR 1,300 thousand (2024: EUR 1,300) and member shares owned by Elektrėnai Credit Union (EUR 100 thousand) after its withdrawal.

INFORMATION ON THE COMPANY'S RESEARCH & DEVELOPMENT ACTIVITIES

LCCU is not engaged in any research and development activities.

INFORMATION ON THE COMPANY'S SUSTAINABILITY PERFORMANCE

LCCU annually assesses and proactively addresses greenhouse gas (GHG) emissions from its operations through consistent implementation of sustainability initiatives and emission reduction measures. LCCU offsets the estimated emissions by contributing to United Nations-certified emission reduction projects, thereby contributing to global climate change mitigation goals. To increase transparency and accountability of its sustainability performance, from 2024, LCCU submits voluntary Sustainability Reports detailing its efforts to reduce emissions, the initiatives implemented and their impact on the environment and society. Such efforts reflect LCCU's commitment to sustainable and responsible business practices, contributing to the long-term environmental protection and social well-being. LCCU's voluntary Sustainability Report published on its website at <https://lcku.lt/lt/lcku/tvarumas/>. In 2025, LCCU conducted a comprehensive review of its sustainability strategy, including assessments over a longer time horizon and a double materiality assessment.

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INFORMATION ABOUT EMPLOYEES

During 2025, the number of LCCU's employees increased 11.54% to 116 at the end of the year. LCCU invests in employee training and development: most employees (over 90) attended various professional development training courses (excluding mandatory and general training). In 2025, 10 employees advanced on the internal career ladder (both horizontally and vertically) in LCCU. The remuneration in LCCU is managed in line with the internal documents governing the remuneration policy, which have been prepared in accordance with the Lithuania legislation and in alignment with acts of the EU institutions: Directive 2013/36/EU (Article 92(2)), Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04), etc. LCCU has the remuneration management system in place, comprising basic salary and an annual variable component. The variable component may not exceed 100 % of the fixed component of total remuneration.

INFORMATION ON LCCU'S INTERNAL CONTROL

LCCU's management is based on the principles of the Three Lines Model, which provides a clear structure for assigning responsibilities, promotes sound risk-based decision-making and enhances operational efficiency. **First line** is directly responsible for operational management of risks, where decisions are based on comprehensive risk analysis and day-to-day business practices. **Second line** provides independent oversight and support for risk management, ensuring compliance with policies and procedures, and consistent improvement of risk monitoring mechanisms. **Third line** is the internal audit function, which assesses the effectiveness of the first two lines, the implementation of risk management strategies and the operational compliance with established standards. The three-line model not only allows LCCU to ensure transparency and timely advice, but also enhances interaction between all levels of management, promotes proactive continuous improvement and enables prompt response to the changing regulatory and market environment. This integrated approach to management helps to manage risks effectively, builds organisational resilience and contributes to long-term strategic success.

INFORMATION ON LCCU MANAGEMENT

As at 31 December 2025, LCCU had the Supervisory Board of seven members and the Board of five members. The management bodies of LCCU are the Board and the Chief Executive Officer. LCCU's management personnel consists of the members of the Supervisory Board, the members of the Board, the Chief Executive Officer, the Deputy Chief Executive Officer and the Head of Internal Audit Service. LCCU has three committees: Loan Committee, Risk Management Committee and Audit Committee. LCCU also has Ethics Commission and Stabilisation Fund Commission. In line with LCCU's the Remuneration Policy for Employees Who May Have a Significant Influence on the Risks Undertaken, significant employees are considered to be LCCU's top managers and control functions. The suitability of LCCU's management personnel for the performance of the duties is assessed on the basis of their reputation, qualification and experience, potential conflicts of interest, and ability to devote sufficient time to the work of LCCU.

INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events that could have a significant effect on these financial statements.

**LITHUANIAN CENTRAL CREDIT UNION'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 De- cember 2025	For the year ended 31 De- cember 2024
Interest income calculated using the effective interest method	6	17,457	14,272
Interest expense calculated using the effective interest method	6	(7,612)	(6,547)
Net interest income		9,845	7,725
Fee and commission income	7	970	848
Fee and commission expenses	7	(1,028)	(975)
Net fee and commission income (expenses)		(58)	(127)
Other income	8	2,434	2,320
Net result from securities transactions	9	576	223
Impairment of loans and other assets	10	(924)	(767)
Change in provisions		(48)	(58)
Payroll and related expenses		(5,480)	(4,443)
Depreciation of property, plant and equipment and right-of-use assets	17	(179)	(151)
Amortisation of intangible assets	18	(152)	(149)
Other operating expenses	11	(2,799)	(2,063)
Profit (loss) before tax		3,215	2,510
Income tax benefit (expenses)	12	(252)	(263)
Net profit (loss)		2,963	2,247
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Debt instruments at fair value through other comprehensive income			
Net change in fair value during the year		563	1,221
Change in expected credit loss		-	4
Reclassification to profit (loss)		(37)	(1)
Deferred income tax related to the above	12	(39)	(183)
Net profit (loss) on debt instruments at fair value through other comprehensive income		487	1,041
Other comprehensive income, net of deferred income tax		487	1,041
Total comprehensive income		3,450	3,288

The accounting policies and notes on pages 11 to 63 form an integral part of these financial statements.
The financial statements set out on pages 7 to 63 were authorized on 10 April 2026.

CEO
Mindaugas Vijūnas

Head of Finance and Accounting
Eglė Balčiūnė

**LITHUANIAN CENTRAL CREDIT UNION'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2025	As at 31 December 2024
ASSETS			
Cash and cash equivalents held with central bank	13	47,695	113,094
Loans and advances from credit institutions	14	53,015	41,477
Loans and advances from other parties	15	124,209	89,621
Securities at amortised cost	16	94,402	64,014
Securities at fair value through other comprehensive income	16	84,431	65,045
Securities at fair value through profit or loss	16	7,775	5,087
Property, plant and equipment	17	1,146	1,247
Right-of-use assets	17	105	4
Intangible assets	18	301	323
Other assets	19	937	741
TOTAL ASSETS		414,016	380,653
AMOUNTS DUE TO CREDIT INSTITUTIONS AND FUNDS			
Amounts due to credit and other financial institutions	20	355,694	332,587
Deposits from other parties	21	70	40
Liquidity facility	22	9,341	8,090
Subordinated liabilities	23	11,451	7,442
Provisions	24	314	265
Income tax payable		130	145
Other liabilities	25	2,369	1,512
Deferred tax liabilities	12	55	11
Total liabilities		379,424	350,092
CAPITAL AND RESERVES			
Primary member shares	27	45	46
Additional member shares	27	23,289	22,382
Legal reserve	27	7,970	5,724
Financial asset revaluation reserve	27	325	162
Result for the reporting period		2,963	2,247
Total capital and reserves		34,592	30,561
Total liabilities, capital and reserves		414,016	380,653

The accounting policies and notes on pages 11 to 63 form an integral part of these financial statements.

The financial statements set out on pages 7 to 63 were authorized on 10 April 2026.

CEO
Mindaugas Vijūnas

Head of Finance and Accounting
Eglė Balčiūnė

**LITHUANIAN CENTRAL CREDIT UNION'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF CASH FLOWS	Notes	For the year ended 31 December 2025	For the year ended 31 December 2024
Operating activities			
Profit for the year		2,963	2,247
Allowance for expected credit losses		972	825
Interest income	6	(17,457)	(14,272)
Interest expense	6	7,612	6,547
Depreciation/amortisation and write-off of property, plant and equipment and intangible assets	17, 18	331	300
Income tax expense	12	252	263
Total adjustments in operating activities		(8,290)	(6,337)
Changes in assets and liabilities used in operating activities			
Loans to credit unions		(11,425)	47,108
Other loans issued		(34,927)	(19,277)
(Increase) decrease in deposits of credit and other financial institutions		11,639	107,888
(Increase) decrease in other assets and other financial assets		(196)	467
Increase (decrease) in demand deposits from legal persons		30	4
Increase in liquidity facility	22	1,251	1,260
Increase (decrease) in other liabilities		567	(334)
Total changes in assets and liabilities used in operating activities		(33,061)	137,116
Interest received		16,075	13,641
Interest paid		(7,233)	(5,474)
Income tax paid		(264)	(444)
Net cash flows from operating activities		(29,810)	140,749
Investing activities			
Acquisition of property, plant and equipment and intangible assets	17, 18	(202)	(470)
Acquisition of debt securities		(71,533)	(87,393)
Redemption of debt securities		21,997	33,658
Acquisition of equity securities		(2,251)	-
Redemption of equity securities		105	475
Net cash flows used in investing activities		(51,883)	(53,730)
Financing activities			
Payments from members for additional member shares		2,305	1,633
Member shares refunded to members		(1,400)	(1,300)
Other loans repaid	26	(500)	-
Subordinated loans received	23, 26	-	3,500
Issue of subordinated bonds	26	4,000	-
Funds received from ILTE UAB	26	14,701	10,540
Funds repaid to ILTE UAB	26	(2,728)	(2,669)
Principal portion of the lease for right-of-use assets		(17)	(8)
Net cash flows from/used in financing activities		16,361	11,696
Increase (decrease) in cash and cash equivalents		(65,332)	98,715
Cash and cash equivalents at the beginning of the period		113,466	14,751
Cash and cash equivalents at the end of the period		48,134	113,466
Cash on hand and balances in correspondent account with the Bank of Lithuania	13	47,695	113,094
Balances in correspondent accounts with banks	14	439	372

The accounting policies and notes on pages 11 to 63 form an integral part of these financial statements.
The financial statements set out on pages 7 to 63 were authorized on 10 April 2026.

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**LITHUANIAN CENTRAL CREDIT UNION'S
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Notes	Primary member shares	Additional member shares	Financial assets re-valuation reserve	Legal reserve	Retained earnings	Total
As at 31 December 2023		46	22,049	(879)	2,859	2,864	26,939
Net profit (loss)		-	-	-	-	2,247	2,247
Other comprehensive income		-	-	1,042	-	-	1,042
Total comprehensive income		-	-	1,042	-	2,247	3,289
Transfer to reserves		-	-	-	2,864	(2,864)	-
Repayment of additional member shares	27	-	(1,300)	-	-	-	(1,300)
Acquisition of additional member shares	27	-	1,633	-	-	-	1,633
As at 31 December 2024		46	22,382	163	5,723	2,247	30,561
Net profit (loss)		-	-	-	-	2,963	2,963
Other comprehensive income		-	-	162	-	-	162
Total comprehensive income		-	-	162	-	2,963	3,125
Transfer to reserves	27	-	-	-	2,247	(2,247)	-
Repayment of additional member shares	27	(1)	(1,399)	-	-	-	(1,400)
Acquisition of additional member shares	27	-	2,306	-	-	-	2,306
As at 31 December 2025		45	23,289	325	7,970	2,963	34,592

The accounting policies and notes on pages 11 to 63 form an integral part of these financial statements.

The financial statements set out on pages 7 to 63 were authorized on 10 April 2026.

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**LITHUANIAN CENTRAL CREDIT UNION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

NOTES TO FINANCIAL STATEMENTS

1 NOTE. GENERAL INFORMATION

The Lithuanian Central Credit Union (in Lithuanian language “Lietuvos centrinė kredito unija”, hereinafter “LCCU”) was registered with the Lithuanian Register of Enterprises on 22 April 2002. On 28 November 2002, the Bank of Lithuania issued a license to LCCU No 54 to perform all operations provided for in the Law on Central Credit Union of the Republic of Lithuania. LCCU started its principal activities on 2 December 2002.

LCCU operates under the Lithuanian Law on Central Credit Unions. LCCU is a credit institution organized on co-operative basis, established by legal entities credit unions and the Lithuanian Government, and registered in the manner prescribed by the former Lithuanian Law on Central Credit Union. LCCU operates on the basis of share capital contributed by members and performs the functions of liquidity maintenance and solvency recovery of credit unions, performs clearing transactions, maintenance service of payment cards and internet bank for credit unions and their members, accepts deposits and other repayable funds, grants loans and takes on risks and responsibility relating to it. In addition, LCCU provides non-financial services to the credit unions.

The registered office of LCCU is at Savanorių ave. 363B-201, Kaunas. As at the end of the reporting period, LCCU had 116 employees (as at the end of 2024, 104).

In both 2025 and 2024, LCCU provided services to its member credit unions and their members, and certain legal persons. As at 31 December 2025, LCCU contained 45 members, 44 of which were credit unions and the Republic of Lithuania (as at 31 December 2024: 46 members, 45 of which were credit unions and the Republic of Lithuania). On 1 January 2025, Elektrėnai Credit Union withdrew from LCCU. On 22 May 2025, Kaunas Region Credit Union was renamed to Taurus Credit Union. On 9 July 2025, Fortūna Credit Union changed its name to SAGA Credit Union. As at 31 December 2025, the following credit unions were members of LCCU:

1. Alytus Credit Union
2. Anykščiai Credit Union
3. Centras Credit Union
4. Druskininkai Credit Union
5. Grinkiškis Credit Union
6. Jonava Credit Union
7. Jurbarkas Credit Union
8. Kaunas Credit Union
9. KB Pilies Credit Union
10. KB ARKU Credit Union
11. Kėdainiai Region Credit Union
12. Kelmė Credit Union
13. Klaipėda Credit Union
14. Delta Credit Union
15. Ebitum Credit Union
16. Gargždų Taupa Credit Union
17. Germanto Lobis Credit Union
18. Magnus Credit Union
19. Mėmelio Taupomoji Kasa Credit Union
20. Neris Credit Union
21. Prienų Taupa Credit Union
22. Sūduvos Parama Credit Union
23. Taupa Credit Union
24. Tikroji Viltis Credit Union
25. Taurus Credit Union (former Kaunas Region Credit Union)
26. Kretinga Credit Union
27. Mažeikiai Credit Union
28. Pagėgiai Credit Union
29. Pakruojis Credit Union
30. Palanga Credit Union
31. Panevėžys Credit Union
32. Pasvalys Credit Union
33. Plungė Credit Union
34. SAGA Credit Union (former Fortūna Credit Union)
35. Šeima Credit Union
36. Šilutė Credit Union
37. Tauragė Credit Union

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

- 38. Tikslas Credit Union
- 39. Trakai Credit Union
- 40. Ukmergė Farmers Credit Union
- 41. Utena Credit Union
- 42. Vilkaviškis Credit Union
- 43. Vilnius Credit Union
- 44. Vytauto Didžiojo Credit Union

Stabilization Fund

Stabilization Fund is a fund managed by LCCU to ensure the solvency of LCCU and its member credit unions and consists of LCCU and member credit unions' funds and other assets. Stabilization Fund is not a legal person, it is administrated by LCCU which acts on its behalf. Stabilization Fund has been separated from LCCU assets and its accounting is administrated separately.

If there are 10 or more member credit unions in LCCU, Stabilization Fund, not later than in 10 years from the day LCCU received its license, must contain the amount which is not less than 1% of LCCU and credit group members' value of assets.

The funds from Stabilization Fund are used in these forms: used to provide subordinated loans and non-refundable payments to credit unions, if they are included in credit union's reserve capital.

LCCU and its members have to make periodical and additional contributions to the Stabilization Fund. Additional contributions are made, if there are insufficient funds for predetermined payments from Stabilization fund. The size of periodical and annual contributions is calculated considering LCCU's and its members' assets and business risk. LCCU sets business risks criteria for LCCU and its members. Contributions of LCCU and its members to the Stabilization Fund are expenses of LCCU and its members. Periodical contributions are not refundable. If additionally collected funds to Stabilization Fund are lent and returned to the Stabilization Fund, additional contributions proportional to additionally paid contributions are repaid to LCCU and credit unions.

The size of periodical and additional contributions to the Stabilization Fund is determined by Stabilization Fund Commission. Contributions to the Stabilization Fund are calculated on the basis certain union assets and risk level (internal rating of the credit union), which varied from 0.16% to 0.32% of deposits of credit unions. Credit unions, which have received non-refundable payments from Fund, make 100% higher contributions to the Fund.

The loans to ensure the stability and continuity of credit unions' activities can be granted in accordance with the conditions of the LCCU's Procedure for the Formation and Utilization of the Stabilization Fund. The decision on usage of resources of the Stabilization Fund and the method thereof is passed by the Stabilization Fund Commission.

As at 31 December 2025, net assets of the Stabilization Fund amounted to EUR 14,609 thousand (EUR 11,729 thousand as at 31 December 2024).

LCCU Group consists of LCCU, its member credit unions and the stabilization fund administered by LCCU, which prepares special purpose combined (consolidated) financial statements on annual basis. These financial statements are available on the official website of the group of companies.

The financial statements have to be approved by the general meeting of members of LCCU within the period of four months from the end date of the financial year.

**LITHUANIAN CENTRAL CREDIT UNION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in EUR thousand unless stated otherwise)

2 NOTE. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements of LCCU have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and valid as at 31 December 2025. The financial statements have been prepared under the historical cost basis, except for financial assets stated at fair value. The financial statements are prepared on a going concern basis.

All amounts in these financial statements are presented in EUR, which is a functional and presentation currency of LCCU.

Due to rounding of certain amounts to thousands, figures in the tables may differ. Such rounding errors are immaterial in these financial statements.

Amendments to IFRS accounting standard effective for the current year

In the current year, LCCU has applied the amendments to IAS 21 Lack of Exchangeability issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2025. The adoption of the amendments did not have material impact on the disclosures or on the amounts reported in these financial statements.

New IFRS accounting standards and amendments adopted by the EU but not yet effective

At the date of authorisation of these financial statements, LCCU has not applied the following amendments to IFRS accounting standards issued by IASB and adopted by EU but not yet effective:

Standard	Title	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	As at 1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	As at 1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	As at 1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	As at 1 January 2027

New IFRS accounting standards and amendments in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) except for the following new accounting standards and amendments to the existing accounting standards, which were not adopted by the EU as at date of authorisation of these financial statements:

Accounting standard	Title	EU adoption status
IFRS 19	Subsidiaries without Public Accountability. Disclosures (IASB effective date: 1 January 2027), with further amendments	Not yet adopted by EU
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded.

LCCU is currently assessing the impact of the application of IFRS 18 "Presentation and Disclosure in Financial Statements", while, in LCCU's assessment, the adoption of the other accounting standards and amendments listed above is not expected to have a material impact on the financial statements.

LITHUANIAN CENTRAL CREDIT UNION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to LCCU's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39 Financial instruments: Recognition and Measurement** would not significantly impact the financial statements, if applied as at the balance sheet date.

LCCU plans to apply the above new standards/amendments, where applicable, as they become effective and approved for application in the EU. There are no other new standards, amendments to standards or interpretations that are not yet effective that would be expected to have a material impact on LCCU.

Revenue and expense recognition

Effective interest rate application

Interest income and expenses for all interest-bearing financial instruments are recognized using the effective interest rate (EIR). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR (including cost of amortised asset) calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of EIR, transaction costs and all other premiums or discounts.

If expected cash flows are revaluated because of different reasons than changes in credit risk, the corresponding gain or loss is recognized in the statement of comprehensive income, increasing or reducing other revenue.

Interest income and expense estimated using the EIR method

For gross carrying amount calculation, LCCU calculates interest income applying EIR on financial assets, except for impaired assets.

When financial assets are impaired and therefore are considered as Level 3 financial assets (see explanation below), LCCU calculates interest income using EIR on net value of an amortized cost. If financial assets become performing and are no longer credit impaired, LCCU reverts to interest income calculation from the gross carrying amount.

For purchased or originated credit impaired financial assets (POCI), LCCU calculates interest income by calculating the credit-adjusted effective interest rate and applying this rate to the amortized cost of the financial assets. Credit-adjusted effective interest rate is an interest rate which, at the moment of recognition, discounts expected cash flows (including expected credit losses) to the amortized cost of such assets.

Commission income and expense

Commission income on transactions is recognized when the related transaction has been performed, except for commissions that are part of effective interest rate. Commission expenses are recognized when incurred.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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Income tax

In line with the Law on Corporate Income Tax of the Republic of Lithuania, LCCU was subject to an income tax rate of 16% in 2025. As of 1 January 2026, the income tax rate has been increased to 17%. Taxable operating losses may be carried forward to future periods for an indefinite period, provided that the entity's operations giving rise to the losses are not changed, unless the unit is no longer operating for reasons beyond its control. Losses arising from the disposal of securities and/or derivatives may be carried forward indefinitely. Tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum of 70%. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is provided using tax rates and rates of utilization at the date of the statement of financial position that are expected to apply at the time of disposal of the deferred tax asset or the settlement of the deferred tax liability.

Taxable profit, exceeding the threshold of EUR 2 million, in the period starting from 1 January 2020 is subject to an additional 5% income tax rate. Taking into account the profit earned by LCCU, LCCU calculates an additional income tax.

The principal temporary differences arise from the revaluation of financial assets and from accrued expenses. The rates in force or approved at the reporting date are those used to calculate deferred income tax. LCCU's deferred tax assets and liabilities were measured using a standard tax rate of 17%. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability at the time of the business combination and does not affect either accounting or taxable profit or loss at the time of the transaction.

When the total deferred tax asset is calculated, it is recognized in the financial statements only to the extent that management believes that it is probable that it will be realized.

Deferred tax asset arising from the revaluation of securities carried at fair value through other comprehensive income is also included in other comprehensive income.

Temporary solidarity contribution

The obligation to pay a temporary solidarity contribution has been established for the period from 16 May 2023 to 31 December 2025. A 60% temporary solidarity contribution rate will be charged on net interest income that is 50% greater than the average net interest income in the four-year reporting period. The interest income earned on credit agreements concluded on or after 1 January 2023 shall be exempt from the calculation of the temporary solidarity contribution (except for agreements with financial sector entities). The temporary solidarity contribution is also reduced by the deposit insurance premiums paid to the Deposit Insurance Fund, and the net interest income of the current payment period, after paying the temporary solidarity contribution of that period, should amount to at least net interest income of the year 2022 increased by 15%. The solidarity contribution is payable in advance quarterly instalments, and the annual solidarity contribution is payable at the end of the year based on the final calculations.

Given that the solidarity contribution is temporary and its base does not meet the definition of taxable profit under the Law on Corporate Income Tax of the Republic of Lithuania, as it is payable on the surplus of the interest rather than on the taxable profit, the temporary solidarity contribution is not considered as a corporate tax.

As at 31 December 2024 and 31 December 2025, LCCU was not subject to the payment of the solidarity contribution.

Cash and cash equivalents

Cash and cash equivalents represent amounts with maturity of three months or less from the date of their acquisition or repayable on demand. Cash and cash equivalents comprise cash on hand and cash balances in correspondent accounts with the Bank of Lithuania and commercial banks, presented under Cash and cash equivalents held with central bank.

LITHUANIAN CENTRAL CREDIT UNION
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Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Moment of initial recognition

Financial assets and liabilities, other than loans and advances from customers and liabilities to customers, are initially recognized at settlement date. Loans and advances from customers are recognised when funds are transferred to customers' accounts. Liabilities to customers are recognized when funds are transferred to LCCU.

Initial recognition and evaluation

The initial recognition of a financial asset to a relevant group depends on the contractual cash flow characteristics of the financial asset and the business model defining the management of the financial asset. Excluding advances that do not have a significant financing component, LCCU initially measures financial assets at fair value plus transaction costs, when the financial asset is not carried at fair value through profit or loss. Advances that do not have a significant financing component are measured at transaction price under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This measurement is referred to as the SPPI test and is performed at a financial instrument level.

The financial asset management model specifies how financial assets are managed to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The business model and the SPPI test are explained in more detail below.

Groups of financial assets and financial liabilities

LCCU groups all financial assets under the business management model and the contractual terms of the assets into the following:

- amortized cost;
- fair value through other comprehensive income;
- fair value through profit or loss.

LCCU classifies and measures derivatives and investments in collective investment undertakings at fair value through profit or loss. LCCU may also classify other financial instruments at fair value through profit or loss, if it would significantly reduce the discrepancies of measurement or recognition (otherwise known as accounting mismatch).

Financial liabilities, other than loans and financial guarantees, are measured at amortized cost or fair value through profit or loss when these are derivatives either held for trading or measured at fair value.

Advances from credit institutions, loans granted to and advances from other customers, financial investments measured at amortized cost

LCCU measures loans and advances from credit institutions, loans and advances from other customers and other financial investments at amortized cost, only if both of the following conditions are met:

- financial assets are held within the business model whose objective is to hold financial assets to collect their contractual cash flows;
- the contractual terms of financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Business model assessment

LCCU determines its business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. LCCU's business model is not measured by an instrument-by-instrument approach to classification, but at a higher level of portfolio aggregation and is based on factors such as:

- (a) how the results of the business management model are measured, and financial assets held under the business model treated, how they are reported to the management;
- (b) the risk affecting the result of the business model (and financial assets held under the business model), foremost how those risks are managed;
- (c) how the business managers are remunerated (for example, what is the remuneration based on – the fair value of the assets or contractual cash flows collected);
- (d) the expected frequency, value and timing of sales are also important aspects of assessment.

The assessment of the business management model is based on reasonably plausible scenarios, regardless of "worst case" or "stress case" scenarios. If cash flows after initial recognition are realized in a way that differs from LCCU's initial expectations, LCCU does not change the classification of the remaining financial assets under the business model but considers such information when measuring newly acquired financial assets.

Solely payments of principal and interest (SPPI) test

During the second part of grouping process, LCCU evaluates contractual terms of financial assets, to check whether they correspond to SPPI test. For financial asset would be attributed and valued at amortised cost or at fair value through other comprehensive income, cash flows coming from financial asset should be only solely payments of principal and interest (SPPI) from main unfulfilled amount. This measurement is referred to as the SPPI test and is performed at a financial instrument level.

Principal amount is the real value of financial assets during the moment recognition. Interest is comprised of time value of money, main uncovered amount related with credit risk for certain period and other main credit risk and expenses together with profit margin.

Due to contractual terms which tolerate larger than *de minimis* risk or which cause to originate contractual cash flows unrelated with principal amount and interest payments of main non-covered amount, financial assets should be carried at fair value through profit or loss.

Debt financial instruments carried at fair value through other comprehensive income

LCCU classifies its financial assets as debt financial instruments carried at fair value through other comprehensive income if both of the following conditions are met:

- Instrument is kept based on the business model, which is successful in collection of cash flows and in selling of financial assets.
- Contractual terms of financial asset comply with SPPI test.

Subsequently financial instruments that are accounted for at fair value through other comprehensive income are measured at fair value profit or loss to be presented in other comprehensive income. As well as financial assets valued at amortized cost, interest revenue and gain (loss) from changes in foreign currency are recognized through profit or loss. Valuation principles of expected credit losses for debt instruments valued at fair value through other comprehensive income are described below. When LCCU has more than one investment into the same investment security, it is considered that investment acquired earlier is realized first. Following derecognition of such debt instruments, accumulated profit or loss earlier recognized through other comprehensive income are reclassified to income (loss).

Financial instruments carried at fair value through comprehensive income

All other debt financial instruments (e.g. debt instruments managed on a fair value basis or held for sale) and investments in equity are measured at fair value through comprehensive income.

Financial liabilities

Borrowings are recognized initially at fair value equal to proceeds received net of transaction costs incurred. Subsequently borrowings are stated at amortized cost, which is calculated by taking into account any discount or premium on acquisition and costs that are an integral part of the effective interest rate. Borrowings are recognized on the day of settlement. The liquidity facility established by LCCU is accounted for at amortised cost.

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(All amounts in EUR thousand unless stated otherwise)

Management can designate a financial instrument at fair value through profit or loss only when one of the following criteria is satisfied. This designation is made on an instrument-by-instrument basis:

- Classification removes or strongly reduces evaluation or recognition discrepancy, which, otherwise would arise during valuation of assets or liabilities or during recognition of their profit or loss by other means.
- Liabilities are groups of financial liabilities, which are managed with their results carried at fair value, using documents-based risk management or investment strategy; or
- Liabilities, which contain one or more embedded derivatives, expect cases when such liabilities do not significantly change cash flows, arising from contract liabilities, or without profound analysis is clear that, in case of a similar instrument, separation of embedded derivatives from principle agreement is impossible.

Guarantees and loan commitments

LCCU grants guarantees and loan commitments.

The guarantee represents a guarantee letter issued by LCCU by which it unilaterally undertakes to pay the specified amount to the beneficiary of the guarantee if the person against whom LCCU's guarantee is given fails to fulfil or improperly fulfils the obligation to the beneficiary of the guarantee. Such guarantee agreements fall into expected credit loss requirements application scope.

Income from guarantees issued are recognised in the statement of comprehensive income as fee and commission income.

Loan commitments are liabilities under which LCCU must grant its customer a loan on earlier predetermined conditions. Such loan commitments fall into expected credit loss requirements application scope.

When the agreed guarantee or loan meets market conditions, the nominal contractual value of guarantees and loan commitments is not included into the statement of financial position.

Reclassification of financial assets and liabilities

LCCU does not perform reclassification of financial assets and financial liabilities after their initial recognition, except extraordinary cases when LCCU acquires, disposes or discontinues part of the business. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

(a) Derecognition due to material changes in contractual terms

LCCU derecognises financial asset (e.g. loan granted to the customer), when the terms have been revised to the extent that it becomes a substantially new loan and the difference is recognized as derecognition profit or loss for that part for which has not been impaired. Newly granted loans are classified as level 1 (described below) loans for expected credit loss evaluation purposes, unless the new loan would be considered as purchased or originated credit impairment financial asset (POCI).

Upon deciding whether to derecognize a loan, LCCU considers factors mentioned below:

- Changes in loan currency;
- Indication of ownership;
- Changes in contractual party;
- Whether the change is such that instrument would not meet criteria of SPPI test.

If a change does not have a material effect on cash flows, such change does not indicate the derecognition of financial asset. On a basis of changes in cash flows, which have been discounted based on the original EIR, LCCU recognizes replacement income or loss to the extent, to which impairment has not been recognized. Cash flow from derecognition of POCI assets is accounted for in cash flows from operating activities.

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(b) Derecognition due to other reasons than material changes in contractual terms

Financial assets

Financial asset (or, when applicable, the part of financial asset or the part of similar financial assets' group) is derecognised (i.e. it is excluded from LCCU's statement of comprehensive income), when:

- The rights to receive cash flows from the financial asset have expired; or
- LCCU transfers the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; and
 - (a) LCCU has transferred substantially all the risks and rewards of the asset; or
 - (b) LCCU has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When LCCU has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement with a third party, LCCU evaluates it and to reliant extent it continues its involvement in the asset with its risk and rewards. When LCCU has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, LCCU continues to recognise the transferred asset to the extent of its continuing involvement. In such case, LCCU also recognizes related liability. Transferred asset and its related liability are valued based on rights and obligations kept by LCCU. Gain or loss on transfer of loans acquired is recognised as a part of expected credit loss.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that LCCU could be required to repay (guarantee amount).

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised as profit or loss.

Impairment of financial assets

Summary of expected credit losses (ECL) valuation principles

LCCU recognized an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. Under IFRS 9, equity instruments are not subject to valuation of expected credit losses.

The expected credit loss allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss.

A 12-month ECL is a part of expected credit loss exposure, reflecting expected credit losses, which occur due to unfulfilled obligations of financial instruments and are likely to occur within 12 months from the reporting date.

Both 12-month and lifetime ECL are calculated on individual or collective basis, depending on portfolio type of financial instruments. The principles for grouping the financial assets measured by LCCU on a collective basis are explained below.

At the end of each reporting period, it is considered, if credit risk of financial instrument has significantly increased since its initial measurement, considering changes in default risk during the remaining period of financial instrument. During this process, LCCU categorizes its loans and purchased or originated credit-impaired financial assets (POCI) into Stage 1, Stage 2 and Stage 3 loans, as described below:

- Stage 1: When loans are initially recognized, LCCU recognises 12-month ECL. Loans with improved credit risk and which were transferred from Stage 2 are also considered to be Stage 1.
- Stage 2: If loan's credit risk has increased significantly after initial recognition, LCCU records a lifetime ECL. Loans with impaired credit risk and which were transferred from Stage 3 are also considered to be Stage 2.

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- Stage 3: Loans considered credit-impaired. LCCU records a lifetime ECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

As of 2024 December 31, LCCU has developed a new model for calculating ECL for loans to credit unions. New model was developed to be more conservative and cover the risk of impairment to credit unions. If LCCU does not have reasonable expectations to recover all or part of its financial asset, gross carrying amount is reduced. This is considered a derecognition (partial) of financial asset.

Calculation of expected credit loss

LCCU calculates expected credit losses based on probability weighted scenarios, in order to evaluate expected short-falls in cash flows, discounted at approximate EIR. A shortfall in cash flows is a difference between contractual cash flows due in accordance with the contract and all the cash flows that LCCU expects to receive.

Main elements used for calculation of expected credit loss are as follows:

- PD – probability of default.
- EAD – exposure at default (credit principal and accrued interest).
- LGD – loss given default, calculated on historic data of the LCCU Group. It represents the difference between the contractual cash flows due and those that the lender expects to receive, including recovery of any collateral.

In calculation of expected credit losses for 2025 and taking into account increasing interbank offered rates (EU-RIBOR) and the persistent uncertainty surrounding the geopolitical situation, LCCU considered the following three possible scenarios:

- Scenario of economic downfall (pessimistic): assuming, that future macroeconomic changes will be significant taking into account the assumptions used by LCCU in the stress test;
- Most likely scenario: assuming, that future macroeconomic changes will reflect the projections of economic experts;
- Optimistic scenario: assuming, that positive macroeconomic changes will reflect realistic economic forecasts published by Bank of Lithuania.

The scenarios that allow to assess the potential losses under different market conditions were reviewed in 2025 using macro trends and recent data. In view of a still prevalent uncertainty in the market and potential indications of recession, the worst-case scenario parameters were recalculated based on the parameters used by LCCU in the stress test. In calculating ECL for 2025, a decision was made to eliminate the assessment of the impact of the war in Ukraine on specific segments, which had resulted in adjustments to the scenario weights. Weights attributed to scenarios allow appropriate assessment of potential losses, consequently a weight of 45% for the most likely scenario (2024: 50%), 40% for the pessimistic scenario (2024: 30%) and 15% for the optimistic scenario (2024: 20%).

Since the outbreak of war in Ukraine in 2022, the potential impact on the most vulnerable sectors has been continuously assessed, particularly on farmers—who, early in the war, took advantage of loans provided to those affected by the war and had other financial obligations—as well as on businesses operating in the construction, manufacturing, or transportation sectors. These customers were subject to a higher risk assessment (being reclassified to at least Stage 2), even though their actual risk had not increased, i.e. no loss events or factors contributing to risk had been identified. In calculating ECLs, in 2025, account was taken of the most current macroeconomic trends at the time and actual negative return from loan portfolio for 2009–2025. Now that more than three years have passed since the start of the war, it has been determined that there is no longer any significant impact on the specific customer group of LCCU. Even if there is a risk, it depends on the overall macroeconomic situation in Lithuania rather than on the specific customer portfolio. A decision was therefore made to move away from separate assessments of the threat of war and subjective reviews of individual positions, as these no longer reflect the actual situation or ensure accuracy. Given the persistent geopolitical tensions, the assessment of the risk of war was incorporated through a rebalancing of the scenario weights across the entire portfolio, by increasing the weight of the pessimistic scenario and to raise specific loss allowances on collective basis. Except for instruments of revolving credits, maximum period for expected credit loss is financial instrument's validity period, unless LCCU has a legal right to retrieve it earlier.

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PD and LGD parameters and the ECL calculation depend on the risk stage of the loan:

- For loans at risk Stage 1, the 12-month ECLs are recognised – a part of ECL exposure, reflecting expected credit losses, which occur due to default events that are possible within 12 months after the valuation date;
- For loans at risk Stage 2 and 3, a lifetime ECLs are recognised – ECLs that result from all possible default events over the expected life of the lending position.

Impairment (reversal) losses are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying amount.

Individual and collective assessment

LCCU's lending exposure can be assessed on individual or collective basis:

- Individual ECL assessment – ECL valuation method, when ECL is set individually for each lending exposure and is based on expected credit return schedules and their probabilities determined by provided scenarios.
- Collective ECL assessment – ECL valuation method, when ECL is set collectively for a segment of borrowers (in case of lending positions) or for subgroup of homogenic group having been assigned financial instrument (in case of debt securities) with respective PD, LGD and EAD parameters ($ECL = EAD \times PD \times LGD$, based upon different scenarios and their weights).

ECLs of debt securities are based on publicly available S&P Global PD and LGD Ratings.

The individual assessment generally applies to significant lending exposures assigned to LCCU's level and to all lending exposures of other credit institutions.

Expected credit loss accounting of debt securities valued at fair value through other comprehensive income

ECLs for debt instruments measured at fair value through other comprehensive income do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit and loss upon derecognition of the assets. ECLs for debt instruments measured at fair value through other comprehensive income in 2025 and 2024 were insignificant.

Expected credit loss accounting of Purchased or Originated Credit Impairment financial assets (POCI)

For POCI financial assets LCCU recognizes cumulative expected credit loss changes from initial recognition. POCI financial assets are remeasured at least annually with gains and losses on remeasurement or result of a sale recognised in *Other income* (POCI remeasurement and sale result was EUR 69 thousand in 2025, and EUR 183 thousand in 2024). LCCU did not acquire new POCI financial assets in 2025 and 2024. The cumulative expected credit losses recognised for these instruments amounted to EUR 95 thousand as at 31 December 2025 (2024: EUR 107 thousand).

Instruments of revolving credit

LCCU's product offering includes such revolving credit instruments as credit lines. LCCU calculates expected credit losses during period, which reflects LCCU's expectations on customers' behaviour, their possibility of defaulting and LCCU's future risk mitigation measures, which could include radical or derecognition of revolving credit instruments' limits. Based on previous experience and LCCU's expectations, calculation periods of expected credit loss parameters are same as for other instruments.

Assessment of whether credit risk of revolving credit instrument has significantly increased is performed constantly. Based on the individual assessment, interest rate used for discounting the expected credit losses is calculated based on average effective interest rate, which, as expected, will be applied during anticipatory validity period of revolving credit instruments.

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Forward looking information

In its expected credit loss models, LCCU relies on broad range historical and forward looking information, such as analysis of the macroeconomic environment. PDs and LGDs of the borrower segments of LCCU and its member credit unions are projected by building methodologically sound linear regression models based on the selection of statistically significant economic indicators from a set of variables. The following significant macroeconomic indicators are identified as having effect on the PD and LGD adjustments: the change in the repeat sales house price index, an annual inflation rate, a housing the annual GDP change, unemployment rate, EURIBOR12, the yield of agricultural crops, buying-in prices of crop production, the overall agricultural production index, the average annual inflation rate, the change in gross wages, and movements in house prices. For the assessment of results for 2025, the forecast models based on historical data (2015–2025) and forward-looking macroeconomic indicators were used to assess PD and LGD parameters

During each quarter, LCCU observes factual unemployment level and forecasts of the Bank of Lithuania, and analyses their effect on creditworthiness of respective borrowers' segments. In an uncertain market situation and in order to reflect ECLs as accurately as possible, parameters may be updated, and weight of scenarios may be allocated on individual basis.

Valuation of collateral

To mitigate credit risk on financial assets, LCCU seeks to use collateral when possible. Collaterals may come in form of cash, investment securities, credits/guarantees, real estate, trade receivables, inventories, other non-financial assets and etc.

Collateral (unless repossessed) is not recognized on LCCU's statement of financial position, however, the value of collateral has effect on expected credit loss calculation in case of both individual and collective ECL valuation. Generally, collateral's value is assessed at the moment of inception and later is reassessed. Details of the various collateral available to LCCU are provided in the Credit Risk Management section below.

Whenever possible, LCCU uses active market data to measure financial assets that are considered collateral. Other financial assets, without easily determined market values, are valued using valuation techniques. Non-financial collaterals, e.g. real estate, are valued using third parties' (e.g. property assessors') data or based on housing price index.

Foreclosed assets

LCCU's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (in case of financial assets) and fair value less cost to sell (in case of non-financial assets). In 2024 and 2025, the assets taken over by LCCU for debts were accounted for under other assets.

Financial assets write-off

Financial assets are written off either in part or in full only when LCCU no longer expects to recover any amounts related to the assets and, accordingly, no longer performs asset recovery actions. If written-off amount is larger than expected credit loss, the difference is treated as additional impairment loss. Any other recoveries of financial assets are credited to impairment expenses in the statement of comprehensive income.

Forborne and restructured loans

Under certain circumstances, LCCU in reaction to borrower's financial difficulties, does not take over collateral or does not realize it by other means, but provides discounts or amends initial terms of agreements.

LCCU considers a loan restructured if such changes are made due to current or expected financial difficulties of a borrower and no such changes would be made, if a borrower was financially capable. Factors indicating financial difficulties are failure to fulfil obligations or other material observations on borrower side made by Credit risk department. Restructuring may result in extension of payment's due date or changes in loan agreement terms. After consideration of terms, any loss in value is measured using initial EIR, calculated before changing agreement terms. LCCU's policy is to properly monitor all restructured loans to ensure, that future payments will be made.

Decisions for recognition and classification between Stage 2 and 3 are set individually for each individual case. If these procedures identify losses related to the loan, such loan is considered impaired Stage 3 restructured loan until it is collected, or loan is written-off.

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Where a loan has been renegotiated or modified but is not derecognised, LCCU also reassesses whether the credit risk has materially increased. LCCU also considers whether such loan should be classified as Stage 3 financial asset. If a loan was restructured, it should remain as such during whole 12-month monitoring period, during which the borrower should meet certain conditions in order to be transferred to a lower risk level.

If changes in contractual agreements are material, recognition of loan is terminated, as described above.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. An equal amount of depreciation expenses is recognized in each month, starting from the month in which the asset is available for use and taking into account its useful life, unless depreciation is included in the cost of self-creation of the other asset. Property, plant and equipment are depreciated on a straight-line basis. The estimated useful lives of tangible fixed assets are as follows: 25 years for buildings, 6 years for cars, 6 years for furniture, 3 years for computer hardware, and 3 to 5 years for other equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are recognized in the statement of comprehensive income.

The assets' book values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Repair and maintenance costs are charged to the profit and loss in statement of comprehensive income when they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to LCCU and the cost of the item can be measured reliably.

Impairment of non-financial assets

Assets that are amortized/depreciated are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An asset is classified as a cash-generating unit for the purpose of assessing impairment. Non-financial assets that were previously impaired are also assessed annually for reversal of impairment, but to the limit of original value (not more).

Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted by the European Union, requires to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of potential income and expenses as at the date of financial statements as well as the amounts of income and expenses disclosed over the reporting period. Although these estimates are based on the best estimate of events and actions made by the management, factual results may differ from these estimates.

LCCU makes accounting estimates and assumptions that affect amounts of assets and liabilities reported in current and subsequent financial years. Estimates and judgements are continually reviewed and evaluated and are based on historical experience and other factors.

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Impairment of financial assets

Assessment of impairment losses on various financial assets are required to be based on some judgements: firstly, estimated future cash flows and collateral's value and timing need to be reassessed and considered whether, after initial recognition, credit risk has increased significantly. Such decisions are based on multiple factors, which can lead to different level of impairment.

LCCU calculation of estimated credit losses consists of complex models, containing multiple assumptions on applied data/entry choices and their interdependence. Elements of expected credit loss models, which are considered significant accounting estimates and judgements, includes:

- LCCU's internal credit grading model, which assigns PDs to the individual grades;
- LCCU's qualitative and quantitative criteria applied (credit risk indications), according to which assessments are made if credit risk has increased significantly, and accordingly, if credit losses should be evaluated applying life-time or 12-month expected credit losses (see Note 4 "Credit Risks");
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs and their effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The methodology and assumptions used are reviewed regularly taking into consideration actual incurred losses.

(a) Deferred tax asset

The strategy was developed taking into account that the majority of the current LCCU members continue operations within LCCU, LCCU and its member credit unions focus on operational efficiency, accumulation of sustainable capital and ensuring continuous going concern. Utilization of deferred income tax is based on 8-year taxable profit forecasts based on the business strategy approved by LCCU.

(b) LCCU member shares owned by the State of Lithuania

State owned shares in LCCU's financial statements (in accordance with the decision No 1084 of the Government of the Republic of Lithuania of 20 December 2017 „Regarding the membership in LCCU“, by which government acquired one main and 29,596 additional shares from central credit union and provided EUR 8,879,800 capital help, and the agreement signed on 15 March 2018 “Regarding redemption of LCCU shares” and subsequent amendments) or their remaining balance after redemptions, are accounted in LCCU's equity as share capital. Service costs paid for State capital assistance are recognized on an accrual basis as interest and other similar expenses. Further information is provided for in Note 27.

(c) Accounting of funding to those affected by COVID-19 and war

Since 2022, LCCU, as a financial intermediary, participated in the implementation of the COVID-19 targeted financial measures of ILTE UAB. As at 31 December 2025, LCCU had issued EUR 4,063 thousand of loans to finance those affected by the COVID-19 pandemic through these instruments (EUR 6,213 thousand in 2024). Additionally, LCCU's not granted funds, related to aforementioned COVID-19 targeted financial instruments, totalled EUR 154 thousand as at 31 December 2025 (as at 31 December 2024, EUR 277 thousand). Since 2022, LCCU, as a financial intermediary, participated in the implementation of the targeted financial measures ILTE UAB for those affected by war. As at 31 December 2025, LCCU had issued EUR 11,776 thousand of loans to finance those affected by the war through these instruments (2024: EUR 15,403 thousand). The not granted funds, related to aforementioned targeted financial instruments for those affected by war, totalled EUR 623 thousand (2024: EUR 696 thousand). Given that LCCU has undertaken a liability to pay all received cash flows to a third party based on related contracts without significant overdue and that LCCU transfers substantially all the risks and rewards of the financial assets transferred, the loans, funds and related liabilities granted under those instruments are not recognised in LCCU's statement of financial position.

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3 NOTE. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price which would be received for the sale of an asset or liability transfer in arm's length transaction between market participants at measurement date. Fair value assessment assumes that the transaction of asset disposal or liability transfer takes place:

- on the principal asset or liability market;
- in the absence of a principal market, on the most favourable market for the given asset or liability.

The principal or most favourable market must be accessible for LCCU.

Fair value indicates a discounted value of expected future cash flows. Expected cash flows are discounted at current market interest rates (EURIBOR/UNIBOR) plus current margin applicable to similar products as at the balance sheet date to determine the fair value.

Fair value of securities carried at amortized cost is determined by reference to quoted market prices or interbank quotes. These securities are considered to have quoted market prices. For securities held at amortised cost, the fair value is determined based on active market prices, using Level 1 data.

Fair value of other financial assets and liabilities is determined using the discounted cash flow models. Other assets and liabilities are not measured at fair value in the financial statements, however, fair value is disclosed. Other assets and liabilities are measured using the present value method as effective discount rates – attributed to Level 3. Fair values of financial liabilities and financial assets carried at amortized cost, except for held-to-maturity securities, loans granted to credit unions and loans received, do not significantly differ from their carrying amounts due to approaching maturity dates and interest rates which approximate to or do not differ significantly from market interest rates.

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash and cash equivalents held with central bank	47,695	47,695	113,094	113,094
Loans and advances from credit institutions	53,015	53,013	41,477	40,823
Balances in correspondent and deposit accounts with the banks	439	439	372	372
Loans to credit unions	52,576	52,574	41,105	40,451
Loans and advances from other parties	124,209	121,186	89,621	88,108
Securities	186,608	186,610	134,146	133,651
At fair value through other comprehensive income	84,431	84,431	65,045	65,045
At amortized cost	94,402	94,404	64,014	63,519
At fair value through profit or loss	7,775	7,775	5,087	5,087
As at 31 December	411,527	408,504	378,338	375,676
Financial liabilities:				
Amounts due to credit and other financial institutions	355,694	358,346	332,587	335,635
Deposits from other parties	70	70	40	40
Liquidity facility	9,341	9,341	8,090	8,090
Subordinated liabilities	11,451	11,451	7,442	7,442
Other financial liabilities	1,106	1,106	442	442
As at 31 December	377,662	380,314	348,601	351,649

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As at 31 December 2025 and 2024, LCCU assets measured at fair value were investment securities at fair value through other comprehensive income and investment securities at fair value through profit or loss. As at 31 December 2025 and 2024, LCCU had no liabilities carried at fair value.

The market prices of securities are based on quoted market prices, if such prices are publicly available.

The fair value is measured using 2 methods: on the basis of active market prices and using the present value method. The fair value is measured using inputs that are categorized into different levels:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

Methods and assumptions used in measuring fair value:

Instrument	Methods and assumptions used in measuring fair value
Cash and balances with central banks	Carrying amount
Balances with banks	Carrying amount
Loans to customers	Future cash flows discounted using the EURIBOR base rate curve and average new sales margin of the reporting quarter. For mortgage loans the average new sales margin of mortgage loans of the reporting quarter is added to the base rate curve.
Debt securities	If issued in the Baltic states, quotes from Baltic market makers. If issued outside the Baltic states, or there are no quotes available from local market makers, or the quotes are clearly incorrect or artificial, market data.
Equity instruments	For equities of non-listed companies for which active market does not exist, any available trusted information on recent trades or dividend discount model.
Loans and deposits from credit institutions	Carrying amount
Deposits from customers	Term deposit future cash flows discounted using the sum of the EURIBOR base rate curve.

As at 31 December 2025 and 2024, the fair value of securities valued at fair value through other comprehensive income was determined based on active market price, using Level 1 inputs.

As at 31 December 2025 and 2024, the fair value of collective investment undertakings recognized at fair value through profit or loss was measured according to the information published by the issuer using Level 3 inputs.

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4 NOTE. FINANCIAL RISK MANAGEMENT

To ensure proper management of risks faced by LCCU in its operations, LCCU has implemented risk management policy, the responsibility for and performance of which is undertaken by LCCU's Board and Head of Administration. Assessment and management of LCCU's credit risk also involves the participation of LCCU's Loan Committee. LCCU has a separate Risk Management committee which principal functions involve management of the various types of risks (including credit, market, operational, liquidity risks) and improvement of management.

LCCU has implemented the risk assessment and risk management procedures and policies approved by LCCU's Board that help to identify and analyse the risks assumed by LCCU, to set appropriate exposure limits and controls, and to monitor the risks and compliance with the exposure limits. LCCU reviews its risk management policies and systems to reflect changes in markets, products, requirements of supervising authorities and emerging best practice on regular basis, at least once per year. Responsibility for the independent review of the risk management and control environment is assigned to the Supervisory Council. The key risks that LCCU is exposed to are credit risk, market risk, operational risk, concentration risk and liquidity risk. In 2025 and 2024, LCCU assessed the risk of Environmental, Social and Governance factors which is an additional component to the risks listed above.

LCCU's risk control function is separated from the risk assuming activities, i.e. from the business units dealing with the customers directly.

Credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements is described below:

Credit risk exposures relating to on-balance sheet as-sets:	2025	2024
Cash and cash equivalents held with central bank	47,695	113,094
Loans and advances from credit institutions	53,015	41,477
Balances in bank correspondent accounts and overnight deposits	439	372
Loans to credit unions	52,576	41,105
Loans and advances from others	124,209	89,621
Securities	186,608	134,146
At fair value through other comprehensive income	84,431	65,045
At amortized cost	94,402	64,014
At fair value through profit or loss	7,775	5,087
As at 31 December	411,527	378,338
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	24,608	14,883
Guarantees provided	6,797	5,066

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Maximum exposure to credit risk taking into account collateral held or other credit enhancements is described below:

As at 31 December 2025	Collateral value*						Total value of collat- erals	Unse- cured ex- posure value be- fore ECL assess- ment	ECLs
	Exposure value	Govern- ment guaran- tees	Residen- tial real estate	Commercial real estate	Land	Other collat- erals			
Cash and cash equivalents held with central bank	47,695	-	-	-	-	-	-	47,695	-
Loans and advances from credit institutions	53,278	-	-	-	-	-	-	53,278	(263)
Balances in bank correspondent accounts and overnight deposits	439	-	-	-	-	-	-	439	-
Loans to credit unions	52,839	-	-	-	-	-	-	52,839	(263)
Other loans and advances	127,143	3,512	63,832	114,932	88,134	143,480	413,890	208	(2,934)
Securities	186,608	-	-	-	-	-	-	186,608	-
At fair value through other comprehensive income	84,431	-	-	-	-	-	-	84,431	-
At amortized cost	94,402	-	-	-	-	-	-	94,402	-
At fair value through profit or loss	7,775	-	-	-	-	-	-	7,775	-
Total	414,724	3,512	63,832	114,932	88,134	143,480	413,890	287,789	(3,197)

As at 31 December 2024	Collateral value*						Total value of collat- erals	Unse- cured ex- posure value be- fore ECL assess- ment	ECLs
	Exposure value	Govern- ment guaran- tees	Residen- tial real estate	Commercial real estate	Land	Other collat- erals			
Cash and cash equivalents held with central bank	113,094	-	-	-	-	-	-	113,094	-
Loans and advances from credit institutions	41,792	-	-	-	-	-	-	41,792	(315)
Balances in bank correspondent accounts and overnight deposits	372	-	-	-	-	-	-	372	-
Loans to credit unions	41,420	-	-	-	-	-	-	41,420	(315)
Other loans and advances	92,047	1,538	36,649	94,514	69,387	99,922	302,008	917	(2,427)
Securities	134,146	-	-	-	-	-	-	134,146	-
At fair value through other comprehensive income	65,045	-	-	-	-	-	-	65,045	-
At amortized cost	64,014	-	-	-	-	-	-	64,014	-
At fair value through profit or loss	5,087	-	-	-	-	-	-	5,087	-
Total	381,079	1,538	36,649	94,514	69,387	99,922	302,008	289,949	(2,742)

* The collateral value is estimated in accordance with the requirements approved by LCCU and does not represent a fair value as at the date of the statement of financial position.

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In the ordinary course of business, LCCU takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The purpose of credit risk management is to minimize risk of credit losses from loans. When granting loans to the credit unions members of LCCU, the main criteria of borrower's financial position are taken into consideration. Based on those criteria, the borrower is assessed before issuing the loan and throughout the whole period from the loan issue moment to its repayment. The criteria used for the assessment of credit unions include credit union's reputation and rating, risk indicators, operating efficiency, credit history of the credit union, quality of the credit union's loan portfolio, assessment of a credit union's balance sheet, income statement, business plan and collateral, assessment of the required funds, consideration of the anticipated use of funds. The assessment criteria of members of credit unions (legal and natural persons) include reputation, financial capacity, assessment of collateral, business plan and environment, collateral and the required funding. The assessment of borrowers' financial position is performed on a quarterly basis and each time when objective evidence arises that LCCU will be unable to collect the loan in full, impairment losses on such loan are recognized.

For the purpose of credit risk management, LCCU's management does not grant operating, development and liquidity loans to credit unions with the repayment term exceeding 5 years without a separate decision passed by LCCU's management. The repayment term of subordinated loans is 5–8 years. The maximum maturity of loans granted to member credit unions is 30 years.

When LCCU's Loan Committee and/or the Board examine application for loan or if during the loan repayment period occur any doubts as to the repayment of the loan, the Loan Committee and/or the Board may request to provide collateral as security of loan repayment. The Loan Committee evaluates and determines the market value and cash flows of collateral. Loans to members of credit unions (natural and legal persons) are granted only upon provision of collateral, which meets requirements approved by LCCU. If real estate is provided as collateral, the Loan Committee may request assistance of independent property appraisers for evaluation of this property.

When LCCU's Loan Committee receives an application for loan from the credit union, it performs analysis of the application and, if necessary, other documents necessary to obtain the loan, examines the condition of the applicant, and submits its conclusions to LCCU's Board as to the possibilities of granting the loan. LCCU has implemented its internal risk management, assessment and rating system. Based on the system's data and other information, a preliminary assessment of the applicant's condition and follow-up monitoring of the borrower's condition is performed. Before making a decision to grant or not to grant a certain loan, the Loan Committee evaluates the borrower's condition. The condition of debtors is periodically reassessed in accordance with the procedures of LCCU. The main criteria for assessing the borrower's – credit union's condition before granting a loan and throughout the entire term from loan origination to its repayment are: the credit union's rating and credit history of the credit union. The main criteria for assessing the condition of the member of the credit union (legal/natural person) include the member's financial capacity, reputation, project's business plan and business environment, and the progress of absorption of funding. Based on the established approach, each criterion affecting the borrower's condition is given a score between 1 to 5, where 1 stands for very good, 2 – good, 3 – satisfactory, 4 – unsatisfactory, and 5 – very poor. In line with the established approach, the borrower's condition is assessed in view of the weight of individual components.

The table below includes an analysis of the quality of LCCU's loan portfolio according to classes of LCCU loans (working capital, liquidity, subordinated loans, credit lines used by credit unions to grant loans from the funds of ILTE UAB, factoring and syndicated loans to members of credit unions):

Borrower's condition	31/12/2025						Total
	Category of loan						
	Subordinated	Working capital	Credit lines	Factoring	Syndicated		
1 – very good	2,941	12,147	8,206	208	6,909	30,411	
2 – good	1,485	3,313	7,665	-	83,664	96,127	
3 – satisfactory	3,595	458	9,107	-	12,952	26,112	
4 – unsatisfactory	-	-	-	-	12,401	12,401	
5 – very poor	1,719	-	1,940	-	8,075	11,734	
Total	9,740	15,918	26,918	208	124,001	176,785	

Borrower's condition	31/12/2024						Total
	Category of loan						
	Subordinated	Working capital	Credit lines	Factoring	Syndicated		
1 – very good	1,536	14,683	5,382	-	4,663	26,264	
2 – good	1,409	4,815	3,158	-	59,461	68,843	
3 – satisfactory	2,976	-	5,002	-	12,293	20,271	
4 – unsatisfactory	61	422	62	-	11,572	12,117	
5 – very poor	1,314	-	285	-	1,632	3,231	
Total	7,296	19,920	13,889	-	89,621	130,726	

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The following table shows the collaterals for syndicated loans and loans from other parties by the borrowers' risk groups, after additional assessment of known correlation or borrowers' related parties:

31/12/2025		Loans value before ECL assessment			Expected credit losses	Collateral value	Unsecured part of loans before ECL assessment
Borrower's group	POCI	Factoring	Syndicated	Total			
1 – very good	-	209	6,981	7,190	(73)	39,447	208
2 – good	-	-	85,014	85,014	(1,350)	249,714	-
3 – satisfactory	-	-	13,161	13,161	(209)	50,734	-
4 – unsatisfactory	-	-	12,731	12,731	(330)	48,791	-
5 – very poor	95	-	8,952	9,047	(972)	25,204	-
Total	95	209	126,839	127,143	(2,934)	413,890	208

31/12/2024		Loans value before ECL assessment			Expected credit losses	Collateral value	Unsecured part of loans before ECL assessment
Borrower's group	POCI	Factoring	Syndicated	Total			
1 – very good	-	-	4,858	4,858	(196)	14,862	-
2 – good	-	-	60,334	60,334	(873)	183,934	886
3 – satisfactory	-	-	12,770	12,770	(477)	45,346	-
4 – unsatisfactory	-	-	11,674	11,674	(102)	54,186	-
5 – very poor	107	-	2,304	2,411	(779)	3,680	31
Total	107	-	91,940	92,047	(2,427)	302,008	917

Working capital loans are not granted to credit unions if they fail to comply with conditions stipulated in LCCU's Procedure for Granting of Loans. When LCCU's Board receives from the Loan Committee conclusions and recommendations as to the possibilities of granting the loan, the collateral required and etc., it once again assesses the possibilities of granting the loan and makes decision as to granting the loan or not. The Loan Committee examines and monitors the status of repayment of loans previously granted, considers the reasons for failure to repay the loans, assesses the results of loans classification, estimates the need for expected credit losses, assesses controls over the repayment of loans, and provides LCCU's Board with the above-mentioned and other necessary information.

In accordance with the loan agreement provisions, LCCU has the right to deduct loan payments from the accounts of credit unions.

To mitigate credit risk, the Bank of Lithuania has set a limit on maximum exposure to a single borrower – it should not exceed 25% of LCCU eligible capital. LCCU's Board has established internal limits on different types of loans and the amount of the loan. LCCU sets and reviews internal maximum loan and exposure rates that are more conservative than those set by the Bank of Lithuania. In any case, the exposure is an assessment of whether an exposure will be assigned to a group of related persons. As at 31 December 2025, the maximum single exposure comprising loans to several related borrowers treated as a single borrower amounted to EUR 6,531 thousand, which is 20.61% of LCCU's eligible capital (as at 31 December 2024: EUR 5,588 thousand and 19.66% of LCCU's eligible capital, respectively).

On 20 May 2019, the decision No 241-133 of the Bank of Lithuania was obtained Regarding the permission of the Central Credit Union of Lithuania not to apply certain requirements set by the *Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012* (hereinafter the Decision No 241-133) authorizing LCCU to derogate from the requirements of Article 113(1) of the Regulation (EU) No 575/2013, i.e. LCCU is not subject to the maximum exposure amount calculated for the group of customers to which the related institutions (credit unions) belong, except where the exposures represent capital instruments of related parties.

All loans of LCCU (excluding deposits, balances in other credit institutions, advances, guarantees and sureties) are issued to the credit unions, which are members of LCCU and natural and legal persons – farmers, limited liability companies and cooperatives, which are members of credit unions.

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In 2025, the carrying amount of LCCU's POCI financial instruments was EUR 0 thousand (2024: EUR 0 thousand). The cumulative expected credit losses recognised for these instruments amounted to EUR 95 thousand as at 31 December 2025 (EUR 107 thousand as at 31 December 2024).

The following table shows LCCU's loan portfolio in terms of delays and available collateral:

	Loans and advances from credit institutions	Other loans and advances	Total	Expected credit losses	Collateral value	Unsecured portion of loans and advances
31/12/2025						
Not past due	53,278	113,254	166,532	(2,597)	373,037	208
Past due 1–30 days	-	11,029	11,029	(258)	34,201	-
Past due 31–60 days	-	-	-	(28)	-	-
Past due 61–90 days	-	1,171	1,171	-	2,199	-
Past due more than 90 days	-	1,689	1,689	(314)	4,453	-
Total:	53,278	127,143	180,421	(3,197)	413,890	208
31/12/2024						
Not past due	41,792	82,025	123,816	(1,622)	273,045	886
Past due 1–30 days	-	7,363	7,363	(368)	24,891	-
Past due 31–60 days	-	-	-	-	-	-
Past due 61–90 days	-	931	931	(136)	1,308	15
Past due more than 90 days	-	1,729	1,729	(615)	2,764	16
Total:	41,792	92,048	133,839	(2,741)	302,008	917

Value from collateral is recovered in case of borrowers' default on the basis of contractual terms and conditions and other legal acts.

The table below provides information on outstanding balances and expected credit losses on loans issued by LCCU and advances:

	2025	2024
Loans and advances from credit institutions	53,278	41,792
Loans and advances from other parties and institutions	127,143	92,047
Total loans granted	180,421	133,839
Total allowance for impairment:	(3,197)	(2,742)
To credit institutions	(263)	(315)
To other parties	(2,934)	(2,427)
Total net loans issued and advances	177,224	131,097

Changes in expected credit losses during the year are presented below:

As at 1 January 2025	(2,742)
Allowance for loan impairment	(1,963)
Reversal of the allowance for loan impairment	1,335
Uncollectible loans written off during the period	173
As at 31 December 2025	(3,197)
As at 1 January 2024	(1 981)
Allowance for loan impairment	(1,728)
Reversal of the allowance for loan impairment	965
Uncollectible loans written off during the period	2
As at 31 December 2024	(2,742)

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As at 31 December 2025, impairment of debt instruments measured at fair value through other comprehensive income amounted to EUR 25 thousand (as at 31 December 2024, EUR 0 thousand), while impairment of debt instruments measured at amortised cost amounted to EUR 323 thousand (as at 31 December 2024, EUR 53 thousand). As at 31 December 2025, EUR 314 thousand of expected losses were recognised on LCCU's loan commitments and guarantees (as at 31 December 2024, EUR 265 thousand) under LCCU's model for expected credit losses.

For the estimation of expected credit losses, all financial instruments are divided into homogeneous groups, taking into account general characteristics of risk. LCCU has distinguished such groups of financial instruments:

- Syndicated loans issued by LCCU together with other group members;
- Lending positions for other credit institutions.
- Debt securities.
- Funds (deposits) in banks.
- Other financial assets (trade receivables, advance payments for rent, etc.).

Exposures of syndicated loans are grouped into 3 segments of debtors:

- Lending exposures for natural non-commercial persons. Lending exposures for LCCU Group's employees are also prescribed to this segment of debtors.
- Lending positions for legal persons, except lending positions for agricultural development. Lending positions for legal persons for agricultural development are prescribed to agricultural lending positions;
- Agricultural lending positions.

Debt securities are classified into two subgroups:

- Debt securities issued by issuers, having investment rating prescribed by ECAI. Debt securities issued by issuer, which due to low risk has ECAI investment rating, are considered as fully guaranteed financial instruments and in such case zero value expected credit losses are recognized.
- Debt securities issued by other issuers, having speculative rating prescribed by ECAI.

Although lending exposures inside the LCCU Group are guaranteed by cross-warranty system – the LCCU Group members' mutual protection and assistance mechanism of the LCCU Group members, which provides help for the LCCU Group members during insolvency and other similar cases of financial difficulties, now these positions are subject to provisioning. This is due to the increased need for precaution in view of possible systemic market fluctuations, macroeconomic factors and risks in the financial sector, which, although less likely due to cross-warranties, could affect overall stability. Therefore, the decision was made to book provisions, even if the expected credit losses remain low, to ensure even greater financial resilience and to address potential unforeseen circumstances in advance.

Funds in bank accounts and deposits are considered as very low risk fully guaranteed financial instruments, considering their short term and ratings of the banks, holding the funds. For these financial instruments zero value expected credit losses are recognized.

For LCCU expected credit loss model methodology development, all information of LCCU Group (LCCU and its member unions) credit data of year 2009–2018 was used (information of credit unions, which left the Group, was not used).

Considering the growth of financial instrument risk after its initial recognition, financial instruments are classified into three risk levels: Level 1, Level 2 and Level 3.

Risk level allocation to debt financial securities, funds in banks and deposits:

- Risk level 1 is assigned to:
 - Securities that were issued by issuer having investment rating.
 - Securities that were issued by issuer having non-investment rating, but being a government of EU country.
 - Funds in bank accounts and deposits.
- Risk level 2 is assigned to investment securities, having lower rating than BB+, but higher than CCC+;
- Risk Level 3 is assigned to securities, having lower than CCC+ rating.

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It is considered that applied credit risk to lending position has grown significantly from its initial recognition, if increased credit risk indicator is noted to such lending position. In such case, the debtor is moved from risk Level 1 to 2. If loss event is recognized, it is considered that debtor has failed to fulfil its obligations and, therefore, is transferred from risk Level 1 or 2 to 3.

Increased credit risk indicator is the criteria, objectively proving that financial instrument's default risk has increased significantly from its recognition and it should be assigned to risk Level 2. The following events are considered indicators of increased credit risk:

- Credit overdue—non-payment of periodic credit instalments (principal credit part, interest, commitment fee), delay of credit terms of no more than 30 days;
- deterioration of a borrower's financial position, which is a borrower's credit risk indicator reflecting reliability and financial capacity of the borrower, determined by taking into account the criteria for creditworthiness assessment;
- Reorganization of credit due to deterioration of the borrower's financial position, which is carried out not more than twice and there are no reasonable indications of default.
- Preferential postponements of instalments and discounts, which does not show any reasonable indications of default.
- Other events:
 - Use of funds granted to the borrower not in accordance with the designated purpose stipulated in loan agreement, however, the amount is not significant;
 - Violation of investment project's and/or business plan's execution terms and conditions, but the resulting risk is not significant to the borrower's cash flows;
 - Other event, due to which the borrower should be transferred to a higher risk level.

Loss event—criteria, objectively proving that default of financial obligations is recognized to financial instrument and such instrument should be classified as defaulted—assigned to risk Stage 3 The following are considered major loss events:

- Credit overdue—non-payment of periodic credit instalments (principal credit part, interest, commitment fee), delay of credit terms of no more than 90 days;
- Significant deterioration of borrower's financial position;
- Reorganization of credit due to the borrower's financial position, which is carried for more than second time or there are no reasonable indications of default.
- Preferential postponements of instalments and discounts, which show reasonable indications of default.
- Other events:
 - Use of funds granted to the borrower not in accordance with the designated purpose stipulated in loan agreement and the amount is significant;
 - Violation of investment project's and/or business plan's execution terms and conditions and the resulting risk is significant to the borrower's cash flows;
 - Revealing of document forging or of other illegal activity, etc.;
 - Initiation of bankruptcy against the borrower (initiated by credit union or other creditors);
 - Initiation of borrower's reorganization process;
 - Deterioration in the value of collateral in terms of loans, if repayment terms of loan being assessed directly depend on the value of collateral;
 - Legal processes (e.g. credit or other assets are recognized in corresponding balance sheet article only after fulfillment of guarantee or individual guarantee liability to the third party, expect cases, if such commitment was predetermined in agreement between union and borrower);
 - Default on obligations by persons related to the borrower;
 - The death of a borrower, if there are no inheritors, or inheritors are not capable of fulfilling financial obligations;
 - Termination of credit agreement;
 - Acquired/realized transactions of increased credit risk;
 - Other loss events due to which the borrower should be recognised as likely to default.

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If a person related to the borrower is transferred to a higher risk stage, the debtor is also transferred to a higher risk stage, if there are no substantive reasons to determine otherwise.

Borrower's transfer to a lower risk stage of one qualitative stage (e.g. from 2 to 1 or from 3 to 2) is possible if there are no reasons to doubt that borrower will fulfil all credit obligations, i.e. during monitoring period (which may last from 3 to 12 months given the loss event or increased credit risk indicator) all specific conditions set for the borrower are met, implying that borrower will meet its obligations. If a person related to the borrower is transferred to a lower risk stage and the borrower itself meets all requirements of a transfer to a lower risk stage, the borrower is also transferred to a lower risk stage. Just because a credit is forbore/restructured, its credit risk is not considered as automatically lowered. If credit is forbore/restructured and, therefore, expected cash flows set in the primary credit agreement change, borrower's credit reassessment is done according to existing LCCU's rules of procedures.

Changes in risk stages of loans from other parties during 2025 and 2024 are described in the table below:

	Stage 1		Stage 2		Stage 3		(POCI)		Total	
	Loan value	ECL	Loan value	ECL	Loan value	ECL	Loan value	ECL	Loan value	ECL
As at 1 January 2024	41,004	(921)	30,131	(710)	570	(219)	129	(129)	71,835	(1,979)
New financial assets recognised	-	-	-	-	-	-	-	-	-	-
Loans granted	34,314	(611)	4,483	(105)	348	(30)	-	-	39,145	(746)
Loans repaid and derecognition of financial assets	(6,341)	381	(12,793)	48	(143)	317	(31)	41	(19,308)	787
Reclassification between Stage 1 and 2; From Stage 2 to 1	4,202	(47)	(4,202)	47	-	-	-	-	-	-
Reclassification between Stage 1 and 2; From Stage 1 to 2	(7,379)	223	7,379	(223)	-	-	-	-	-	-
Reclassification between Stage 2 and 3; From Stage 3 to 2	-	-	-	-	-	-	-	-	-	-
Reclassification between Stage 2 and 3; From Stage 2 to 3	-	-	(659)	183	659	(183)	-	-	-	-
Reclassification between Stage 1 and 3; From Stage 3 to 1	-	-	-	-	-	-	-	-	-	-
Reclassification between Stage 1 and 3; From Stage 1 to 3	(829)	132	-	-	829	(132)	-	-	-	-
Interests accrued	221	-	105	-	40	-	11	-	377	-
Decrease (increase) in expected credit losses	-	(226)	-	182	-	(425)	-	(21)	-	(490)
Write-offs	-	-	-	-	-	-	(2)	2	(2)	2
As at 31 December 2024	65,192	(1,069)	24,444	(578)	2,303	(672)	107	(107)	92,047	(2,426)
New financial assets recognised	-	-	-	-	-	-	-	-	-	-
Loans granted	49,590	(647)	4,134	(56)	-	-	-	-	53,723	(703)
Loans repaid and derecognition of financial assets	(12,120)	55	(6,284)	34	(681)	614	151	(149)	(18,934)	554
Reclassification between Stage 1 and 2; From Stage 2 to 1	2,628	(31)	(2,628)	31	-	-	-	-	-	-
Reclassification between Stage 1 and 2; From Stage 1 to 2	(9,055)	188	9,055	(188)	-	-	-	-	-	-
Reclassification between Stage 2 and 3; From Stage 3 to 2	-	-	199	(3)	(199)	3	-	-	-	-
Reclassification between Stage 2 and 3; From Stage 2 to 3	-	-	(3,132)	161	3,132	(161)	-	-	-	-
Reclassification between Stage 1 and 3; From Stage 3 to 1	-	-	-	-	-	-	-	-	-	-
Reclassification between Stage 1 and 3; From Stage 1 to 3	(4,334)	567	-	-	4,334	(567)	-	-	-	-
Interests accrued	303	-	105	-	62	-	10	-	480	-
Decrease (increase) in expected credit losses	-	(485)	-	59	-	(94)	-	(12)	-	(532)
Write-offs	-	-	-	-	-	-	(173)	173	(173)	173
As at 31 December 2025	92,204	(1,422)	25,893	(540)	8,951	(877)	95	(95)	127,143	(2,934)

Expected credit losses of financial assets were assessed individually and collectively, as it is described in accounting policies part of these financial statements.

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Analysis of gross carrying amount of LCCU financial assets and their impairment according to risk levels, individual/collective assessment and segments as at 31 December 2025 is as follows:

Segments		31/12/2025								Total
		Stage 1		Stage 2		Stage 3		POCI		
		Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
Loans to natural persons	Gross carrying amount	-	2,324	-	149	-	-	-	95	2,568
	Impairment	-	(1)	-	(1)	-	-	-	(95)	(97)
Loans to legal persons	Gross carrying amount	85,142	2,733	24,263	915	6,538	97	-	-	119,688
	Impairment	(1,417)	(3)	(505)	(24)	(375)	(8)	-	-	(2,332)
Loans to agricultural entities	Gross carrying amount	-	2,005	-	566	2,316	-	-	-	4,887
	Impairment	-	(1)	-	(10)	(494)	-	-	-	(505)
Loans from credit institutions	Gross carrying amount	52,839	-	-	-	-	-	-	-	52,839
	Impairment	(263)	-	-	-	-	-	-	-	(263)
Debt securities	Gross carrying amount	180,537	-	6,071	-	-	-	-	-	186,608
	Impairment	-	-	(348)	-	-	-	-	-	(348)
Loan commitments	Value of loan commitments (off-balance)	10,641	15,427	2,533	2,804	-	-	-	-	31,405
	Impairment	(160)	(47)	(44)	(63)	-	-	-	-	(314)

Analysis of gross carrying amount of LCCU financial assets and their impairment according to risk stages, individual/collective assessment and segments as at 31 December 2024 is as follows:

Segments		31/12/2024								Total
		Stage 1		Stage 2		Stage 3		POCI		
		Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Individual assessment	Collective assessment	
Loans to natural persons	Gross carrying amount	219	2,862	-	171	-	-	-	107	3,359
	Impairment	(3)	(2)	-	(1)	-	-	-	(107)	(113)
Loans to legal persons	Gross carrying amount	56,066	2,855	22,673	492	1,645	57	-	-	83,788
	Impairment	(1,022)	(6)	(540)	(25)	(601)	(9)	-	-	(2 203)
Loans to agricultural entities	Gross carrying amount	2,000	1,191	865	243	351	250	-	-	4,900
	Impairment	(35)	(1)	(11)	(2)	(30)	(32)	-	-	(111)
Loans from credit institutions	Gross carrying amount	41,419	-	-	-	-	-	-	-	41,419
	Impairment	(315)	-	-	-	-	-	-	-	(315)
Debt securities	Gross carrying amount	131,799	-	2,347	-	-	-	-	-	134,146
	Impairment	-	-	(53)	-	-	-	-	-	(53)
Loan commitments	Value of loan commitments (off-balance)	7,290	10,778	1,881	-	-	-	-	-	19,949
	Impairment	(97)	(4)	(27)	-	-	-	-	-	(128)

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The following table shows the breakdown of collateral and loans at risk Level 3 by segment as at 31 December 2025:

Segment	Carrying amount	Impairment	Collateral value					Total value of collaterals	Unsecured exposure value
			Government guarantees	Residential real estate	Commercial real estate	Land	Other collaterals		
Natural persons	-	-	-	-	-	-	-	-	-
Legal persons	6,635	(383)	-	2,078	15,242	533	3,541	21,394	-
Agricultural entities	2,316	(494)	1,600	-	-	1,218	677	3,495	-
POCI	95	(95)	-	270	5	37	3	315	-
Total	9,046	(972)	1,600	2,348	15,247	1,788	4,221	25,204	-

The following table shows the breakdown of collateral and loans at risk Level 3 by segment as at 31 December 2024:

Segment	Carrying amount	Impairment	Collateral value					Total value of collaterals	Unsecured exposure value
			Government guarantees	Residential property	Commercial property	Land	Other collaterals		
Natural persons	-	-	-	-	-	-	-	-	-
Legal persons	1,702	(610)	31	-	1,960	239	290	2,520	31
Agricultural entities	601	(62)	-	-	6	951	56	1,014	-
POCI	107	(107)	-	112	2	23	9	146	-
Total	2,410	(779)	31	112	1,968	1,213	355	3,680	31

Additional information on valuation of expected credit losses on financial assets is disclosed in "Significant accounting estimates and judgements" section of the accounting policy.

For the purpose of concentration risk management, LCCU has established internal ratios in respect of individual positions. Maximum exposure to a single borrower should not exceed 25% of the calculated capital base of LCCU or an internal limit/ratio established by the Board, depending which is lower. There are also internal limits for individual types of loans and investments. Concentration risk arising from LCCU's investments in cash balances with other credit institutions is assessed with reference to internal ratios.

Balances in correspondent bank accounts and term deposits held with the banks categorized by ratings of the banks in which deposits are held (based on Fitch ratings or ratings of a similar international rating agency) are as follows:

Balances in correspondent bank accounts, term deposits:	2025	2024
High rating (AAA-BBB-)	439	372

As at 31 December 2025 (including 31 December 2024), LCCU kept its funds in the accounts of banks that are registered in Lithuania or subdivisions in Lithuania of foreign banks (in this case ratings of parent banks are provided).

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Liquidity risk

In the ordinary course of business, LCCU is exposed to the possible risk of mismatches in cash flows. The purpose of liquidity risk management is to ensure that LCCU will be able to meet its obligations in full. The key elements of liquidity risk management include LCCU's management's reporting system, control over liquidity management, diversification of financing sources, planning of expected commitments, formation of liquidity buffers, calculations of projected cash receipts/payments and net funding gap. LCCU's liquidity risk management is divided into current, short-term, medium-term and strategic liquidity risk management. The liquidity risk is managed by complying with the liquidity coverage ratio (hereinafter "LCR") as well as LCCU's internal liquidity ratios, preparing LCCU's monthly cash flow reports, performing stress testing of liquidity risk, assessing liquidity buffers, counterbalancing capacity, net funding gap, etc.

In the end of each operation day at LCCU, a responsible employee is required to check the compliance with the liquidity ratio and ensure that all cash flows have been matched, cash payments and receipts and to assess scheduled future cash flows. When internal ratios established by LCCU are achieved, management of LCCU should be notified. At least once per month, following the established procedure depending on the size of the liquidity ratio, LCCU's management analyses and assesses information as to the matching of cash flows and compliance with the liquidity ratio. When decisions are made in relation to granting a loan or accepting a large deposit, LCCU's management assess how this would affect the cash flows and compliance with the liquidity ratio.

A part of LCCU's investments in securities are held to collect cash flows and sell (investment securities, accounted at fair value through other comprehensive income), therefore, in case of any possible interruptions in cash flows or liquidity, these investments may be sold immediately. In the event of any actual or anticipated interruptions in LCCU's liquidity, LCCU uses the available liquidity sources, taking into account the costs of their utilization, and at the same time suspends the process of lending and investing.

Analysis of LCCU's assets and liabilities by maturity as at 31 December 2025 is as follows:

	On demand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Ma-turity unde-fined	Total
Assets										
Cash and cash equivalents held with central bank	47,695	-	-	-	-	-	-	-	-	47,695
Securities	-	20	3,563	41,872	73,630	44,733	15,015	-	7,775	186,608
Loans and advances from credit institutions	439	51	2,600	8,675	2,379	19,527	10,859	8,485	-	53,015
Loans and advances from other parties	-	8,204	-	26,170	46,356	5,296	22,740	15,443	-	124,209
Total assets	48,134	8,275	6,163	76,717	122,365	69,556	48,614	23,928	7,775	411,527
Liabilities, capital and reserves										
Amounts due to credit and other financial institutions	89,224	128,950	35,582	30,370	36,985	4,036	3,900	26,647	-	355,694
Deposits from other parties	70	-	-	-	-	-	-	-	-	70
Liquidity facility	9,341	-	-	-	-	-	-	-	-	9,341
Subordinated liabilities	-	38	13	-	1,900	2,000	7,500	-	-	11,451
Other liabilities, deferred tax liabilities and provisions	635	2,103	130	-	-	-	-	-	-	2,868
Capital and reserves	-	-	-	-	-	-	-	-	34,592	34,592
Total liabilities, capital and reserves	99,270	131,091	35,725	30,370	38,885	6,036	11,400	26,647	34,592	414,016
Difference between assets and liabilities, capital and reserves	(51 136)	(122 816)	(29 562)	46,347	83,480	63,520	37,214	(2 719)	(26 817)	(2 489)
Off-balance sheet commitments	-	24,608	-	-	-	-	-	-	6,797	31,405

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Analysis of LCCU's assets and liabilities by maturity as at 31 December 2024 is as follows:

	On de- mand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Maturity unde- fined	Total
Assets										
Cash and cash equiva- lents held with central bank	113,094	-	-	-	-	-	-	-	-	113,094
Securities	-	629	-	16,060	74,117	33,294	4,959	-	5,087	134,146
Loans and advances from credit institutions	372	605	4,385	6,297	4,920	8,018	15,846	1,034	-	41,477
Loans and advances from other parties	-	2,691	2,535	15,367	23,752	7,781	26,443	11,052	-	89,621
Total assets	113,466	3,925	6,920	37,724	102,789	49,093	47,248	12,086	5,087	378,338
Liabilities, capital and reserves										
Amounts due to credit and other financial insti- tutions	91,490	146,377	27,876	23,158	28,749	6,199	7,748	990	-	332,587
Deposits from other par- ties	40	-	-	-	-	-	-	-	-	40
Liquidity facility	8,090	-	-	-	-	-	-	-	-	8,090
Subordinated liabilities	-	42	-	-	-	1,900	5,500	-	-	7,442
Other liabilities, deferred tax liabilities and provi- sions	554	1,234	145	-	-	-	-	-	-	1,933
Capital and reserves	-	-	-	-	-	-	-	-	30,561	30,561
Total liabilities, capi- tal and reserves	100,174	147,653	28,021	23,158	28,749	8,099	13,248	990	30,561	380,653
Difference between assets and liabilities, capital and reserves	13,292	(143,728)	(21 101)	14,566	74,040	40,994	34,000	11,096	(25,474)	(2,315)
Off-balance sheet commitments	-	14,883	-	-	-	-	-	-	5,066	19,949

The LCR is intended to determine the short-term resilience of the liquidity risk of LCCU. This ratio means that LCCU has risk-free liquid assets that can be easily liquidated in the market, to make necessary payments, excluding received payments, during the 30-day period of crisis without central bank support. The LCR requirement, as set forth in European Commission Delegated Regulation No 2015/61 and the legal acts of the Bank of Lithuania, must not be less than 100%. The internal system for compliance with LCR indicator ("traffic lights") was applied taking into account the Liquidity Coverage Ratio of no less than 50% and the Net Stable Funding Ratio requirement set for LCCU (on individual level) by Decision No V 2022/ (1.160.E-9004)-441-121 of the Bank of Lithuania of 13 June 2022, as well as the acceptable average risk level defined in the Risk Management Strategy of LCCU and the LCCU Group.

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The structure of LCCU's financial liabilities based on the remaining period at the date of financial statements to the contractual maturity date as at 31 December 2025 and 2024 is presented below. The amounts reported represent contractual undiscounted cash flows:

	On demand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Total
31/12/2025									
Amounts due to credit and other financial institutions	89,224	129,314	35,921	31,424	38,361	3,226	6,367	27,800	361,637
Deposits from other parties	70	-	-	-	-	-	-	-	70
Liquidity facility	9,341	-	-	-	-	-	-	-	9,341
Subordinated liabilities	-	77	78	222	2,766	2,601	8,163	-	13,907
Other financial liabilities	-	883	-	105	-	-	-	-	988
Total financial liabilities	98,635	130,274	35,999	31,751	41,127	5,827	14,530	27,800	385,943
	On demand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Total
31/12/2024									
Amounts due to credit and other financial institutions	91,490	146,758	28,237	23,919	30,096	2,437	7,748	990	331,676
Deposits from other parties	40	-	-	-	-	-	-	-	40
Liquidity facility	8,090	-	-	-	-	-	-	-	8,090
Subordinated liabilities	-	97	70	268	1,070	2,807	6,745	-	11,056
Other financial liabilities	-	430	-	4	-	-	-	-	434
Total financial liabilities	99,620	147,285	28,307	24,191	31,166	5,244	14,493	990	351,296

Market risk

Market risk assessment

LCCU takes on exposure to market risk, which means the risk to incur losses due to fluctuations in market prices and interest rates in financial markets. Market risk management involves assessing market risk defined in the banking book and, where applicable, in the trading book. In LCCU, market risk is split into four subcategories:

- Interest rate risk is the exposure to losses due to fluctuating market interest rates, which may increase the LCCU's borrowing costs of and reduce the return on assets.
- Debt securities price risk is LCCU's exposure to losses arising from differences and fluctuations in the prices of its debt securities.
- Equity securities price risk is LCCU's exposure to losses arising from fluctuations in the prices of its equity securities.
- Foreign exchange risk is the exposure to losses due to fluctuations in exchange rates and the translation of LCCU's balance sheet and off-balance sheet items denominated in foreign currencies into euros.

For the assessment of its exposure to market risk, LCCU uses testing scenarios, including reference and in-house scenarios that cover both the most likely and adverse (worst-case) market developments. Testing scenarios are based both on historical events that had significantly affected the financial markets or probable (presumed) events that may occur in the in future. The assessment covers the multiplicative risk effect on the financial position of LCCU.

LCCU assesses interest rate risk in its banking book by using sensitivity analysis of both the net interest income and economic value. The impact assessment analyses all balance sheet and off-balance-sheet asset and liability items that are sensitive to fluctuations in interest rates, taking into account their review dates, contractual terms, and trend assumptions. Several reference and in-house interest rate shock scenarios (including parallel and non-parallel shifts) are applied to assess their impact on both short-term net interest income and long-term economic value.

Foreign exchange risk

Exchange rate risk is measured as the open position in assets and liabilities in a particular currency. In 2025 and 2024, LCCU's positions were predominantly denominated in EUR, therefore there are no significant currency positions.

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Interest rate risk

Cash flow interest rate risk is designated as a risk that, in the future, cash flows from financial instruments may fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instruments may change due to fluctuations in market interest rates. LCCU management manages interest rate risk through regular assessment of interest rate risk indicators, including the sensitivity of net interest income and economic value, and by adhering to the exposure limits.

Interest rate risk is managed by:

- setting and monitoring interest rate risk exposure limits;
- analyzing the structure of assets and liabilities by maturity;
- regularly reviewing the pricing of loans and deposits;
- deciding on the application of fixed and variable interest rates;
- managing the structure of assets and liabilities to limit sensitivity to changes in interest rates.

The tables below summarize LCCU's exposure to interest rate risk during 2025 and 2024. LCCU's assets and liabilities are categorized by the earlier of contractual repricing or redemption (maturity) dates.

LCCU's interest rate risk as at 31 December 2025:

	Les than 1 month	1–3 months	3–6 months	6–12 months	1–3 years	More than 3 years	Non-interest- bearing and negative inter- est	Total
Assets								
Cash and cash equivalents held with central bank	-	-	-	-	-	-	47,695	47,695
Securities	20	-	3,563	41,872	73,630	59,748	7,775	186,608
Loans and advances from credit institutions and other parties	4,143	4,112	2,600	34,845	48,735	82,350	439	177,224
Property, plant and equipment and intangible assets	-	-	516	177	-	-	859	1,552
Other assets and deferred tax asset	-	-	-	-	-	-	937	937
Total assets	4,163	4,112	6,679	76,894	122,365	142,098	57,705	414,016
Liabilities and reserves								
Amounts due to credit and other financial institutions	87,800	41,150	35,582	30,370	36,985	34,583	89,224	355,694
Deposits from other parties	-	-	-	-	-	-	70	70
Liquidity facility	9,341	-	-	-	-	-	-	9,341
Subordinated liabilities	-	38	13	-	1,900	9,500	-	11,451
Other liabilities	-	-	-	-	-	-	2,868	2,868
Capital and reserves	-	-	-	-	-	-	34,592	34,592
Total liabilities and reserves	97,141	41,188	35,595	30,370	38,885	44,083	126,754	414,016
Balance difference due to interest sensitivity	(92,978)	(37,076)	(28,916)	46,524	83,480	98,015	(69,049)	-

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LCCU's interest rate risk as at 31 December 2024:

	Les than 1 month	1–3 months	3–6 months	6–12 months	1–3 years	More than 3 years	Non-interest-bearing and negative interest	Total
Assets								
Cash and cash equivalents held with central bank	-	-	-	-	-	-	113,094	113,094
Securities	-	629	-	16,060	74,117	38,253	5,087	134,146
Loans and advances from credit institutions and other loans	2,733	562	6,920	21,664	28,672	69,139	1,407	131,097
Property, plant and equipment and intangible assets	-	-	445	231	-	-	899	1,575
Other assets and deferred tax asset	-	-	-	-	-	-	741	741
Total assets	2,733	1,191	7,365	37,955	102,789	107,392	121,228	380,653
Liabilities and reserves								
Amounts due to credit and other financial institutions	96,541	49,836	27,876	23,158	28,749	14,937	91,490	332,587
Deposits from other parties	-	-	-	-	-	-	40	40
Liquidity facility	8,090	-	-	-	-	-	-	8,090
Subordinated liabilities	-	-	7,442	-	-	-	-	7,442
Other liabilities	-	-	-	-	-	-	1,933	1,933
Capital and reserves	-	-	-	-	-	-	30,561	30,561
Total liabilities and reserves	104,631	49,836	35,318	23,158	28,749	14,937	124,024	380,653
Balance difference due to interest sensitivity	(101,898)	(48,645)	(27,953)	14,797	74,040	92,455	(2 796)	-

The table below summarizes LCCU's assets and liabilities by type of interest as at 31 December 2025:

	Fixed interest	Variable interest		Non-interest-bearing	Total
		Euribor	Unibor		
Assets					
Cash and cash equivalents held with central bank	-	46,562	-	1,133	47,695
Securities	186,608	-	-	-	186,608
Loans and advances from credit institutions	7,178	20,239	25,159	439	53,015
Other loans and advances	869	123,340	-	-	124,209
Property, plant and equipment and intangible assets	-	-	-	1,552	1,552
Other assets and deferred tax asset	-	-	-	937	937
Total assets	194,655	190,141	25,159	4,061	414,016
Liabilities and reserves					
Amounts due to credit and other financial institutions	231,639	4,284	-	119,771	355,694
Deposits from other parties	-	-	-	70	70
Liquidity facility	-	-	-	9,341	9,341
Subordinated liabilities	4,013	7,438	-	-	11,451
Other liabilities	-	-	-	2,868	2,868
Capital and reserves	3,979	-	-	30,613	34,592
Total liabilities and reserves	239,631	11,722	-	162,663	414,016
Balance sheet difference	(44 976)	178,419	25,159	(158 602)	-

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LCCU's assets and liabilities by type of interest as at 31 December 2024:

	Fixed interest		Variable interest	Non-interest-bearing	Total
	Euribor	Unibor	Unibor		
Assets					
Cash and cash equivalents held with central bank	-	111,325	-	1,769	113,094
Securities	134,146	-	-	-	134,146
Loans and advances from credit institutions	5,672	-	35,433	372	41,477
Other loans and advances	2,574	87,047	-	-	89,621
Property, plant and equipment and intangible assets	-	-	-	1,574	1,574
Other assets and deferred tax asset	-	-	-	741	741
Total assets	142,392	198,372	35,433	4,456	380,653
Liabilities and reserves					
Amounts due to credit and other financial institutions	217,734	5,179	-	109,674	332,587
Deposits from other parties	-	-	-	40	40
Liquidity facility	-	-	-	8,090	8,090
Subordinated liabilities	-	7,442	-	-	7,442
Other liabilities	-	-	-	1,933	1,933
Capital and reserves	5,279	-	-	25,282	30,561
Total liabilities and reserves	223,013	12,621	-	145,019	380,653
Balance sheet difference	(80,621)	185,751	35,433	(140,563)	-

LCCU performs worst-case scenario testing for credit risk, liquidity risk, market risk, concentration risk and operational risk. The purpose of worst-case scenario testing is to assess whether LCCU has sufficient capital to cover the extraordinary losses that LCCU might incur in the event of unfavourable conditions, and to prepare LCCU's business continuity plan. Standard, possible, and worst-case scenarios are used to estimate the losses that may occur as a result of the above risks. The results of the stress tests shall be submitted to LCCU Board as required, but at least once a year. LCCU uses the UNIBOR index to determine the interest rate on term deposits and working capital loans, which is determined by calculating the average cost of the credit union resources of LCCU system.

The table below summarizes the impact of LCCU 1% interest rate risk on net interest income at the reporting date, as at 31 December 2025 and 2024:

	As at 31 December 2025	As at 31 December 2024
1% increase in interest rate	(1,124)	(1,637)
1% decrease in interest rate	1,124	1,637

Operational risk

Operational risk is defined as the risk that LCCU will incur loss resulting from inadequate or failed internal processes, personnel mistakes and/or illegal actions, IT systems failures or from impact of external events. Operational risk also includes legal and reputational, compliance, money laundering and terrorist financing, information and communication technology security and other risks, unless assessed separately, as well as disasters and crises in which the Company's assets are at risk.

The primary objective of operational risk assessment and management is to ensure that the management and assessment of the operational risk assumed by LCCU is properly organised, effective, continuous and guarantees the safe and stable operation of LCCU. At least once each calendar year (during LCCU's self-assessment, operational risk assessment in the internal audit or by the decision of the head of administration of LCCU), the LCCU's processes, the operations of the structural units, the products (services) are assessed and the emergence of any new events that may pose a significant operational risk to LCCU is identified.

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5 NOTE. CAPITAL ADEQUACY

LCCU's main objectives when managing capital are as follows:

- to ensure compliance with and control of prudential ratios;
- to ensure LCCU's ability to continue as a going concern – business stability guarantee;
- growing capital base enables LCCU to increase LCCU's assets and maximum exposure to a single borrower.

Three capital adequacy ratios are used: Tier 1 capital ratio, additional Tier 1 capital ratio, and the total capital ratio. The ratios are calculated under the requirements of the Capital Requirements Directive IV (CRDVI) and the Capital Requirements Regulation (CRR), which is directly applied. Credit, market, operational and currency risks are assessed when calculating capital adequacy. LCCU assesses credit risk using a standard risk assessment approach; market risk is assessed using a standard method; operational risk is measured using a basic indicator approach. Compliance with the capital adequacy ratio and the use of capital are monitored by LCCU's management on a daily basis. Information regarding the compliance with capital adequacy ratio and the use of capital is submitted to the supervising authority on a quarterly basis. LCCU has implemented the Internal Capital Adequacy Assessment Process (ICAAP). These requirements represent additional requirements (Tier 2) supplementing general (Tier 1) capital adequacy calculation requirements. Based on the ICAAP, LCCU performs a thorough analysis, which includes identification of risks, assessment of risk management and assessment of internal required capital.

LCCU's capital is divided into 2 tiers. Tier 1 capital includes equity, reserves and other ancillary capital and reserves, part of the revaluation reserve for financial assets and retained earnings and other comprehensive income. The following is deducted from Tier 1 capital: intangible assets, repayable member shares, losses of the previous periods, deferred tax asset, net negative change in expected credit losses in the year of the statement of comprehensive income. The Tier 2 capital consists of qualified subordinated liabilities. Tier 2 capital may not exceed 1/3 of Tier 1 capital when calculating capital adequacy ratios. The capital is disclosed including current year profit.

Capital adequacy ratios as at 31 December 2025 and 2024 were as follows:

	2025	2024
Tier 1 capital		
Share capital	23,334	22,428
Part of revaluation reserve of financial assets	325	162
Reserves	7,970	5,724
Intangible assets	(301)	(323)
Effect of insufficient non-performing loans coverage	0	(5)
Result for the reporting period	2,963	2,247
Deferred tax asset	-	-
Change in special provisions for loans through profit or loss	(2,599)	(1,805)
Total Tier 1 capital	31,692	28,428
Total Tier 2 capital	10,397	6,957
Total capital base	42,089	35,385
Required capital for credit risk, impairment risk of accounts receivable	178,929	109,185
Required capital for operational risk	15,431	16,779
Total required capital	194,360	125,964
Tier 1 capital adequacy ratio, %	16.31%	22.57%
Tier 1 and additional Tier 1 capital adequacy ratio, %	16.31%	22.57%
Total capital adequacy ratio, %	21.65%	28.09%

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The capital conservation buffer which came into effect on 30 June 2015 in Lithuania (2.5%) increased the Tier 1 common equity capital ratio from 4.5% to 7%, and the total capital ratio from 8% to 10.5%. As from 31 December 2018, the countercyclical capital buffer is valid in Lithuania, the amount of which depends on the value of available positions in Lithuania, assessed according to risk weights. On 5 October 2022, the Board of the Bank of Lithuania decided to increase the countercyclical capital buffer rate to 1% from 1 October 2023. As at 31 December 2025 and 2024, the countercyclical capital buffer requirement was set at 1%.

Taking into account the results of LCCU's supervisory review and assessment conducted by the Bank of Lithuania in 2024, the additional (Pillar II) capital adequacy ratio of 2.42% was set for LCCU in December 2025. Considering all the combined capital buffer requirements in force, LCCU had to comply with the following individual minimum own funds requirements on 31 December 2025: Tier 1 common equity capital ratio of 9.36%, Tier 1 capital ratio of 11.32% and total capital ratio of 13.92%. Additionally to minimum requirements, a supplementary Tier 2 capital requirement of 0.5% was also proposed in 2025. LCCU was in compliance with the capital adequacy ratio in 2025 and 2024.

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OTHER NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. NET INTEREST INCOME

	2025	2024
Interest income calculated using the effective interest method as follows:		
for loans	1,731	3,112
for balances with central bank	1,618	1,513
On loans from other parties	9,121	7,735
On securities at fair value through other comprehensive income	2,314	824
On securities at amortized cost	2,574	1,040
Default interest income	99	48
Total interest income	17,457	14,272
Interest expense calculated using the effective interest method:		
On deposits from credit institutions	3,902	3,519
On deposits from other financial institutions	3,055	2,023
Interest expenses on funds held with the central bank:	-	18
For bonds issued	13	-
For subordinated loans received	480	501
For State capital assistance	-	58
For other loans and funds received	161	428
Interest paid on finance lease	1	-
Total interest expenses	7,612	6,547
Net interest income	9,845	7,725

NOTE 7. NET FEE AND COMMISSION INCOME

	2025	2024
Fee and commission income from credit unions:		
On operations with payment cards	534	511
On money transfers	232	185
On utility bills	13	14
On guarantees provided	191	138
Total fee and commission income	970	848
Fee and commission expenses:		
On operations with payment cards	695	725
On money transfers	82	88
Charged by financial brokerage companies	102	72
Other fee and commission expenses	149	90
Total fee and commission expenses	1,028	975
Net fee and commission income (expenses)	(58)	(127)

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NOTE 8. OTHER INCOME

	2025	2024
Net gain on derecognition of financial assets	-	8
POCI revaluation income	69	183
Income from non-financial services rendered to credit unions	2,085	2,120
Other income	280	9
Total other income	2,434	2,320

LCCU also provides non-financial services (various hub services) to the credit unions, which are not part of LCCU's principal activities. These services are considered additional. Most income comes from services "i-Kubas" to LCCU members at amount of EUR 696 thousand (2024: EUR 645 thousand). A significant portion of other income in 2025 consisted of gain on revaluation of loan portfolios purchased.

NOTE 9. NET RESULT FROM SECURITIES TRANSACTIONS

	2025	2024
Realized gain on operations with securities at fair value through other comprehensive income	37	1
Realized gain on operations with securities at fair value through profit or loss	4	159
Unrealized gain on operations with securities at fair value through profit or loss	535	134
Unrealized loss on operations with securities at fair value through profit or loss	-	(71)
Net result from securities transactions	576	223

NOTE 10. (IMPAIRMENT) REVERSAL OF IMPAIRMENT OF LOANS AND OTHER ASSETS

	2025	2024
(Impairment) reversal of impairment of loans and advances	(455)	(761)
Loans written off during the period	(173)	(2)
(Impairment) reversal of impairment of securities	(296)	(4)
(Impairment) reversal of impairment of loans and other assets	(924)	(767)

NOTE 11. OTHER OPERATING EXPENSES

	2025	2024
Maintenance of IT equipment	531	172
Income tax incentive for film production	433	267
Legal and consultation expenses	315	240
Advertising and marketing expenses	267	249
Training expenses	214	142
Remuneration for attending meetings	153	165
Expenses of audit of financial statements	125	163
Transportation, postal and communication expenses	99	100
Premises maintenance and utilities	79	62
Supervision fees paid to the Bank of Lithuania and European Central Bank and related expenses	61	47
Membership fees	45	25
Rent of premises	3	1
Other expenses	474	430
Total	2,799	2,063

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NOTE 12. INCOME TAX EXPENSE

	2025	2024
Current income tax	385	297
Adjustment of income tax of the previous period	(138)	(34)
Changes in deferred income tax	5	-
Total income tax expenses	252	263
Profit (loss) before tax	3,215	2,510
Income tax at a rate of 15%	514	376
Income tax calculated at an additional rate of 5%	94	51
Income tax on expenses not deductible for tax purposes	150	81
Adjustment of income tax of the previous period	(138)	(34)
Non-taxable income	(103)	(41)
Reduced income tax due to film tax incentive	(265)	(170)
Income tax (benefit)/expense	252	263

Movements in deferred tax asset (liability) account

Balance at the beginning of the year	(11)	172
Deferred tax (through other comprehensive income)	(39)	(183)
Expenses recognized in profit or loss	(5)	-
Balance at the year-end	(55)	(11)

Deferred tax asset (liability)

	Value of securities	Accrued ex- penses and tax losses	Total
As at 1 January 2024	164	8	172
Income (expenses) through profit or loss	(2)	2	-
Deferred tax (through other comprehensive in- come)	(183)	-	(183)
As at 31 December 2024	(21)	10	(11)
Income (expenses) through profit or loss	(1)	(4)	(5)
Deferred tax (through other comprehensive in- come)	(39)	-	(39)
As at 31 December 2025	(61)	6	(55)

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NOTE 13. CASH AND CASH EQUIVALENTS HELD WITH CENTRAL BANK

	2025	2024
Cash on hand	1,133	1,769
Balances with the central bank	46,562	111,325
of which funds from ILTE UAB	3,770	4,819
Total	47,695	113,094

LCCU is obliged to keep and maintain compulsory reserves with the Bank of Lithuania; the amount of compulsory reserves as at 31 December 2025 amounted to EUR 652 thousand (as at 31 December 2024, EUR 576 thousand). The correspondent account in EUR bears 2% interest charged by the European Central Bank (3% as at 31 December 2024). The current and future funds held in the current accounts and related to ILTE's UAB instruments, the balance of which, as at 31 December 2025, was EUR 3,770 thousand (as at 31 December 2024, EUR 4,819 thousand), are pledged to ILTE UAB for the purpose of securing repayment of the funds received, and these funds will have to be transferred to the aforementioned body to fulfil the contractual obligations (see also Note 20).

NOTE 14. LOANS AND ADVANCES FROM CREDIT INSTITUTIONS

	2025	2024
Balances in correspondent accounts with banks	439	372
Loans to credit unions	52,576	41,105
Total	53,015	41,477

In 2025 and 2024, the effective interest rates on balances not exceeding EUR 1,000 thousand in correspondent accounts with the banks were 0%, and the effective interest rates on loans to credit unions varied from 2.91% to 8.14% in 2025 (from 4.10% to 8,30% in 2024). Information on impairment of receivables is disclosed in the significant accounting estimates and judgements of the Accounting Principles and in the Credit Risk section of Financial Risk Management.

NOTE 15. LOANS AND ADVANCES FROM OTHER PARTIES

	2025	2024
Loans to natural and legal persons	124,209	89,621
Total	124,209	89,621

Information on impairment of loans and advances is disclosed in the significant accounting estimates and judgements of the Accounting Principles and in the Credit Risk section of Financial Risk Management.

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NOTE 16. SECURITIES

	2025	2024
Securities at fair value through comprehensive income	84,431	65,045
Securities at amortized cost	94,402	64,014
Securities at fair value through profit or loss	7,775	5,087
Total	186,608	134,146

Investment securities at fair value through other comprehensive income consist of investment securities of countries listed below:

	2025	2024
(Debt) securities of the Government of the Republic of Lithuania	72,701	57,619
(Debt) securities of the institutions of the Republic of Lithuania	1,032	505
Corporate (debt) securities of the Republic of Lithuania	1,905	974
Government (debt) securities of the EU countries	4,114	3,069
Corporate (debt) securities of the EU countries	1,084	555
(Debt) securities of the institutions of the EU countries	3,595	2,323
Total	84,431	65,045

Investment securities at amortized cost consist of investment securities of countries listed below:

	2025	2024
(Debt) securities of the Government of the Republic of Lithuania	76,042	50,449
Corporate (debt) securities of the Republic of Lithuania	5,027	3,434
(Debt) securities of the institutions of the Republic of Lithuania	1,010	-
Securities of the EU countries (debt)	6,738	6,238
Corporate (debt) securities of the EU countries	1,668	400
(Debt) securities of the institutions of the EU countries	3,917	3,493
Total	94,402	64,014

Securities at fair value through profit or loss consist of investment securities of the following countries:

	2025	2024
Government securities of the Republic of Lithuania (collective investment undertakings)	7,775	5,087
Total	7,775	5,087

In 2025, the effective interest rates on securities vary from -0.12 % to 10.0 % (2024: from 0.27 % to 8.0%) and are fixed.

The unused credit line includes pledged securities with different enforcement periods as each of them has its own maturity date. As at 31 December 2025, LCCU's pledged securities amounted to EUR 2,273 thousand (of which EUR 299 thousand were measured at fair value through other comprehensive income and EUR 1,975 thousand at amortized cost). These securities were pledged to the central bank of Lithuania as collateral for monetary policy operations. As a result of these ongoing monetary policy operations, the amount of the available but undrawn credit line amounted to EUR 2 million as at 31 December 2025. The unused credit line includes pledged securities with different enforcement periods as each of them has its own maturity date.

As at 31 December 2024, LCCU's pledged securities amounted to EUR 4,717 thousand (of which EUR 1,335 thousand were measured at fair value through other comprehensive income and EUR 3,382 thousand at amortized cost). These securities were pledged to the central bank of Lithuania as collateral for monetary policy operations. As a result of these ongoing monetary policy operations, the amount of the available but undrawn credit line amounted to EUR 4 million as at 31 December 2024.

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NOTE 17. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Reporting year 2024	Computer hardware	Other equip- ment	Buildings	Furniture	Cars	Right-of- use as- sets	
						Premises	Total
Net book value	70	13	884	78	27	10	1,082
Additions	68	23	55	16	159	-	321
Write-offs	(8)	-	-	-	-	-	(8)
Termination of con- tracts	(1)	-	-	-	(36)	-	(37)
Depreciation of as- sets written-off/dis- posed/terminated contracts	9	-	-	-	35	-	44
Depreciation charge	(46)	(11)	(40)	(25)	(23)	(6)	(151)
Net book value	92	25	899	69	162	4	1,251
2024							
As at 31 December							
Acquisition cost	617	63	1288	159	224	28	2,379
Accumulated depre- ciation	(525)	(38)	(389)	(90)	(62)	(24)	(1,128)
Net book value	92	25	899	69	162	4	1,251
2025							
Reporting year							
Net book value	92	25	899	69	162	4	1,251
Additions	41	22	-	9	-	113	185
Write-offs	(79)	-	-	-	-	-	(79)
Termination of con- tracts	(3)	(6)	-	-	-	-	(9)
Depreciation of as- sets written-off/dis- posed/terminated contracts	82	-	-	-	-	-	82
Depreciation charge	(55)	(8)	(40)	(27)	(37)	(12)	(179)
Net book value	78	33	859	51	125	105	1,251
2025							
As at 31 December							
Acquisition cost	582	73	1,288	168	224	141	2,476
Accumulated depre- ciation	(504)	(40)	(429)	(117)	(99)	(36)	(1,225)
Net book value	78	33	859	51	125	105	1,251

The depreciation charge of LCCU's property plant and equipment amounted to EUR 179 thousand in 2025 and EUR 151 thousand in 2024. The total amount was included in operating expenses. The part of LCCU's property plant and equipment with acquisition cost of EUR 486 thousand as at 31 December 2025 (EUR 492 thousand as at 31 December 2024) was fully amortized but still used in LCCU's activities.

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NOTE 18. INTANGIBLE ASSETS

	Software	LCCU's inter- nally developed software	Licenses	Total
As at 1 January 2024				
Acquisition cost	103	1,808	332	2,243
Accumulated amortisation	(90)	(1,492)	(330)	(1,912)
Net book value	13	316	2	331
Reporting year 2024				
Net book value	13	316	2	331
Additions	-	149	-	149
Write-offs	-	(8)	-	(8)
Depreciation of assets written-off/disposed	-	8	-	8
Amortisation charge	(8)	(140)	(1)	(149)
Net book value	5	317	1	323
As at 31 December 2024				
Acquisition cost	103	1,957	332	2,392
Accumulated amortisation	(98)	(1,640)	(331)	(2,069)
Net book value	5	317	1	323
Reporting year 2025				
Net book value	5	317	1	323
Additions	-	129	1	130
Write-offs	-	-	-	-
Depreciation of assets written-off/disposed	-	-	-	-
Amortisation charge	(5)	(147)	-	(152)
Net book value	-	299	2	301
As at 31 December 2025				
Acquisition cost	103	2,086	333	2,522
Accumulated amortisation	(103)	(1,787)	(331)	(2,221)
Net book value	-	299	2	301

LCCU is engaged in the development of computer software "i-Kubas". In 2025, employee remuneration expenses incurred in relation to the development of this computer software amounted to EUR 129 thousand (2024: EUR 149 thousand) and were recognised as intangible assets of LCCU. As at 31 December 2025, the net book amount of developed computer software brought into use was EUR 174 thousand and the net book amount of computer software not yet brought into use was EUR 125 thousand (as at 31 December 2024, EUR 308 thousand and EUR 1 thousand, respectively). The amortisation charge of LCCU's intangible assets amounted to EUR 152 thousand in 2025 and EUR 149 thousand in 2024. All these costs were recorded in operating expenses. The part of LCCU's property plant and equipment with acquisition cost of EUR 1,914 thousand as at 31 December 2025 (EUR 1,828 thousand as at 31 December 2024) was fully amortized but still used in LCCU's activities.

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NOTE 19. OTHER ASSETS

	2025	2024
Current assets	41	37
Other receivables	699	526
Deferred expenses	195	169
Other assets	2	9
Total	937	741

NOTE 20. AMOUNTS DUE TO CREDIT AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
Deposits of credit and other financial institutions:		
Term deposits	231,639	217,734
Demand deposits	89,224	91,490
Funds received from credit and other financial institutions:	34,831	23,363
Targeted funding from ILTE UAB funds (a)	31,323	19,351
Other loans (b)	3,507	4,012
Total	355,694	332,587

Interest rates on term deposits from credit unions and other financial institutions varied from 1.51% to 4.99% (2024: from 1.19% to 4.99%), and interest rates on demand deposits varied from 0% to 1% (2024: from 0% to 1.75%).

Funds received from credit and other financial institutions:

a) Targeted funding from ILTE UAB funds:

In October 2016, LCCU representing a consortium of credit unions signed an agreement with ILTE UAB (former Investicijų Garantijų Fondas UAB (INVEGA)) on the implementation of the Financial Instrument Verslumo Skatinimas 2014–2020, financed by Europe’s social fund. As at 31 December 2025, the carrying amount of loans received under this contract was EUR 3,328 thousand EUR (as at 31 December 2024, EUR 5,393 thousand). In 2025, LCCU also took part in the implementation of the “Verslumo Skatinimas 3” (VSF3) financial instrument, whereby the carrying amount of loans received was EUR 4,800 thousand as at 31 December 2025.

In 2025 and 2024, LCCU took part in implementation off the financial instruments aimed at facilitating conditions for the activities of the country’s agricultural entities. As at 31 December 2025, LCCU had the following loans received under the Joint Activity (Consortium) Agreements per financial instruments:

- Financial instrument implemented by ILTE UAB (former UAB Žemės Ūkio Paskolų Garantijos Fondas) “Provision of Loans Funded Using Funds Reimbursed under the Financial Instruments of the Lithuanian Rural Development Programme 2007–2013, Giving Priority to Entities Engaged in Primary Production”. As at 31 December 2025, the carrying amount of loans received under this instrument was EUR 777 thousand EUR (as at 31 December 2024, EUR 1,167 thousand).
- Financial instrument implemented by ILTE UAB “Setting up of Young Farmers”. The carrying amount of loans received under this instrument was EUR 957 thousand EUR (as at 31 December 2024, EUR 990 thousand).
- Financial instrument implemented by ILTE UAB “Loans for Investments, Including Sustainable Investments, into Agricultural Holdings”. The carrying amount of loans received under this instrument was EUR 3,189 thousand (EUR 1,750 thousand as at 31 December 2024).

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- Financial instrument implemented by ILTE UAB “Risk-Shared Loans Financed by the European Regional Development Fund”. The carrying amount of loans received under this instrument was EUR 572 thousand EUR (as at 31 December 2024, EUR 600 thousand).
- Financial instrument implemented by ILTE UAB “Loans for Investments in Agricultural Product Processing”. The carrying amount of loans received under this instrument was EUR 1,000 thousand (no loans had been received as at 31 December 2024).

In 2023, while representing a consortium of credit unions, LCCU signed an agreement with ILTE UAB (former Investicijų Garantijų Fondas UAB (INVEGA)) on the implementation of the financial instrument Open Credit Fund 3 (OCF3). As at 31 December 2025, the carrying amount of loans received under this contract was EUR 16,700 thousand EUR (as at 31 December 2024, EUR 9,305 thousand).

As at 31 December 2025, balances with the central bank of EUR 3,770 thousand (as at 31 December 2024, EUR 4,819 thousand) were related to the financing of LCCU Group members under the instruments of and ILTE UAB, and these funds will have to be transferred to the aforementioned bodies to fulfil the contractual liabilities. For additional information see Note 26.

b) Other loans:

Other loans received comprise the loans from Council of Europe Development Bank. The carrying amount of these loans was EUR 3,507 thousand as at 31 December 2025 (EUR 4,012 thousand as at 31 December 2024).

As at 31 December 2025, the loans received by LCCU as part of monetary policy operations of the Eurosystem had not been utilised, and the amount of available loan was EUR 2 million. As at 31 December 2024, the loans also had not been utilised, and the amount of available loan was EUR 4.1 million. This is a credit line provided by the Bank of Lithuania for pledged debt securities. The remaining amount of loans received from credit and other financial institutions consisted of funds received but not yet repaid in accordance with those commitments.

NOTE 21. DEPOSITS FROM OTHER PARTIES

	2025	2024
Demand deposits from legal persons	70	40
Total	70	40

0% interest rates were applicable on demand deposits from legal persons in 2025 and 2024.

NOTE 22. LIQUIDITY FACILITY

	2025	2024
Liquidity facility at the beginning of the year	8,090	6,830
Increase/(decrease) over the year	1,251	1,260
Liquidity facility at the end of the year	9,341	8,090

LCCU members of the credit union must keep a certain percentage of funds from all term and demand deposits in the credit union in an account opened at LCCU. In 2025 and 2024, the balances maintained amounted to 1% of funds. Annual interest rate for liquidity reserve maintenance was not paid for credit unions in both 2025 and 2024.

At the end of each quarter, the amount of balance maintained by the credit union in the liquidity reserve is reviewed. Loans to maintain the liquidity of credit unions may be granted when the liquidity of a credit union becomes lower than the required liquidity rate and when the structure of assets and liabilities of a credit union for the future months demonstrates a certain imbalance, which could adversely affect the fulfilment of the obligations. The credit union may maintain higher balances than the established minimum amount in the liquidity reserve.

The balances with LCCU's liquidity facility of a credit union, which is cancelling its membership, or which is under liquidation or whose membership is terminated, are repaid to the credit union after fulfilling its obligations to LCCU.

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NOTE 23. SUBORDINATED LIABILITIES

	2025	2024
Subordinated bonds	4,013	-
Subordinated loans	7,438	7,442
Total:	11,451	7,442

On 17 December 2025, LCCU successfully issued subordinated bonds in an aggregate nominal value of EUR 4 million. The annual interest rate for the bond issue is set at 8.25%, payable half-yearly. The bonds mature on 17 December 2035.

From August 2020, LCCU has received four subordinated loans from international funds. Approved subordinated loans totalled EUR 7,438 thousand as at 31 December 2025. These loans were used as follows: EUR 2,000 thousand were used in 2020, EUR 1,000 thousand in 2021, EUR 900 thousand in 2022, and EUR 3,500 in 2024. Funds from subordinated loans were not used in 2025. The interest rates on subordinated loans varied from 5.44% to 6.87% (2024: from 7.16% to 7.36%).

NOTE 24. PROVISIONS

Provisions for financial guarantees	44	137
Provision for loan commitments	270	128
Provisions	314	265

NOTE 25. OTHER LIABILITIES

	2025	2024
Financial liabilities:	1,106	442
Collected fees payable	11	11
Finance lease liabilities	105	4
Funds received – instant monitoring	353	91
Other liabilities	637	336
Non-financial liabilities:	1,263	1,070
Vacation pay accrual	634	554
Accrued expenses	548	438
VAT payable	81	78
Total	2,369	1,512

Collected fees payable represent amounts collected payable to suppliers of utility and other services. The funds received consist of payments suspended during the instant monitoring of transactions.

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NOTE 26. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

	Subordi- nated loans	Subordinated bonds	Commitment to ILTE UAB	Other loans
As at 1 January 2024	3,949	-	11,479	4,017
Cash flow items				
Received	3,500	-	10,540	-
Repaid	-	-	(2,669)	-
Non-cash flow items				
Interests accrued	(6)	-	-	(5)
Balance as at 31 December 2024	7,443	-	19,350	4,012
Cash flow items				
Received	-	4,000	14,701	-
Repaid	-	-	(2,728)	(500)
Non-cash flow items				
Interests accrued	(5)	13	-	(4)
As at 31 December 2025	7,438	4,013	31,323	3,508

NOTE 27. CAPITAL AND RESERVES

Primary and additional member shares, reserve capital

	Primary member shares (units)	Additional member shares (units)
As at 31 December 2024	46	74,607
Acquisition of member shares	-	7,685
Repayment of member shares	(1)	(4,664)
As at 31 December 2025	45	77,628

In 2025, the member share capital of LCCU amounted to EUR 23,334 thousand (2024: EUR 22,428 thousand). It consists of primary and additional member shares. Nominal value per primary membership share is EUR 1,000 and per additional membership share – EUR 300. All the member shares of LCCU have been paid. Each member of LCCU holding a primary member share has a number of votes calculated in accordance with the voting methodology set out in LCCU's Articles of Association. As at 31 December 2025, the number of primary member shares was 45 (as at 31 December 2024, 46).

No union mergers took place in 2025 and 2024. On 1 January 2025, Elektrėnai Credit Union withdrew from LCCU.

In 2017, the State of Lithuania became a member and acquired (primary and additional) member shares of LCCU. The total value of contributed shares of the State of Lithuania is EUR 8,879,800, which contains: (a) EUR 1,000 of primary member shares; (b) EUR 8,878,800 of additional member shares. Regardless of the treatment of this member share contribution under IFRS, it means the participation of the State of Lithuania in the capital of LCCU and provides the State of Lithuania with 10% voting rights. As at 31 December 2025, the balance was EUR 3,979,000 (as at 31 December 2024, EUR 5,279,200).

On 15 October 2018, LCCU and representatives of the Ministry of Finances of the Republic of Lithuania signed an agreement on redemption of LCCU's member shares. Under this agreement, LCCU committed to redeem these member shares within 10 years' time frame (last purchase on 31 December 2027). Service costs (in %) are also set for the State capital and recognized in the statement of comprehensive income under the caption "Interest and related expense". Part of these costs are borne by credit unions. In 2025, the total amount of State aid servicing costs incurred was EUR 289 thousand (2024: EUR 371 thousand). Considering the amount reimbursed by the credit unions, LCCU did not recognise any State aid servicing costs in 2025 (2024: EUR 58 thousand).

As at 31 December 2025, the number of additional member shares was 77,628 (2024: 74,607). Additional member shares were acquired by the credit unions, members of LCCU. In 2025, LCCU repaid additional State owned member shares at amount of EUR 1,300 thousand (2024: EUR 1,300) and member shares owned by the withdrawing credit union (EUR 99 thousand).

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The reserve capital is made up of additional contributions from members of the Central Credit Union. LCCU's reserve capital may only be used to cover the operating losses of LCCU by decision of the general meeting of LCCU. LCCU's legal reserve or reserve capital is made up of the central credit union's profit deductions. As a result of profitable operations, the profit is fully allocated to the legal reserve, thereby strengthening the capital base of LCCU and the LCCU Group. Following the General Meeting of Members, the result for the reporting period is set aside for the reserve (in 2025, LCCU established a EUR 2,247 thousand reserve, increasing a total amount of the legal reserve to 7,970 thousand).

Financial assets revaluation reserve is created when securities held by a central credit union at fair value through other comprehensive income are revalued. As at 31 December 2025, financial assets revaluation reserve amounted to EUR 325 thousand (as at 31 December 2024, EUR 163 thousand). The increase in the price of energy resources due to the outbreak of Russia's military invasion in 2022 contributed to a higher inflation, which was controlled by raising interbank offered rates. This led to a decrease in the fair value of securities bearing lower interest rates, and a negative financial asset revaluation reserves was therefore created in 2023. In 2023, the interbank offered rates were further increased to contain inflation which continued to grow. In 2024, interbank offered rates started to fall, leading to an increase in both the fair value of lower-yielding long-term securities and the price of newer, higher-yielding securities. By 2025, interbank interest rates had stabilized and market expectations had normalized, leading to a corresponding decline in volatility in securities prices. This, combined with the approaching maturity of securities acquired earlier and the increasing share of higher coupon securities, contributed to a steady positive growth in the financial asset revaluation reserve.

A member of LCCU willing to terminate its membership with LCCU must submit a request to LCCU's Board at least two years before the intended termination. Upon termination of a member's membership with LCCU, the member will be refunded the amounts of member shares and other amounts related to its participation in the share capital of the LCCU only after assessing LCCU's financial condition and conclusion that such refunding will not jeopardise the stability and credibility of LCCU's operations. The value of redeemed member shares or part thereof are reduced proportionally by the amount of the accumulated losses incurred by LCCU in previous years and the operating result of the current year in which LCCU membership terminated. LCCU is required to notify immediately in written form the supervisory authority of its decision to make refund to a member that terminated its membership with LCCU and provide it with documents and data pertaining to the assessment of effects of such refund on the stability and credibility of LCCU's operations. The supervisory authority has a right to request LCCU in a written form to suspend the refund until the term indicated in the written request, which can be defined as a specific date or linked with occurrence (disappearance) of certain circumstances, provided there are grounds to conclude that such refund would jeopardise the stability and credibility of LCCU's operations.

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NOTE 28. RELATED PARTIES

LCCU's related parties are considered credit unions – members of LCCU, the Board and the Supervisory Council of LCCU, the Stabilization Fund Commission, and LCCU's management. In 2025 and 2024, 2 members were assigned to the management of LCCU:

	2025	2024
Management remuneration and related social security contributions	299	235
Management vacation accrual and related social security contributions	144	103
Total:	443	338
Management remuneration and social security contributions paid	299	235
Outstanding balance of liabilities to management	144	103
Balances of loans granted to management, including accrued interest	338	329

As at 31 December 2025, five loans were issued to the management (as at 31 December 2024, three loans). The interest rates on the loans were set in line with market conditions: weighted average interest rate stood at 4.09% as at 31 December 2025 (5.25% as at 31 December 2024). The loans are secured with residential real estate pledged as collateral.

The details of related-party transactions are given in the following notes to these financial statements:

Note 6 – interest on loans granted, other interest, deposits accepted and funds contributed to the liquidity facility;

Note 7 – commission income;

Note 8 – other income;

Note 14 – loans granted;

Note 20 – deposits accepted;

Note 22 – contributions to liquidity facility;

Note 27 – share capital, reserves and contributions to the Stabilization Fund.

Loans granted to/repaid by related parties and deposits accepted from/repaid to related parties (balances at 31 December or income/expenses during the year):

	2025	2024
Loans granted to related parties – credit unions	52,602	41,068
Term deposits accepted from related parties – credit unions	134,320	148,390
Demand deposits accepted from related parties – credit unions	76,004	76,233
Contributions to liquidity facility accepted from related parties – credit unions	9,341	8,090
Interest income from related parties – credit unions	1,731	3,112
Other income from related parties – credit unions	2,879	2,612
Related party services to LCCU	-	2

(All amounts in EUR thousand unless stated otherwise)

NOTE 29. COMPLIANCE WITH LAWS

In accordance with the requirements of the Bank of Lithuania, LCCU is required to comply with the ratios set for its capital adequacy, maximum exposure amount to a single borrower, large exposures and open foreign currency position. As at 31 December 2025 and 2024, LCCU complied with all the requirements.

NOTE 30. OFF-BALANCE SHEET COMMITMENTS

The Tax Authorities may at any time during three successive years after the end of the reporting tax year carry out the inspection of accounting records and impose additional taxes or fines. LCCU's management is not aware of any circumstances that might result in a potential material liability in this respect.

As at 31 December 2025, the amount of loans granted but not yet disbursed by the decision of LCCU's Board was EUR 24,608 thousand (as at 31 December 2024, EUR 14,883 thousand), of this amount, EUR 5,314 thousand represents loans approved by the Board, which, as of 31 December 2025, had not yet been concluded with clients, although the majority of these agreements were signed in 2026 prior to the financial statement's approval. As at 31 December 2025, LCCU had issued guarantees for EUR 6,797 thousand (2024: EUR 5,066 thousand). As at 31 December 2025, LCCU had issued EUR 4 million of loans to finance those affected by the COVID-19 pandemic through the instruments of ILTE UAB (EUR 6 million as at 31 December 2024), including related funds of EUR 154 thousand repaid by the customers (EUR 277 thousand as at 31 December 2024). As at 31 December 2025, LCCU had issued EUR 11 million of loans (as at 31 December 2024, EUR 15 million) to finance those affected by the war through the instruments of ILTE UAB (former ŽŪPGF), including related funds of EUR 623 thousand (as at 31 December 2024, EUR 696 thousand) repaid by the customers. These LCCU's loans are considered credit risk-free, therefore these loans and related funds are not recognised in the statement of financial position.

NOTE 31. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

There were no any events that could have a significant effect on these financial statements.