

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

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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 Combined Financial Statements

Opinion

We have audited the combined (consolidated) financial statements (financial statements) of Lithuanian Central Credit Union (the Union), its member credit unions and Stabilization Fund administrated by the Union (the Group), 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, the accompanying financial statements in all material respects are prepared in accordance with the accounting principles described in Note 2 to the financial statements.

Basis for opinion

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 (Regulation (EU) No 537/2014) 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 opinion.

Emphasis of the Matter

We draw your attention to Note 2 of the financial statements, which discloses the basis of preparation of the financial statements. These financial statements have been prepared in accordance with the requirements of the Law on Central Credit Unions of the Republic of Lithuanian and the Group's accounting policies. For this reason, these financial statements may not be an appropriate source of information for other purposes. Our opinion is not qualified due to this matter.

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.

Key audit matter

Impairment of loans and receivables from customers.

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 958,539 thousand, and the related expected credit losses amounted to EUR 18,653 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 customers 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 customers 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 customers 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 customers.

We performed analytical procedures over loans and receivables 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 customers with characteristics of audit interest and performed test of details to cover the allocation of loans and receivables to customers 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 customers 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.

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 accounting principles described in Note 2 to the financial statements, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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 financial statements for the period 2024-2026. Our appointment to carry out the audit of 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 'Opinion' is consistent with the additional report which we have submitted to the Group and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Group 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 GROUP'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	78,207	74,613
Interest expense calculated using the effective interest method	6	(30,151)	(25,729)
		48,056	48,884
Net interest income			
Fee and commission income	7	1,599	1,594
Fee and commission expense	7	(1,349)	(1,382)
		250	212
Net fee and commission income (expenses)			
Other income	8	1,630	1,608
Net result from securities transactions	9	231	225
Net result from foreign currency transactions	10	(3)	8
(Impairment) reversal of impairment of loans and other assets	11	(400)	(4,365)
Change in provisions	12	210	(100)
Payroll and related expenses		(24,104)	(21,937)
Depreciation of property, plant and equipment and right-of-use assets	19	(1,989)	(1,764)
Amortisation of intangible assets	20	(203)	(230)
Depreciation of investment property	21	(150)	(260)
Other operating expenses	14	(11,388)	(10,876)
		12,140	11,405
Profit (loss) before tax			
Income tax expense	13	(1,134)	(1,245)
		11,006	10,160
Net profit (loss)			
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		6	1,361
Change in expected credit loss		-	4
Reclassification to profit (loss)		309	(3)
Deferred income tax related to the above	13	(70)	(217)
Net profit (loss) on debt instruments at fair value through other comprehensive income		245	1,145
Other comprehensive income (loss) for the year, net of deferred income tax			
		245	1,145
Total comprehensive income			
		11,251	11,305

The accounting policies and notes on pages 13 to 70 form an integral part of these financial statements.

The financial statements set out on pages 7 to 70 were authorized on 10 April 2026.

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

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2025	31/12/2024
ASSETS			
Cash and cash equivalents held with central bank	15	49,247	114,702
Loans and advances from credit institutions	16	1,395	2,761
Loans and advances from other parties	17	939,886	800,536
From natural persons	17	510,864	471,020
From legal persons	17	429,022	329,516
Securities	18	223,344	161,099
At fair value through other comprehensive income	18	98,170	74,784
At amortized cost	18	117,399	81,228
At fair value through profit or loss	18	7,775	5,087
Property, plant and equipment	19	9,721	8,552
Right-of-use assets	19	2,142	1,776
Intangible assets	20	367	430
Investment property	21	2,869	2,788
Assets held for sale	22	2,337	2,465
Other assets	23	2,712	2,462
Deferred tax assets	13	461	592
Total assets		1,234,481	1,098,163
LIABILITIES			
Amounts due to credit and other financial institutions	24	184,191	148,358
Deposits from other parties	25	928,156	847,143
Deposits from natural persons	25	853,280	778,846
Deposits from legal persons	25	74,876	68,297
Subordinated liabilities	27	11,907	7,899
Income tax payable		416	455
Provisions	26	733	523
Other liabilities	28	8,308	6,556
Total liabilities		1,133,711	1,010,934
EQUITY			
Primary member shares	30	4,188	4,249
Additional sustainable member shares	30	49,850	47,488
Additional unsustainable member shares	30	436	537
Preference member shares	30	30	30
Repayable member shares	30	1,506	1,141
Reserve capital	30	193	81
Legal and other reserves	30	41,351	31,631
Financial asset revaluation reserve	30	511	265
Retained (loss) of previous reporting periods		(8,301)	(8,353)
Result for the reporting period		11,006	10,160
Total equity		100,770	87,229
Total liabilities and equity		1,234,481	1,098,163

The accounting policies and notes on pages 13 to 70 form an integral part of these financial statements.

The financial statements set out on pages 7 to 70 were authorized on 10 April 2026.

Head of Administration
Mindaugas Vijūnas

Head of Finance and Accounting
Eglė Balčiūnė

**LITHUANIAN CENTRAL CREDIT UNION GROUP'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 De- cember 2025	For the year ended 31 De- cember 2024
Operating activities			
Profit for the year		11,006	10,160
Allowance for expected credit losses		190	4,465
Interest income	6	(78,207)	(74,613)
Interest expense	6	30,151	25,729
Depreciation/amortisation and write-off of property, plant and equipment and intangible assets		2,342	2,254
Income tax expense	13	1,134	1,245
Total adjustments in operating activities		(44,390)	(40,920)
Changes in assets and liabilities used in operating activities			
(Increase) decrease in loans to credit unions	16	91	232
(Increase) decrease in loans granted to other parties		(139,456)	(79,666)
(Increase) decrease in other assets and other financial assets		(398)	226
(Increase) decrease in deposits of credit unions and financial institutions		23,763	62,971
Increase (decrease) in deposits of other parties		80,225	149,241
Increase (decrease) in other liabilities		505	(507)
Total changes in assets and liabilities used in operating activities		(35,270)	132,497
Interest received		76,702	73,193
Interest paid		(28,663)	(20,096)
Net cash flows from operating activities before income tax		(20,615)	154,834
Income tax paid		(760)	(1,304)
Net cash flows from operating activities		(21,375)	153,530
Investing activities			
Acquisition of property, plant and equipment and intangible assets	19,,20	(2,831)	(2,201)
Disposal of property, plant and equipment and intangible assets		87	231
Acquisition of investment property	21	(486)	(1,053)
Disposal of investment property		770	1,364
Acquisition of debt securities		(101,956)	(120,930)
Redemption of debt securities		44,283	61,494
Acquisition of equity securities		(2,251)	
Redemption of equity securities		105	475
Net cash flows used in investing activities		(62,279)	(60,620)
Financing activities			
Payments from members for primary member shares		203	239
Payments to members for primary member shares		(264)	(202)
Payments from members for additional member shares		7,674	3,846
Payments to members for additional member shares		(5,413)	(4,468)
Other loans repaid	29	(500)	-
Subordinated loans received	29	-	3,500
Subordinated loans repaid	29	-	(1,000)
Issue of subordinated bonds	29	4,000	-
Funds received from ILTE UAB	29	14,701	10,540
Funds repaid to ILTE UAB	29	(2,728)	(2,669)
Principal portion of the lease for right-of-use assets	19	(748)	(666)
Net cash flows from/used in financing activities		16,925	9,120
Increase (decrease) in cash and cash equivalents		(66,729)	102,030
Cash and cash equivalents at the beginning of the period		117,183	15,153
Cash and cash equivalents at the end of the period:		50,454	117,183
Cash on hand and balances in correspondent account with the Bank of Lithuania	15	49,247	114,702
Balances in correspondent accounts with banks	16	1,207	2,481
Non-cash transactions			
Acquisition of investment property (foreclosed assets)	21	(471)	(734)

The accounting policies and notes on pages 13 to 70 form an integral part of these financial statements.
The financial statements set out on pages 7 to 70 were authorized on 10 April 2026.

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

(All amounts in EUR thousand unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

		Share capital									
No- tes	Primary member shares	Additional sustaina- ble mem- ber shares	Additional unsustain- able mem- ber shares	Prefer- ence member shares	Repaya- ble mem- ber shares	Legal and other re- serves	Re- serve capi- tal	Financial assets re- valuation reserve	Retained earnings (deficit)	Total:	
Balance as at 31 December 2023	4,212	47,998	649	30	1,072	20,003	194	(880)	3,120	76,398	
Net profit (loss) for the period	-	-	-	-	-	-	-	-	10,160	10,160	
Other compre- hensive income	-	-	-	-	-	-	-	1,145	-	1,145	
Comprehensive income	-	-	-	-	-	-	-	1,145	10,160	11,305	
New member shares acquired by members	30 239	3,846	-	-	-	-	-	-	-	4,085	
Member shares refunded to members	30 (202)	(4,356)	(112)	-	69	-	42	-	-	(4,559)	
Coverage of re- tained deficit	30 -	-	-	-	-	-	(155)	-	155	-	
Transfer to re- serves	30 -	-	-	-	-	11,628	-	-	(11,628)	-	
Balance as at 31 December 2024	4,249	47,488	537	30	1,141	31,631	81	265	1,807	87,229	
Net profit (loss) for the period	-	-	-	-	-	-	-	-	11,006	11,006	
Other compre- hensive income	-	-	-	-	-	-	-	246	-	246	
Comprehensive income	-	-	-	-	-	-	-	246	11,006	11,252	
New member shares acquired by members	30 203	7,674	-	-	-	-	2	-	-	7,879	
Member shares refunded to members	30 (264)	(5,312)	(101)	-	365	-	(36)	-	-	(5,348)	
Other	30 -	-	-	-	-	(242)	-	-	-	(242)	
Coverage of re- tained deficit	30 -	-	-	-	-	(507)	(51)	-	558	-	
Transfer to re- serves	30 -	-	-	-	-	10,469	197	-	(10,666)	-	
Balance as at 31 December 2025	4,188	49,850	436	30	1,506	41,351	193	511	2,705	100,770	

The accounting policies and notes on pages 13 to 70 form an integral part of these financial statements.

The financial statements set out on pages 7 to 70 were authorized on 10 April 2026.

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

(All amounts in EUR thousand unless stated otherwise)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. 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 former Lithuanian Law on Central Credit Union. LCCU started its principal activities on 2 December 2002. LCCU is based at Savanorių ave. 363B-201, Kaunas.

The group of the Lithuanian Central Credit Union (hereinafter "the Group"), whose special purpose combined (consolidated) financial statements (hereinafter "financial statements") are presented here, consists of LCCU, its member credit unions and the stabilization fund administered by LCCU (hereinafter "the Group members", "the Group entities").

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. Taurus Credit Union (former Kaunas Region Credit Union)
25. Tikroji Viltis 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
38. Tikslas Credit Union
39. Trakai Credit Union
40. Ukmergės Farmers Credit Union
41. Utena Credit Union
42. Vilkaviškis Credit Union
43. Vilnius Credit Union
44. Vytauto Didžiojo Credit Union

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

(All amounts in EUR thousand unless stated otherwise)

Stabilization Fund

Stabilization Fund is a fund managed by LCCU to ensure the solvency of the members of the Group, which consists of funds paid by the members of the Group and other assets. Stabilization Fund is not a legal person, it is administrated and managed by LCCU. 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's and its members' total 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. The Group members have to make periodic 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 additional contributions is calculated considering the Group's and its members' assets and business risk. LCCU sets business risks criteria for the Group members. The Group members' periodical and annual contributions to Stabilization Fund are the expenses of LCCU and its members. Periodical contributions are not refundable. If additional contributions to Stabilization Fund are lent and returned to the fund, then additional contributions proportionally to additional instalments made are repaid to the Group's members. 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 of certain union's 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 LCCU's Procedure for the Formation and Utilization of 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 operates under the Lithuanian Law on Central Credit Unions. LCCU is a credit institution organized on cooperative 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.

Each credit union in the Group is a credit institution, which meets the economic and social needs of its members and has a license to engage in and is engaged in accepting deposits and other repayable funds from non-professional markets participants, as well as has the rights to engage in the provision of other financial services specified in the Law on Credit Unions of the Republic of Lithuania to the persons specified by the Law and take the related risks and responsibility. The legal form of the credit union, as a legal entity, is a cooperative company. The credit union follows the Civil Code of the Republic of Lithuania, the Law on Credit Unions of the Republic of Lithuania, the Law on Financial Institutions of the Republic of Lithuania, the Law of the Republic of Lithuania on Cooperative Societies and other laws, legislation adopted by the supervisory authority and its Articles of Association.

Members of a credit union are natural persons who meet the criteria set out in the Law on Central Credit Unions. Associate members of a credit union may be any legal entity registered in the Republic of Lithuania with registered office in the territory of the municipality of the Republic of Lithuania, where the credit union's registered office is located, and in the territories of other municipalities, which share borders this municipality, as specified the articles of association of the credit union.

The information about the members of the credit unions is provided below:

	31/12/2025		31/12/2024	
	Members	Associate members	Members	Associate members
Natural persons	122,261	-	121,568	-
Legal persons	-	7,579	-	7,015

As at the end of the reporting period, the Group had 598 employees (as at 31 December 2024, 588 employees).

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

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NOTE 2. 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 combined (consolidated) financial statements of the Group are prepared in accordance with the requirements of the Law on Central Credit Unions of the Republic of Lithuania to prepare such financial statements and by the Resolution No 03-116 of the Board of the Bank of Lithuania of 13 July 2017 on the Approval of the Description of the Requirements for the Combined (Consolidated) Financial Statements and Supervisory Reporting of Central Credit Unions. In light of these requirements, the special purpose financial statements of the Group have been prepared in accordance with the Group's accounting policies, as set out in these financial statements below.

LCCU also prepares separate financial statements in accordance with IFRS accounting standards as adopted by the EU, which are published under the Law on Central Credit Unions, as adopted by the Republic of Lithuania, on website www.lcku.lt.

Financial statements are prepared under the historical cost basis, except for financial assets stated at fair value.

The financial statements are prepared on a going concern basis.

The amounts in these financial statements are presented in EUR, which is the functional and presentation currency of the Group.

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

COMBINATION (CONSOLIDATION) OF THE GROUP'S FINANCIAL STATEMENTS

The combined (consolidated) financial statements of the Group use the financial information of the entities within the Group for the same reporting period (the separate financial statements of each member of the Group).

Operating results and balance-sheet items of each credit union member are included in the combined (consolidated) financial statements from the day the credit union becomes the Group member. If a credit union withdraws from the Group, its operating results and balance-sheet items are included in the combined (consolidated) financial statements until the date of withdrawal.

When a new member joins, all information is transferred to the Group's systems. The balance-sheet items of a new member are aggregated in accordance with the principles and rules set out in the following note. Credit unions comply with the requirements of the Lithuanian Financial Reporting Standards applicable in the Republic of Lithuania, therefore, their financial information is restated to comply with the accounting principles applied by the Group, as set out below in these financial statements. A new member's assets and liabilities recognised and measured at carrying amount before the admission are reflected in the combined (consolidated) financial statements of the Group. Any retained earnings (loss) generated (incurred) before the admission are reported under the Groups reserve capital. Any differences arising from the following recalculations are reported under retained earnings (loss). The share capital of a new member is added to the Group's share capital. Cash balances of a new member of the Group accounted for at the date of admission are reported in the statement of cash flows under financing activities. Assets and liabilities of a new member are disclosed in the movement tables presented in the notes to the financial statements as increase admission of a new member.

The borrowers' financial position and collaterals of a new member of the Group are not re-assessed as at the date of admission. The adjustment to the assessment of ECLs on loan portfolio as at the date of admission is made in accordance with the requirements analogical to those in IFRS 9 Financial Instruments using the most recent available assessment of the borrowers' financial position and collaterals of the newly admitted credit union made before the date of admission. The ECLs assessment as at the date of admission is based on the loan stages described the section of accounting policy "Impairment of financial assets", applicable as at the date of admission, taking into account the increased risk since the loan issuance date. For this reason, the stages of loans assessed at the date of admission range from Stage 1 (credit risk has not increased significantly from the loan issue date) to Stage 3 (the loan is impaired).

At the time of preparation of the combined (consolidated) financial statements, all the balance sheet, profit and loss items of the individual credit unions, LCCU and the stabilization fund are aggregated. The aggregation of items is conducted by eliminating the intercompany transactions and balances between Group entities:

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- Eliminating the value of the equity capital of LCCU and of each credit union's investment in the equity capital of the LCCU, including the amount of related special provisions for the shares of LCCU, recorded in separate credit unions;
- Eliminating income of the Stabilization Fund and the expenses of each credit union in paying contributions to the Fund, the contributions to the Stabilization Fund for prior periods are eliminated from the retained earnings (only current contributions to the Stabilization Fund are eliminated for current period);
- Eliminating payments from and/or subordinated loans granted by the Stabilization Fund and, respectively, credit union's components of equity and/or loans payable;
- Eliminating the intercompany loans and prepayments (including accrued interest), current accounts and term deposits (including accrued interest), other assets and other liabilities, liquidity reserve accounts;
- The funding to those affected by COVID-19 and war are eliminated and, given that the Group has undertaken a liability to pay all received cash flows to a third party based on related contracts without significant overdue and that the Group 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 the Group's statement of financial position.
- Eliminating intergroup income and expenses (interest income and expenses, commissions, other income and expenses);
- If a particular item (account) is used solely for the purpose of representing intercompany transactions or balances, these amounts are eliminated.

All other balance sheet, profit and loss items are also reviewed to identify the possible amounts of any intercompany transactions and balances that should be eliminated.

Credit unions comply with the requirements of the Lithuanian Financial Reporting Standards applicable in the Republic of Lithuania, therefore, their financial information is restated to comply with the accounting principles applied by the Group, as set out below in these financial statements.

When restating financial information, it is important to consider that the amounts being restated correspond to the reporting period for which the financial statements are being prepared, the items of profit or loss would reflect the economic activities of the reporting period or the restated results.

The summary of restatements (or non-restatements) made to the financial information of credit unions to comply with the Group accounting policy described below, are as follows:

- The cash items of the members of the Group are not restated, considering that there are no differences in the accounting principles applied by the members of the Group and the Group in this area.
- Cash balances in current accounts and term deposits held in other credit institutions are not restated after making sure that the interest is accrued at the effective interest rate, and the expected credit loss is measured in accordance with the requirements analogical to those in IFRS 9, Financial Instruments.
- Equity and debt investments are restated due to the following matters:
 - o Proper classification of equity and debt investments in accordance with the requirements analogical to those in IFRS 9, Financial Instruments;
 - o Appropriate subsequent measurement to a revised classification under the requirements analogical to those in IFRS 9, Financial Instruments. Adjustments are made accordingly by transferring the gain (loss) to the revaluation reserve and/or any other adjustments required. Restatements are also made for the presentation of expected credit losses under the requirements analogical to those in IFRS 9, Financial Instruments;
 - o It is assured that the market value of securities when measured at fair value is determined in accordance with the Group's Accounting Policy;
 - o Assets that are measured at amortized cost are accounted for in accordance with the requirements analogical to those in IFRS 9, Financial Instruments;
 - o Securities adjustments are made for each securities position held by an individual member of the Group.

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- Loans (granted or purchased) and prepayments are restated for:
 - o Appropriate classification in accordance with the requirements analogical to those in IFRS 9, Financial Instruments (and, accordingly, whether amortized cost is measured correctly);
 - o Appropriate subsequent assessment on the application of the effective interest rate method under reviewed classification in accordance with the requirements analogical to those in IFRS 9, Financial Instruments;
 - o The Group's expected credit losses are measured in accordance with the requirements analogical to those in IFRS 9, Financial Instruments.
 - o Loan portfolio adjustments listed above are made on a combined (consolidated) level rather than on an individual level for the Group members.
- Property, plant and equipment and intangible assets are restated due to:
 - o Timing or method that do not match the Group's accounting policies for depreciation or amortisation;
 - o Impairment, if any, determined but not recognized;
 - o Classification: reviewing the existence of significant leased assets to third parties, where such assets should be classified as investment property in Group's financial statements.
- Foreclosed assets are restated by reviewing the appropriateness of their valuation principles within the Group and the appropriateness of its classification, depending on the nature and objectives of the repossessed assets.
- Deferred tax assets and liabilities are not usually restated if they are calculated by an individual member of the Group, unless differences are identified or arise from other restatements. If a member of the Group does not restate deferred tax assets or liabilities (it is permitted not to calculate/recognize deferred taxes under the provisions of the Lithuanian Financial Reporting Standards, depending on the size of the credit union's assets), such restatement is performed at the time of preparing the combined (consolidated) financial statements. The Group also assesses the need for impairment of deferred tax assets previously recognized or initially calculated within the Group, depending on their realisation.
- Other assets and other liabilities are restated if there is a discrepancy between the Group's accounting policies and the financial statements of the individual members of the Group (other assets are also subject to the expected credit losses if they are subject to the requirements analogical to those in IFRS 9, Financial Instruments). In any event, no restatement is made for such items if the amounts and the effect of the restatement would be insignificant.
- Items related to current taxes (current accounting period income tax) are not restated.
- Items of accepted term deposits and current accounts shall not be restated if it is assured that the interest is accrued correctly and there are no other possible discrepancies.
- Items of loans received are not restated if they are subject to an effective interest rate application (and there are no other reasons for restatement under the terms of existing contracts).
- Accruals (including vacation reserve) are not restated, but care is taken to ensure that all accruals are accounted for.
- Equity items are not restated but are reasonably assured of fair presentation in the Group's financial statements. State owned shares in LCCU are accounted for in the Group's equity as member shares.
- Interest income and interest expenses are restated due to the application of the effective interest rate method of accounting. The restatement is performed by segmenting the portfolio if it is not possible to measure the impact on the individual financial instrument.
- Gain or loss on securities is restated according to the above debt and equity restatement, as described above.
- Commission income and expenses are not restated but reviewed for proper recognition and classification in accordance with the Group's accounting policies.
- Operating expenses, other income and expenses are not restated, unless the need is established for individual credit unions or arises from recalculations of other items.
- All types of revenue are additionally assessed for the need of further significant adjustments according to adoption of the requirements analogical to those in IFRS 15, Revenue from Contracts with Customers.
- The lease expenses incurred by the Group members are additionally restated by recognising the right-of-use assets and associated liabilities respectively (as well as interest expenses and depreciation).

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The preparation of the combined (consolidated) financial statements of the Group also requires the Group to make significant accounting estimates in accordance with the Group accounting policies to ensure that they are properly accounted for and disclosed in the Group's financial statements.

No adjustments are made if the amounts are insignificant to the Group's financial statements, or the estimated effect of the restatement is not significant (would not materially affect the Group's financial statements). Restatements are not carried out for items that are eliminated in a consolidation (and therefore would not have any impact on the Group's financial statements).

In addition to the aforementioned restatements, combining financial statements includes additional consolidation entries that are made related to the preparation of the Group's financial statements in accordance with the Group's accounting policies (not related to the restatement of financial information provided by individual members of the Group, but to group-wide double entries or significant accounting estimates under the Group's accounting policies).

After combining all similar items of assets, liabilities and equity of the Group members, similar amounts of income and expenses of the Group members, after eliminating intercompany transactions and balances in the consolidation, restating the financial information of Group members and performing other consolidation entries at the Group level, the Group's statement of financial position and statement of comprehensive income are prepared. Following the steps described above, the combined (consolidated) statements of cash flows and changes in equity are also prepared in the same way.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are accounted for using the official exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into a local currency are recognized in the statement of comprehensive income. Foreign currency balances at the year-end are translated using the exchange rate prevailing at the year-end.

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 (until the next revaluation) to the net carrying amount of the financial asset or financial liability. EIR (including cost of amortized 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 and similar income and expenses

For gross carrying amount calculation, the Group calculates interest income by applying EIR on financial assets, except assets that are fully impaired.

When financial assets are impaired and therefore are considered as of Stage 3 financial assets (see explanation below), the Group calculates interest income by applying EIR on the value of financial assets measured at net amortized cost. If financial assets return to a performing status and are no longer credit impaired, the Group reverts to interest income calculation from the gross carrying amount.

For purchased or originated credit impaired financial assets (POCI), the Group 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.

Negative earnings

Negative interest on financial assets is recognized as interest expense, and negative interest on financial liabilities is recognized as interest income.

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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.

INCOME TAX

In line with the Law on Corporate Income Tax of the Republic of Lithuania, as of 1 January 2025, the standard corporate tax rate for entities registered in the Republic of Lithuania is 16%. As of 1 January 2026, the income tax rate is 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 profit earned during the reporting year by maximum 70% if the standard corporate income tax rate is applied. 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 profit earned by individual members of the Group, LCCU calculates an additional 5% income tax rate, and other Group's entities will continue to be subject to 16% rate, as defined in the Law on Corporate Income Tax of the Republic of Lithuania. The Group's deferred tax asset and liability were measured using a standard corporate tax rate of 17%, effective as of 1 January 2026.

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. 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 assets relating to the revaluation of available-for-sale securities at fair value through other comprehensive income are also reported 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, Group was not subject to the payment of the solidarity contribution.

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CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent amounts with maturity of 3 months or less from the date of their acquisition or repayable on demand. As at 31 December 2025 and 2024, cash and cash equivalents comprise cash on hand and cash balances in the correspondent accounts with the Bank of Lithuania and commercial banks, accounted for under "Cash and cash equivalents held with central bank".

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 prepayments from customers and liabilities to customers, are initially recognized at settlement date. Loans and advances from customers are recognized when funds are transferred to customers' accounts. Liabilities to customers are recognized when funds are transferred to the Group.

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, the Group 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

The Group classifies all financial assets according to 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.

The Group classifies and measures derivatives and investments in collective investment undertakings at fair value through profit or loss. The Group 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

The Group 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; and
- 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

The Group determines its business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Group'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 realised in a way that differs from the Group's initial expectations, the Group 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, the Group 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

Under the requirements analogical to those in IFRS 9, the Group classifies its financial assets as debt financial instruments carried at fair value through other comprehensive income, when both mentioned below 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 the Group has more than one investment into same investment security, it is considered that investment acquired earlier is realised 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.

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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. Cash flows from interest on financial liabilities are considered operating activities.

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.

Financial assets and liabilities carried at fair value through profit or loss are recognized at fair value in the statement of financial position. Changes in fair value are accounted in profit or loss, except for changes in fair value of liabilities recognized at fair value through profit or loss, due to changes in the Group's credit risk. Such changes are recognized through other comprehensive income and later are not reclassified to profit or loss. Interest, received or paid on instruments measured at fair value through profit or loss, are accumulated and recognized as interest income or interest expenses, respectively, in the statement of comprehensive income using effective interest rate and considering all discounts/premiums and transaction expenses under IFRS 9 requirements, which are an integral part of the instrument. Dividend income from equity instruments measured at fair value through profit or loss is recognized in income when right to dividends is acquired.

Guarantees and loan commitments

The Group grants guarantees and loan commitments.

The guarantee represents a guarantee letter issued by LCCU or a credit union, a member of the Group, by which it unilaterally undertakes to pay the specified amount to the beneficiary of the guarantee if the person against whom the 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.

Lending obligations are obligations whereby the Group is obliged to grant a loan on terms and conditions to the customer.

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

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

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Derecognition of financial assets and liabilities

(a) Derecognition due to material changes in contractual terms

The Group 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 Stage 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).

In assessing whether to derecognise a loan, the Group considers, *inter alia*, the following factors:

- Changes in loan currency;
- Indication of equity signs;
- 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, the Group 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.

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

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay (amount of the guarantee). Gain (loss) on disposal of financial assets is recognised on other income.

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.

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Impairment of financial assets

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12 month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the debtor is past due more than 90 days on its credit obligations;
- the debtor is assessed as unlikely to pay its credit obligations.

This definition of default is used by the Group for accounting and internal credit risk management purposes and is broadly consistent with the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example, in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit-impaired financial assets, default is evidence that an asset is credit impaired. Therefore all assets are considered credit impaired if they meet the definition of default. However, the definition of credit-impaired assets is broader and covers not only cases of default but also other instances where a significant impairment is identified. In such cases, a broader definition of default is used.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probabilities of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has increased. For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

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The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models once they arise. However, the Group still considers separately additional qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in Stage 2 of the impairment mode, i.e. the loss allowance is measured as the lifetime ECL. As noted, if there is adequate documentary evidence of credit impairment, the assets are moved to Stage 3 of the impairment model.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in reversal of impairment, which will be presented in 'net impairment loss on financial assets' in the statement of profit or loss.

Summary of expected credit losses (ECL) valuation principles

The Group measures and accounts for expected credit losses on all loans and other debt instruments (hereinafter "the financial instruments"), including loan commitments that are not measured at fair value through profit or loss. Under IFRS 9, equity instruments are not subject to valuation of expected credit losses. Expected credit losses on loan commitments and guarantees are accounted for as provisions.

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.

12-month ECL are the expected credit losses that result from default events that are possible within 12 months after 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 financial assets measured on a collective basis are explained below. At the end of each reporting period, it is considered if the 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, the Group 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, the Group recognises 12-month ECL. Loans with improved credit risk and which were transferred from Stage 2 are also considered to be Stage 1.

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- Stage 2: If loan's credit risk has increased significantly after initial recognition, the Group records a lifetime ECL. Loans with impaired credit risk and which were transferred from Stage 3 are also considered to be Stage 2.
- Stage 3: Loans considered credit-impaired. The Group 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.

If the Group 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

The Group calculates expected credit losses based on probability weighted scenarios, in order to evaluate expected shortfalls 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 the Group 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 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, the Group 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 the Group 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%).

When calculating ECL in 2024, unlike in 2025, an additional factor was taken into account that may have an adverse effect on the payment status of customers and higher expected credit loss. 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 customers of the LCCU Group. 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 individual 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 raising specific loss allowances on collective basis, rather than assigning individual items to Stage 2 of impairment.

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The changes contributed to a more accurate and realistic assessment of expected credit losses; however, individually they did not have a material impact on ECL as at 31 December 2025.

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

- For loans at 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 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

The Group lending positions can be assessed on individual or collective basis:

- Individual ECL assessment – ECL valuation method, when ECL is set individually for each lending position and is based on expected credit repayment 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 officially available *S&P Global Ratings*.

The individual assessment generally applies to significant lending positions (exceeding 1.5–2% of the LCCU Group's/LCCU's recalculated capital) and to all lending positions for 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. In the Group, ECLs for debt instruments measured at fair value through other comprehensive income both in 2025 and 2024 were insignificant (less than EUR 25 thousand).

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).

Instruments of revolving credit

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

Valuation of whether credit risk of revolving credit instrument has significantly increased is performed constantly. 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. Calculation of expected credit losses, including calculation of expected maturity and discount rate, is performed on individual basis, considering that, in the Group case, most of revolving credits are granted to other credit institutions.

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Except for instruments of revolving credits, maximum period for expected credit loss is financial instrument's validity period, unless the Group has a legal right to retrieve it earlier. The Group assesses the ECLs by taking into account the default risk over the maximum contractual period of the financial asset. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities, which include both a loan and an undrawn commitment component and the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial instruments, the Group measures ECLs over the period that the Group is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. In deciding on the period over which the Group is exposed to credit risk before taking credit risk mitigating actions, the Group shall take into account the period since the significant increase in credit risk and the defaults on similar assets, as well as the credit risk management actions that the Group would normally take in response to changes in credit risk indicators.

Forward looking information

In its expected credit loss models, the Group 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 the LCCU Group's 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, the Group observes said factual parameters together with the Bank of Lithuania forecasts 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, Group 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 foreclosed) is not recognized on the Group'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 on various Group's collaterals are described in the section "Credit Risk Management" below.

For assessment of financial asset used as collateral, the Group uses data of an active market when possible. 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 appraisers) data, internal valuations of the Group or based on housing price index.

Foreclosed assets

The Group's policy is to determine whether a foreclosed assets 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 amount 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). Assets may also be accounted for as investment property or inventories if they meet the definitions of investment property or inventories. All assets foreclosed by the Group are accounted for as investment property, and, if the assets are expected to be sold within the reporting year, as held for sale. The value of investment property is reduced by the amount of accumulated depreciation. An equal amount of depreciation expenses is recognized in each month, starting from the repossession date. The depreciation period is 25 years.

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Financial assets write-off

Financial assets are written-off fully or partially, only when Group does not expect to recover any asset-related funds and respectively has stopped property retrieval process. If written-off amount is larger than expected credit loss, the difference is treated as additional impairment loss deducted from the gross carrying value. Any other recoveries of financial assets are credited to impairment expenses in the statement of comprehensive income.

Forborne and restructured loans

Under certain circumstances, the Group 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.

The Group 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. Group's policy is to properly observe 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.

Where a loan has been renegotiated or modified but is not derecognised, the Group also reassesses whether the credit risk has materially increased. The Group also considers whether such loan should be classified as Stage 3 financial assets. 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 stage.

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. Depreciation is calculated using the straight-line method. The estimated useful lives of tangible fixed assets are as follows: 25 years for buildings, 6-10 years for cars, 6 years for furniture, 3 years for computer hardware, 8-15 years for installations and structures, 5-8 years for plant and machinery, and 4 years for other property, plant and 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 the Group and the cost of the item can be measured reliably.

INTANGIBLE ASSETS

Intangible assets are recorded at cost, less subsequent accumulated amortization and impairment. Amortization is calculated on a straight-line basis over the estimated useful life of 3 to 5 years.

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. Intangible assets are reviewed for impairment when-ever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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The cost of an intangible asset internally generated by the Group is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. Development costs directly attributable to the creation and testing of unique computer software controlled by LCCU are recognized as intangible assets only when LCCU has reliable evidence that:

- it is technically possible to complete the production (development) of intangible assets, which could be put into use;
- it has technical capacities, financial and other resources necessary to complete development works;
- it intends to finish the production (development) of intangible assets and put it into use or sell it;
- it is able to use or sell intangible assets;
- it can prove that intangible assets will provide economic benefits to the Group in future periods;
- it can make a reliable estimate of expenses associated with the production (development) of intangible assets.

Cost of the production (development) of computer software includes wages and salaries of employees directly involved in the production (development) process and the related taxes and other expenses directly related to the production (development) of computer software, if the assets meet all the above conditions.

Maintenance and other development costs that are not attributed to the cost of computer software produced (developed) by the Company are recognized as an expenses in the period during which it was incurred. Costs expensed in previous financial periods cannot be subsequently adjusted and included in the cost of computer software production (development).

Investment property

The Group's investment assets mostly consists of foreclosed assets with no clearly defined future use, as well as assets leased by Group members to third parties. The Group uses a cost model for valuation. Investment property is accounted for at acquisition (repossession) cost, less accumulated depreciation and impairment. Depreciation of investment property is charged on all foreclosed assets. Further information is provided for in Note 21.

Depreciation costs are recognized on a straight-line basis over the useful life of the asset on a monthly basis. The depreciation period applied to investment property is 25 years.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of derecognition.

Transfers to investment property are only made when there is a change in use: end of owner-occupation, commencement of an operating lease to another party or end of construction. For a transfer from investment property, the asset is carried at its carrying amount on the date of the change of use.

ASSETS HELD FOR SALE

Non-current assets classified as held for sale are carried lower of its carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale when their carrying amounts are recovered through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification. The Group's assets held for sale consist of items that are expected to be sold within the next year. These are foreclosed collateral for the loans granted, and the Group's primary objective is to sell these foreclosed assets in the short term. The assets held for sale is broken down into land, buildings and equipment. For more details on the Group's assets held for sale, see Note 22.

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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).

LEASE

The Group is a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The useful life of the assets is 2 to 10 years.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The useful life in 2025 and 2024 ranges from 2 to 10 years depending on the lease term.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the estimates of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are accounted for under the caption "Other liabilities".

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Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of vehicles (i.e. lease contracts with a lease term of less than 12 months from the commencement date and that do not include a purchase option). The Group also applies the low-value asset lease exemption to leases of various office equipment that are considered to be low value. The monthly lease payment for low-value assets is up to EUR 500. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term, presented in the statement of comprehensive income under "Other operating expenses".

The Group is a lessor

At inception of a contract, the Group, as a lessor, determines whether the lease is a finance lease or an operating lease. If the Group determines that the lease transfers substantially all of the risks and rewards of ownership of the underlying asset, the lease is a finance lease. Leases in which the Group do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments are accounted for on a straight-line basis over the lease term and recognized in the statement of comprehensive income under "Rent of premises, uncompensated use". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent payments are recognized as revenue in the period in which they are earned.

EMPLOYEE BENEFITS: PROVISIONS FOR RETIREMENT BENEFITS

In accordance with the requirements of the Labour Code of the Republic of Lithuania, each employee leaving the Group after reaching retirement age is entitled to a one-off payment of 2 months' salary allowance.

The past service costs are recognized as expenses in the statement of comprehensive income as incurred. Previously incurred service costs are recognized as expenses on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of changes in terms of benefits (curtailment or settlement) are recognized in the statement of comprehensive income as incurred.

The cost of the liability for current employees is recognized as expenses immediately in the statement of comprehensive income. Remeasurements, consisting of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The liability is accounted for in the statement of financial position and reflects the present value of those benefits at the date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits.

If significant, provisions for retirement benefits are recognized as provisions in the statement of financial position.

EQUITY

State owned LCCU member shares

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 the Group's equity as member shares. Service costs paid for State capital assistance are recognised on an accrual basis as interest and other similar costs. Further information is provided for in Note 30.

Repayable member shares

The repayable member shares are recorded in equity until they are actually repaid to the members of the credit union. Further information is provided for in Note 30.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements 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.

The Group 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.

(a) Impairment of financial assets (expected credit losses)

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 stage of impairment. The Group's 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;
- 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 lifetime or 12-month expected credit losses.
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and GDP, house pricing index and the effect on PDs 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.

(b) Deferred tax asset

In the financial statements, management has recognized deferred tax assets, because management estimates that they will be realized due to the unlimited loss carry forward period under the Income Tax Act, the continuing unlimited activity of the Group and the expected future profitability of the Group. The use of deferred tax assets is based on taxable profit forecasts.

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

Since 2022, while representing a consortium of credit unions, the Group participated in the implementation of the COVID-19 targeted financial measures of ILTE UAB as a financial intermediary. As at 31 December 2025, the Group 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, the Group'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). From 2022, while representing a consortium of credit unions, the Group participated as financial intermediary in the implementation of the targeted financial measures ILTE UAB for those affected by war. As at 31 December 2025, the Group 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 the Group has undertaken a liability to pay all received cash flows to a third party based on related contracts without significant overdue and that the Group 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 the Group's statement of financial position.

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CONTINGENCIES

Contingent liabilities are not recognized in the financial statements but disclosed unless it is unlikely that an economic benefit will be lost. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period that provide additional information about the Group's position at the date of the statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

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NOTE 3. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price which would be received for the sale of an asset or liability transfer in an 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 the Group.

Fair values of financial liabilities and financial assets carried at amortized cost (except for securities at amortized cost), loans and prepayments from third parties do not significantly differ from their carrying amounts since interest rates approximate to or do not differ significantly from market interest rates. Fair value indicates a discounted value of expected future cash flows. Expected cash flows are discounted using estimated weighted interest rates for individual financial asset portfolios at the reporting date, and thus determine the fair value of the financial assets and liabilities.

Fair value of securities carried at fair value is determined by reference to quoted market prices or interbank quotes. These securities are considered to have quoted market prices. For securities held at amortized 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. In 2025 and 2024, the Group had no reclassifications of financial instruments from one level to another.

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash and cash equivalents held with central bank	49,247	49,247	114,702	114,702
Loans and advances from credit institutions	1,395	1,395	2,761	2,761
Balances in correspondent and deposit accounts with the banks	1,207	1,207	2,481	2,481
Loans to credit unions	188	188	280	280
Loans and advances from other parties	939,886	928,885	800,536	817,633
Securities	223,344	223,959	161,099	160,791
At fair value through comprehensive income	98,170	98,170	74,784	74,784
At amortized cost	117,399	118,014	81,228	80,920
At fair value through profit or loss	7,775	7,775	5,087	5,087
As at 31 December	1,213,872	1,203,486	1,079,098	1,095,887

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Amounts due to credit and other financial institutions	184,191	184,191	148,358	148,358
Deposits for other parties	928,156	929,447	847,143	854,950
Deposits for natural persons	853,280	854,488	778,846	786,263
Deposits for legal persons	74,876	74,959	68,297	68,687
Subordinated liabilities	11,907	11,907	7,899	7,899
Other financial liabilities	4,909	2,911	4,104	2,429
As at 31 December	1,129,163	1,128,456	1,007,504	1,013,636

As at 31 December 2025 and 2024, the Group's assets measured at fair value were debt securities at fair value through other comprehensive income and equity securities of collective investment undertakings at fair value through profit or loss. As at 31 December 2025 and 2024, the Group had no liabilities carried at fair value.

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The Group's investment risk in debt securities is managed by limiting the proportion of debt securities in the balance sheet, the structure and modified maturity of debt securities at fair value through other comprehensive income and securities at amortized cost, the maturity of debt securities, setting limits for possible losses due to unfavourable changes in interest rates, setting restrictions on LCCU investments by credit rating groups and groups of debt securities issuer countries, and restrictions on single issuer debt securities. VaR is used to estimate the risk of potential debt securities losses due to fluctuations in market prices (over a period of time with a certain level of confidence).

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 to measure 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.
Assets held for sale	Market comparison approach - comparable sales data.
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 investment 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 were measured according to the information published by the issuer using Level 3 inputs.

As at 31 December 2025, the carrying amount of the assets held for sale measured at fair value was lower than the fair value less cost to sell.

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The level of inputs used in the measurement of fair value is indicated in the table below.

	2025			2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets:						
Cash and cash equivalents held with central bank	49,247	-	-	114,702	-	-
Loans and advances from credit institutions	1,207	-	188	2,481	-	280
Balances in correspondent and deposit accounts with the banks	1,207	-	-	2,481	-	-
Loans to credit unions	-	-	188	-	-	280
Loans and advances from other parties	-	-	928,885	-	-	817,633
Securities	216,184	-	7,775	155,704	-	5,087
At fair value through other comprehensive income*	98,170	-	-	74,784	-	-
At amortized cost	118,014	-	-	80,920	-	-
At fair value through profit or loss	-	-	7,775	-	-	5,087
As at 31 December	266,638	-	936,848	272,887	-	823,000
Financial liabilities:						
Amounts due to credit and other financial institutions	-	-	184,191	-	-	148,358
Deposits	-	-	929,447	-	-	854,950
Subordinated liabilities	-	-	11,907	-	-	7,899
Other financial liabilities	-	-	2,911	-	-	2,429
As at 31 December	-	-	1,128,456	-	-	1,013,636

* No transfers occurred for securities measured at fair value through other comprehensive income.

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NOTE 4. FINANCIAL RISK MANAGEMENT

In order to properly manage the operational risks of the Group, the Group follows the LCCU's Group Risk Management Policy approved by the LCCU's Supervisory Board, which is followed by LCCU and all LCCU member credit unions. The main purpose of Group's risk management is to identify, assess, limit and control various types of risk as the Group expands and pursues its strategic goals. The overall acceptable risk level and risk management limits of Group are set by the LCCU's Supervisory Board. The LCCU's Board is responsible for implementing the Group Risk Management Strategy, and for developing, implementing and improving the system and procedures for identifying, assessing, monitoring and controlling the risks faced by the Group.

LCCU and its member credit unions follow the same risk management standards and principles. The Group's risk management is based on risk identification, risk quantification, internal limits, indicators and standards by individual risk lines, lines of business, products, economic sectors, proposing measures to manage risk, control and monitoring, reporting. The managements of LCCU and credit unions are responsible for adhering to the risk management policy principles and all the Group employees are guided by these principles in their daily functions. Each member of the Group assumes full responsibility for the risks arising from its activities and decisions are made in accordance with the unified internal documents prepared by LCCU and approved by the LCCU's Board. The Boards of LCCU and credit unions, taking into account the Group risk management limits set in the LCCU's Group Operational Risk Strategy, approve the maximum risk limits for individual risk types, above which risk management measures are set. The management and assessment of individual risks is governed by LCCU, the credit union management and valuation policies, procedures that help identify, measure and limit the risks taken by setting internal limits, indicators and standards, implementing control procedures, and controlling compliance with the limits. LCCU reviews risk management policies and systems on a regular basis, at least once a year, in the light of market developments, new products, regulatory requirements and best practices.

The main goal of the strategy is the successful continued operation of the Group with the additional condition of maintaining an adequate level of capital and liquidity of the Group, and therefore the Capital Adequacy Assessment Process (ICAAP) and the Liquidity Adequacy Assessment Process (ILAAP) are an integral part of the Group's management and decision-making process. The capital adequacy assessment process determines the capital requirement in relation to the overall level of risk taken and business strategy. The liquidity adequacy assessment process determines the appropriate need for a liquidity buffer.

The Group member monitoring and verification procedures as well as regular (once a year) Group stress testing ensure that potential threats are identified properly and timely. The risk management limits of the Group are controlled quarterly, the Board and the Supervisory Board of LCCU are informed and credit unions of the Group members are informed about compliance with and enforcement with these limits.

The key risks that the Group is exposed to are credit risk, market risk, operational risk, concentration risk and liquidity risk. In addition, the risks of environmental, social and governance (ESG) factors are identified (managed through credit, market, operational and liquidity risks).

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Credit risk

The Loan Committee participates in the assessment and management of credit risk of LCCU and its member credit unions. LCCU additionally re-estimates potential new customer loans of LCCU member credit unions to individually determined limits set for the credit unions. 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	49,247	114,702
Loans and advances from credit institutions	1,395	2,761
Balances in bank correspondent accounts and overnight deposits	1,207	2,481
Loans to credit unions	188	280
Other loans and advances	939,886	800,536
To natural persons	510,864	471,020
To legal persons	429,022	329,516
Securities	223,344	161,099
At fair value through comprehensive income	98,170	74,784
At amortized cost	117,399	81,228
At fair value through profit or loss	7,775	5,087
As at 31 December	1,213,872	1,079,098
	2025	2024
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	50,252	37,243
Guarantees provided	675	764

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

31/12/2025	Exposure value before ECL assessment	Collateral value*						Value of unsecured positions	Expected credit losses
		Government guarantees	Residential real estate	Commercial real estate	Land	Other collaterals	Total value of collaterals		
Cash and cash equivalents held with central bank	49,247	-	-	-	-	-	-	49,247	-
Loans and advances from credit institutions	1,395	-	-	-	-	-	-	1,395	-
Balances in bank correspondent accounts and overnight deposits	1,207	-	-	-	-	-	-	1,207	-
Loans to credit unions	188	-	-	-	-	-	-	188	-
Other loans and advances	958,539	35,066	897,297	565,619	562,225	461,147	2,521,354	38,160	(18,653)
Natural persons	518,882	14,207	619,373	88,868	330,235	49,733	1,102,416	31,770	(8,018)
Legal persons	439,657	20,859	277,924	476,751	231,990	411,414	1,418,938	6,390	(10,635)
Securities	223,692	-	-	-	-	-	-	223,692	(348)
At fair value through other comprehensive income	98,170	-	-	-	-	-	-	98,170	-
At amortized cost	117,747	-	-	-	-	-	-	117,747	(348)
At fair value through profit or loss	7,775	-	-	-	-	-	-	7,775	-
Total	1,232,873	35,066	897,297	565,619	562,225	461,147	2,521,354	312,494	(19,001)

31/12/2024	Exposure value before ECL assessment	Collateral value*						Value of unsecured positions	Expected credit losses
		Government guarantees	Residential real estate	Commercial real estate	Land	Other collaterals	Total value of collaterals		
Cash and cash equivalents held with central bank	114,702	-	-	-	-	-	-	114,702	-
Loans and advances from credit institutions	2,761	-	-	-	-	-	-	2,761	-
Balances in bank correspondent accounts and overnight deposits	2,481	-	-	-	-	-	-	2,481	-
Loans to credit unions	280	-	-	-	-	-	-	280	-
Other loans and advances	820,045	29,946	761,759	486,391	532,840	312,753	2,123,689	36,881	(19,509)
Natural persons	480,174	14,118	570,661	82,727	327,791	47,058	1,042,355	29,951	(9,154)
Legal persons	339,871	15,828	191,098	403,664	205,049	265,695	1,081,334	6,930	(10,355)
Securities	161,588	-	-	-	-	-	-	161,588	(489)
At fair value through other comprehensive income	74,784	-	-	-	-	-	-	74,784	-
At amortized cost	81,717	-	-	-	-	-	-	81,717	(489)
At fair value through profit or loss	5,087	-	-	-	-	-	-	5,087	-
Total	1,099,096	29,946	761,759	486,391	532,840	312,753	2,123,689	315,932	(19,998)

* 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.

The unsecured exposure value is determined separately at the level of each loan and recorded at the aggregate value.

In the ordinary course of business, the Group 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. The main evaluation criteria of the Group credit unions, i.e. natural and legal persons, include assessment of reputation, financial capacity, business plan and environment, collateral and need for funds. The periodic reassessment of the position of debtors involves assessing their ability to meet their debt obligations.

For the purpose of credit risk management, the Group does not provide loans with a maturity of more than 5 years for working capital development and liquidity. The maximum maturity of loans granted to member credit unions is 30 years.

The Loan Committee and/or the Board of each Group member may require loan collateral when examining a credit union loan application or during a loan repayment doubt. The Loan Committee examines whether a mortgage has been correctly assessed for a loan, examines its feasibility in the event of a loan default, and assesses

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collateral, surety, loan security and sufficient security. Collateral values are determined based on the requirements approved by LCCU.

The Group 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.

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 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 – poor. In line with the established approach, the borrower's condition is assessed in view of the weight of individual components.

As at 31 December 2025 and 2024, the loans issued by the Group are divided into the following classes: credit lines through which non-member credit unions grant loans from the funds of ILTE UAB, and loans to members (natural and legal persons) of credit unions (the Group members). The table below shows the quality of the non-impaired Group's loan portfolio by loan class (with information on net value of loans):

31/12/2025						
Category of loan						
Borrower's condition	Credit lines to credit unions	Credit lines to natural persons	Credit lines to legal persons	Loans to natural persons	Loans to legal persons	Total
1 – very good	188	852	2,761	312,993	73,337	390,131
2 – good	-	1,423	14,392	119,066	213,471	348,352
3 – satisfactory	-	148	400	19,584	42,196	62,328
4 – unsatisfactory	-	11	176	29,404	48,471	78,062
5 – poor	-	93	554	27,291	33,263	61,201
Total	188	2,527	18,283	508,338	410,738	940,074

31/12/2024						
Category of loan						
Borrower's condition	Credit lines to credit unions	Credit lines to natural persons	Credit lines to legal persons	Loans to natural persons	Loans to legal persons	Total
1 – very good	280	754	7,124	281,056	46,626	335,840
2 – good	-	694	1,871	96,291	167,941	266,797
3 – satisfactory	-	342	220	33,345	35,314	69,221
4 – unsatisfactory	-	7	349	28,171	43,605	72,132
5 – poor	-	71	188	30,290	26,277	56,826
Total	280	1,868	9,752	469,153	319,763	800,816

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The following table shows the collaterals for syndicated loans and loans from other parties by the borrowers' status:

31/12/2025							
Borrower's condition	Loans value before ECL assessment			Expected credit losses	Collateral value	Surplus (deficit) of collaterals	Unsecured part of loans
	Loans to natural persons	Loans to legal persons	Total				
1 – very good	314,033	76,357	390,390	(447)	883,442	521,547	28,495
2 – good	120,558	230,267	350,825	(2,391)	972,364	626,648	5,110
3 – satisfactory	19,851	43,237	63,088	(842)	190,806	128,951	1,233
4 – unsatisfactory	29,682	49,577	79,259	(1,197)	276,559	198,030	730
5 – poor	34,758	40,219	74,977	(13,776)	198,183	125,901	2,592
Total	518,882	439,657	958,539	(18,653)	2,521,354	1,601,077	38,160

31/12/2024							
Borrower's condition	Loans value before ECL assessment			Expected credit losses	Collateral value	Surplus (deficit) of collaterals	Unsecured part of loans
	Loans to natural persons	Loans to legal persons	Total				
1 – very good	282,007	54,205	336,212	(651)	734,251	424,822	26,783
2 – good	97,062	171,666	268,728	(1,931)	740,045	475,748	4,431
3 – satisfactory	33,963	36,414	70,377	(1,157)	215,582	147,026	1,822
4 – unsatisfactory	28,484	44,724	73,208	(1,076)	252,395	180,016	829
5 – poor	38,658	32,862	71,520	(14,694)	181,416	113,018	3,016
Total	480,174	339,871	820,045	(19,509)	2,123,689	1,340,630	36,881

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

Loans are not granted if the borrower does not comply with the terms and conditions of LCCU and its member credit union loan granting procedures. The Boards of LCCU or its member credit union, upon receipt of the Loan Committee's conclusions (recommendations on loan availability, required collateral, etc.), reassesses the loan availability and makes the loan decision.

Within the Group, all loans (except deposits, funds held in accounts with other credit institutions, pre-payments, guarantees and sureties) are granted to credit unions other than members of LCCU and credit union members (natural/legal persons: farmers, private limited companies and cooperatives).

In order to reduce credit risk, the Bank of Lithuania has set a maximum exposure value per borrower - the exposure value per borrower shall not exceed 25% of the recalculated Tier 1 capital of LCCU or its member credit union. The Group sets internal limits for individual loan types and loan amounts. The Group sets and reviews internal maximum loan and exposure rates that are more conservative than those set by the Bank of Lithuania. When issuing a position, an assessment of whether a position will be assigned to a group of related persons is made. As at 31 December 2025, the maximum amount of a single loan, comprising loans to several related borrowers treated as a single borrower, was EUR 13,991 thousand or 14.24% of the Group's recalculated Tier 1 capital (as at 31 December 2024: EUR 8,472 thousand or 9.989% of the Group's calculated capital).

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The loans issued by the LCCU Group are listed below by delay as at 31 December 2025 and 2024:

31/12/2025

	Loans value before ECL assessment			Expected credit losses	Collateral value	Unsecured part of loans
	Natural persons	Legal persons	Total			
Not past due	454,436	383,363	837,799	(9,201)	2,220,347	34,464
Past due 1–30 days	48,823	35,426	84,249	(1,896)	219,525	1,959
Past due 31–60 days	4,198	1,588	5,786	(428)	12,997	290
Past due 61–90 days	2,566	1,970	4,536	(591)	9,356	227
Past due more than 90 days	8,859	17,310	26,169	(6,537)	59,129	1,220
Total:	518,882	439,657	958,539	(18,653)	2,521,354	38,160

31/12/2024

	Loans value before ECL assessment			Expected credit losses	Collateral value	Unsecured part of loans
	Natural persons	Legal persons	Total			
Not past due	414,677	279,117	693,794	(7,756)	1,817,984	32,333
Past due 1–30 days	47,481	36,196	83,677	(3,019)	202,773	2,274
Past due 31–60 days	5,188	4,332	9,520	(638)	31,656	268
Past due 61–90 days	3,068	4,951	8,019	(1,260)	17,706	223
Past due more than 90 days	9,760	15,275	25,035	(6,836)	53,570	1,783
Total:	480,174	339,871	820,045	(19,509)	2,123,689	36,881

The table below provides information on outstanding balances and impairment losses on loans issued and advances made by the Group:

	2025	2024
Loans and advances from credit institutions	1,395	2,761
Loans and advances from other parties and institutions	958,539	820,045
To natural persons	518,882	480,174
To legal persons	439,657	339,871
Total loans issued and advances, gross	959,934	822,806
Total allowance for impairment:	(18,653)	(19,509)
To other parties	(18,653)	(19,509)
To natural persons	(8,018)	(9,154)
To legal persons	(10,635)	(10,355)
Total loans issued and advances, net	941,281	803,297

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

	2025	2024
As at 1 January	(19,509)	(15,659)
Allowance for loan impairment	(8,049)	(9,842)
Stage 1 loans	(1,888)	(1,624)
Natural persons	(97)	(92)
Legal persons	(1,791)	(1,532)
Stage 2 loans	(1,081)	(1,209)
Natural persons	(167)	(292)
Legal persons	(914)	(917)
Stage 3 loans	(5,080)	(7,009)
Natural persons	(2,500)	(3,733)
Legal persons	(2,580)	(3,276)
Reversal of the allowance for loan impairment	7,498	5,932
Stage 1 loans	1,885	1,493
Natural persons	912	497
Legal persons	973	996
Stage 2 loans	2,178	2,355
Natural persons	1,091	860
Legal persons	1,087	1,495
Stage 3 loans	3,435	2,084
Natural persons	1,746	1,330
Legal persons	1,689	754
Uncollectible receivables written off during the year	1,407	60
As at 31 December	(18,653)	(19,509)

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). As at 31 December 2025, impairment of debt instruments measured at amortized cost amounted to EUR 323 thousand (as at 31 December 2024, EUR 542 thousand).

As at 31 December 2025, EUR 450 thousand of expected losses were recognised on the Group's off-balance sheet commitments (as at 31 December 2024, EUR 240 thousand) under the Group's model for expected credit losses: EUR 434 thousand on the loan commitments (as at 31 December 2024, EUR 222 thousand), and EUR 16 thousand on guarantees (as at 31 December 2024, EUR 18 thousand).

Additional expected credit losses on loan commitments calculated as at 31 December 2025 and 2024:

Segment	31/12/2025			Total
	Stage of risk			
	1	2	3	
To natural persons	5	2	11	18
To legal persons	251	140	41	432
Total	256	142	52	450

Segment	31/12/2024			Total
	Stage of risk			
	1	2	3	
To natural persons	5	3	7	15
To legal persons	170	37	18	225
Total	175	40	25	240

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Principles of the Group's expected credit loss model are provided below.

For the calculation of expected credit losses, all financial instruments are divided into homogeneous groups, taking into account general characteristics of risk. The Group has distinguished the following groups of financial instruments:

- Loans to credit union members.
- Lending positions for other credit institutions.
- Debt securities.
- Funds (deposits) in banks.
- Other financial assets (trade receivables, advance payments for rent, etc.).

Positions of loans granted to credit union members are grouped into 4 segments of debtors:

- Lending positions for natural non-commercial persons.
- Lending positions for natural commercial persons.
- 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.

Funds in bank accounts and deposits are considered as very low risk 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.

All of the Group's credit data for the period 2009–2025 was used to determine the Group's expected credit loss methodology.

Considering the increase of financial instrument's credit risk after its initial recognition, financial instruments are classified into three stages of risk: Stage 1, Stage 2 and Stage 3.

Debt financial securities, funds in banks and deposits are allocated to the stages of risk as follows:

- Stage 1 exposures:
 - 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.
- Stage 2 comprise investment securities having lower rating than BB+, but higher than CCC+;
- Stage 3 comprise securities, having lower than CCC+ rating.

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

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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 Stage 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 stage.

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, except 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 loans and financial assets 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
01/01/2024	527,681	(2,166)	157,134	(2,960)	44,968	(9,222)	11,123	(1,311)	740,906	(15,659)
Loans issued and new assets recognised	197,215	(1,244)	27,095	(503)	4,883	(623)	402	(54)	229,595	(2,424)
Loans repaid and derecognition of financial assets	(95,422)	(1,569)	(43,275)	(1,211)	(10,547)	6,782	(4,567)	327	(153,811)	4,329
Transfers between stages: From Stage 2 to Stage 1	29,996	(194)	(29,996)	194	-	-	-	-	-	-
Transfers between stages: From Stage 1 to Stage 2	(41,187)	754	41,187	(754)	-	-	-	-	-	-
Transfers between stages: From Stage 3 to Stage 2	-	-	5,928	(68)	(5,928)	68	-	-	-	-
Transfers between stages: From Stage 2 to Stage 3	-	-	(15,872)	2,275	15,872	(2,275)	-	-	-	-
Transfers between stages: From Stage 3 to Stage 1	1,549	(1)	-	-	(1,549)	1	-	-	-	-
Transfers between stages: From Stage 1 to Stage 3	(17,162)	2,312	-	-	17,162	(2,312)	-	-	-	-
Interests accrued	2,090	-	692	-	1,338	-	93	-	4,213	-
Decrease (increase) in expected credit losses	-	(473)	-	801	-	(6,072)	-	(71)	-	(5,815)
Write-offs	(197)	-	-	-	(135)	20	(246)	40	(578)	60
31/12/2024	604,563	(2,581)	142,893	(2,226)	66,064	(13,633)	6,805	(1,069)	820,325	(19,509)
Loans issued and new assets recognised	283,103	(1,305)	21,153	(421)	4,580	(663)	371	(46)	309,207	(2,435)
Loans repaid and derecognition of financial assets	(118,486)	(1,164)	(33,927)	(536)	(19,870)	6,476	(1,738)	127	(174,021)	4,903
Transfers between stages: From Stage 2 to Stage 1	31,816	(69)	(31,816)	69	-	-	-	-	-	-
Transfers between stages: From Stage 1 to Stage 2	(51,853)	723	51,853	(723)	-	-	-	-	-	-
Transfers between stages: From Stage 3 to Stage 2	-	-	8,138	(78)	(8,138)	78	-	-	-	-
Transfers between stages: From Stage 2 to Stage 3	-	-	(16,521)	1,156	16,521	(1,156)	-	-	-	-
Transfers between stages: From Stage 3 to Stage 1	3,490	(2)	-	-	(3,490)	2	-	-	-	-
Transfers between stages: From Stage 1 to Stage 3	(13,711)	1,639	-	-	13,711	(1,639)	-	-	-	-
Interests accrued	2,262	-	575	-	1,217	-	147	-	4,201	-
Decrease (increase) in expected credit losses	-	(79)	-	720	-	(3,458)	-	(201)	-	(3,018)
Write-offs	(29)	-	-	-	(956)	1,406	-	-	(985)	1,406
31/12/2025	741,155	(2,838)	142,348	(2,039)	69,639	(12,587)	5,585	(1,189)	958,727	(18,653)

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 value of financial assets and their impairment according to the stages of risk, individual/collective assessment and segments as at 31 December 2025 and 2024 is as follows:

		31/12/2025								
		Risk stages								
		Stage 1		Stage 2		Stage 3		POCI		
Segments		Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Total
Loans to natural persons	Gross carrying amount	2,190	432,402	1,736	47,797	4,072	27,861	583	2,241	518,882
	Impairment	(13)	(246)	(3)	(382)	(214)	(6,420)	-	(740)	(8,018)
Loans to legal persons	Gross carrying amount	167,436	138,939	57,784	35,031	23,422	14,284	1,872	889	439,657
	Impairment	(2,362)	(217)	(1,157)	(497)	(3,532)	(2,421)	(328)	(121)	(10,635)
Loans from credit institutions	Gross carrying amount	188	-	-	-	-	-	-	-	188
	Impairment	-	-	-	-	-	-	-	-	-
Debt securities	Gross carrying amount	209,498	-	6,071	-	-	-	-	-	215,569
	Impairment	-	-	(348)	-	-	-	-	-	(348)
Loan commitments	Value of loan commitments (off-balance)	15,157	27,390	3,458	3,952	-	295	-	-	50,252
	Impairment	(227)	(29)	(70)	(72)	-	(36)	-	-	(434)

		31/12/2024								
		Risk stages								
		Stage 1		Stage 2		Stage 3		POCI		
Segments		Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Individ- ual as- sessment	Collec- tive as- sessment	Total
Loans to natural persons	Gross carrying amount	632	378,285	3,776	58,083	2,200	33,347	637	3,214	480,174
	Impairment	(3)	(272)	(40)	(539)	(229)	(7,437)	(1)	(633)	(9,154)
Loans to legal persons	Gross carrying amount	112,907	112,459	56,797	24,237	16,994	13,523	1,849	1,105	339,871
	Impairment	(1,946)	(360)	(1,107)	(540)	(3,413)	(2,554)	(348)	(87)	(10,355)
Loans from credit institutions	Gross carrying amount	280	-	-	-	-	-	-	-	280
	Impairment	-	-	-	-	-	-	-	-	-
Debt securities	Gross carrying amount	153,176	-	2,347	-	489	-	-	-	156,012
	Impairment	-	-	-	-	(489)	-	-	-	(489)
Loan commitments	Value of loan commitments (off-balance)	11,560	22,660	2,351	550	56	66	-	-	37,243
	Impairment	(139)	(33)	(36)	(4)	(2)	(8)	-	-	(222)

As at 31 December 2025 and 2024, the breakdown of loans granted by the Group to legal persons by economic activity is presented in the table below:

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	2025		2024	
	Value	Part, %	Value	Part, %
Agriculture, forestry and fisheries	14,708	3%	14,439	4%
Manufacturing	26,756	6%	16,907	5%
Construction	104,332	24%	80,796	25%
Wholesale and retail trade	36,836	9%	33,003	10%
Transport and storage	12,095	4%	10,181	2%
Accommodation and food service activities	17,193	4%	12,070	4%
Real estate operations	140,958	33%	101,286	31%
Professional, scientific and technical activities	16,411	4%	15,056	5%
Administrative and support activities	6,231	1%	6,279	2%
Other activity	53,502	12%	39,499	12%
Total	429,022	100%	329,516	100%

As at 31 December 2025 and 2024, the breakdown of loans granted by the Group to natural persons by economic activity is presented in the table below:

	2025		2024	
	Value	Part, %	Value	Part, %
Agriculture, forestry and fisheries	106,524	21%	100,227	21%
Real estate financing	368,871	72%	338,345	72%
Consumer credits	26,910	5%	24,456	5%
Other activity	8,559	2%	7,992	2%
Total	510,864	100%	471,020	100%

Impairment losses on loans are individually assessed for loans and advances at amortized cost that bears credit risk. All loans and/or commitments made by the Group to a single borrower shall be deemed to have the same risk.

The Group records loss events and calculates impairment losses on loans and advances at amortized cost that bears credit risk and makes proposals to the Board of credit union for approval of such impairment losses. The Group also assesses the potential decrease in impairment losses recognized at amortized cost that bears credit risk.

Information on impairment of loans and advances is disclosed in accounting policies in the part of significant accounting estimates and judgements.

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Purchased securities are evaluated at the Group limits set by LCCU based on country and entity ratings based on Moody's, S&P or Fitch agencies' ratings (using a newer position rating). Positions in securities according to ratings set by the aforementioned external rating authorities:

Rating		2025		
		Securities at fair value through other comprehensive income	Securities at amortised cost	Securities at fair value through profit or loss
Moody's rating	S&P and Fitch rating			
Aaa - Aa3	AAA-AA-	-	4,832	-
A1 - A3	A+-A-	91,175	89,893	-
Baa1 - Baa3	BBB+ – BBB-	5,583	18,338	-
Ba1 - Ba3	BB+ – BB-	1,084	-	-
B1 - B3	B+ – B-	-	-	-
Without rating		328	4,336	7,775
Total		98,170	117,399	7,775

Rating		2024		
		Securities at fair value through other comprehensive income	Securities at amortised cost	Securities at fair value through profit or loss
Moody's rating	S&P and Fitch rating			
Aaa - Aa3	AAA-AA-	-	2,992	-
A1 - A3	A+-A-	70,864	66,409	-
Baa1 - Baa3	BBB+ – BBB-	3,427	9,973	-
Ba1 - Ba3	BB+ – BB-	493	1,239	-
B1 - B3	B+ – B-	-	-	-
Without rating		-	615	5,087
Total		74,784	81,228	5,087

As at 31 December 2025 and 2024, the Group kept all funds in correspondent accounts of high-rated (from AAA- to BBB-) banks or branches of such banks in Lithuania.

Liquidity risk

In the ordinary course of business, the Group is exposed to the possible risk of mismatches in cash flows. The purpose of liquidity risk management is to ensure that the Group will be able to meet its obligations in full. The key elements of liquidity risk management include 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. The Group'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 internal liquidity ratios, preparing 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/credit union 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/credit union are achieved, management of LCCU/credit union should be notified. At least once per month, following the established procedure depending on the size of the liquidity ratio, 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, the management of LCCU/credit union assess how this would affect the cash flows and compliance with the liquidity ratio.

A part of the Group'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 /credit union's liquidity, LCCU/credit union uses the available liquidity sources, considering the costs of their utilization, and at the same time suspends the process of lending and investing.

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

2025	On demand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Maturity undefined	Total
Assets										
Cash and cash equivalents held with central bank	49,247	-	-	-	-	-	-	-	-	49,247
Securities	-	4,140	3,685	47,443	87,154	52,334	20,813	-	7,775	223,344
Loans and advances from credit institutions	1,207	-	-	-	-	-	188	-	-	1,395
Loans and advances from other parties	-	20,556	16,084	71,978	163,636	74,935	192,438	397,295	2,964	939,886
Total assets	50,454	24,696	19,769	119,421	250,790	127,269	213,439	397,295	10,739	1,213,872
Liabilities, capital and reserves										
Amounts due to credit and other financial institutions	19,676	34,170	36,892	29,951	28,672	34,830	-	-	-	184,191
Deposits	234,142	165,061	162,183	259,477	98,190	8,137	721	170	75	928,156
Subordinated liabilities	-	38	13	-	1,900	2,456	7,500	-	-	11,907
Other liabilities, provisions and deferred taxes	2,110	3,707	130	-	1,632	378	767	-	733	9,457
Capital and reserves	-	-	1,300	-	3,979	-	-	-	95,491	100,770
Total liabilities, capital and reserves	255,928	202,976	200,518	289,428	134,373	45,801	8,988	170	96,299	1,234,481
Difference between assets and liabilities, capital and reserves	(205,474)	(178,280)	(180,749)	(170,007)	116,417	81,468	204,451	397,125	(85,560)	(20,609)
Off-balance sheet commitments	-	50,252	-	-	-	-	-	-	675	50,927

The table below provides analysis of LCCU Group's assets and liabilities by maturity in 2024:

2024	On demand	3 months	3–6 months	6–12 months	1–3 years	3–5 years	5–10 years	> 10 years	Maturity undefined	Total
Assets										
Cash and cash equivalents held with central bank	114,702	-	-	-	-	-	-	-	-	114,702
Securities	-	3,621	1,588	21,511	86,347	37,348	5,597	-	5,087	161,099
Loans and advances from credit institutions	2,481	-	-	-	-	-	280	-	-	2,761
Loans and advances from other parties	-	10,264	13,550	47,183	125,141	78,368	183,112	338,912	4,006	800,536
Total assets	117,183	13,885	15,138	68,694	211,488	115,716	188,989	338,912	9,093	1,079,098
Liabilities, capital and reserves										
Amounts due to credit and other financial institutions	21,160	39,215	27,733	15,428	21,459	23,363	-	-	-	148,358
Deposits	206,622	124,153	132,692	244,494	124,573	13,103	1,138	267	101	847,143
Subordinated liabilities	-	42	-	-	-	2,005	5,852	-	-	7,899
Other liabilities, provisions and deferred taxes	1,998	2,438	145	-	1,470	526	434	-	523	7,534
Capital and reserves	-	-	1,300	-	3,979	-	-	-	81,950	87,229
Total liabilities, capital and reserves	229,780	165,848	161,870	259,922	151,481	38,997	7,424	267	82,574	1,098,163
Difference between assets and liabilities, capital and reserves	(112,597)	(151,963)	(146,732)	(191,228)	60,007	76,719	181,565	338,645	(73,481)	(19,065)
Off-balance sheet commitments	-	37,243	-	-	-	-	-	-	764	38,007

The LCR is intended to determine the short-term resilience of the liquidity risk of the Group (minimal required value of the ratio is not lower than 100%). This ratio requires that the Group has risk-free liquid assets that can be easily liquidated in the market, to make necessary payments, excluding received payments, during the 30-day

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period of crisis without central bank support. The LCR is calculated as the ratio of liquidity buffer to cash flow. Values of liquidity buffer and cash flow are recalculated by applying adjustment factor to the value, as defined in the EU Regulations. As at 31 December 2025, LCR of the Group was 313% (as at 31 December 2024, 298%)

The structure of LCCU Group'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 de- mand	1-3 months	3-6 months	6-12 months	1-3 years	3-5 years	5-10 years	> 10 years	Maturity unde- fined	Total
31/12/2025										
Amounts due to credit and other finance institutions	19,676	34,478	37,274	31,036	32,823	3,777	6,367	27,800	-	193,231
Deposits	234,142	165,715	164,135	265,071	103,335	9,251	887	229	74	942,839
Subordinated liabilities	-	79	79	226	2,778	2,634	8,163	-	-	13,959
Other financial liabilities	-	2,027	-	105	1,632	378	767	-	-	4,909
Total financial liabilities	253,818	202,299	201,488	296,438	140,568	16,040	16,184	28,029	74	1,154,938
31/12/2024										
Amounts due to credit and other finance institutions	21,160	39,404	28,068	15,871	22,824	4,012	-	-	19,351	150,690
Deposits	206,622	124,712	134,659	251,792	132,788	15,107	1,413	357	101	867,551
Subordinated liabilities	-	99	71	272	1,082	2,867	6,745	-	-	11,136
Other financial liabilities	-	1,670	-	4	1,470	526	434	-	-	4,104
Total financial liabilities	227,782	165,885	162,798	267,939	158,164	22,512	8,592	357	19,452	1,033,481

Market risk

Market risk assessment

The Group takes on exposure to market risk, which means the risk to incur losses due to unfavourable fluctuations in market variables such as interest rates (interest rate risk) and foreign exchange rates (foreign currency risk), debt and equity securities. The Group assesses its exposure to market risk, which means the risk that the fair value of future cash flows from financial instruments may change as a result of changes in market prices.

Possible changes in market risk are determined by taking into account the effects of its component parts, i.e. interest rate risk and foreign exchange risk. Market risk management and assessment uses risk management policies/procedures approved by LCCU's Board, which provide risk assessment indicators and limits, which are regularly reported to the LCCU's Board and Supervisory Board.

Interest rate risk is managed by the difference between assets and liabilities whose interest rates are sensitive to changes in market interest rates and by setting interest rate risk limits. LCCU/credit unions assess the impact of interest rate fluctuations on net interest income.

The risk of credit union investment in debt securities is managed by limiting the proportion of the balance sheet assets, modified financial maturity, restrictions based on the issuer's ratings, scenario analysis and determination of the maximum potential loss due to unfavourable interest rate changes.

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INTEREST RATE RISK

Cash flow interest rate risk is the risk that, in the future, cash flows from financial instruments may fluctuate due to changes in market interest rates. As a result, the Group's net interest income may change. Fair value interest rate risk means the risk of fluctuations in future fair values of financial instruments as a result of changes in market interest rates, thereby affecting the economic value of the Group's assets, liabilities, and off-balance-sheet positions, as well as its equity. Within the Group, interest rate risk is managed by management reviewing, on a quarterly basis, assessments of the sensitivity of net interest income and changes in economic value under different interest rate scenarios, as well as the limits and rates of execution of interest rate risk management (minimum weighted average interest rate on loans granted, maximum weighted average interest rate on term deposits, end-of-period limits, the maximum permissible change in the economic value of equity to the Tier 1 and the limits of the change in net interest income), and regularly reviewing interest rates on loans and deposits, fixed-rate or floating-rate loan decisions, and decisions concerning LCCU/credit union asset and liability structure. Interest rate risk is managed by applying a combination of variable and fixed interest rates to LCCU and the Group's loan and deposit transactions. LCCU and the Group applies 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's system. The internal rating of a credit union is also taken into account when determining the interest rates on new loans. The table below summarizes the interest rate risk as of 31 December 2025. The table shows the assets and liabilities of the Group, broken down by the date of the contractual interest rate review or maturity date:

2025	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years	Maturity un-defined	Total
Assets								
Cash and cash equivalents held with central bank	-	-	-	-	-	-	49,247	49,247
Securities	2,616	1,524	3,685	47,443	87,154	73,147	7,775	223,344
Loans and advances from credit institutions	-	-	-	-	-	188	1,207	1,395
Loans and advances from other parties	10,889	9,667	16,084	71,978	163,636	664,668	2,964	939,886
Property, plant and equipment, intangible assets and right-of-use assets	-	-	-	-	2,142	-	10,088	12,230
Investment property	-	-	-	-	-	-	2,869	2,869
Assets held for sale	-	-	-	-	-	-	2,337	2,337
Other assets and deferred tax asset	-	-	-	-	-	-	3,173	3,173
Total assets	13,505	11,191	19,769	119,421	252,932	738,003	79,660	1,234,481
Liabilities and reserves								
Amounts due to credit and other financial institutions	2,700	31,470	36,892	29,951	28,672	34,830	19,676	184,191
Deposits from other parties	61,092	103,969	162,183	259,477	98,190	9,028	234,217	928,156
Subordinated liabilities	-	38	13	-	1,900	9,956	-	11,907
Other liabilities	-	3,707	130	-	1,632	1,145	2,843	9,457
Capital and reserves	-	-	1,300	-	3,979	-	95,491	100,770
Total liabilities and reserves	63,792	139,184	200,518	289,428	134,373	54,959	352,227	1,234,481
Balance difference due to interest sensitivity	(50,287)	(127,993)	(180,749)	(170,007)	118,559	683,044	(272,567)	-

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The table below shows the assets and liabilities of the Group as at 31 December 2024, categorized by the earlier of contractual repricing or redemption (maturity) dates:

2024	Up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years	Maturity un-defined	Total
Assets								
Cash and cash equivalents held with central bank	-	-	-	-	-	-	114,702	114,702
Securities	1,996	1,626	1,588	21,511	86,347	42,944	5,087	161,099
Loans and advances from credit institutions	-	-	-	-	-	280	2,481	2,761
Loans and advances from other parties	7,669	2,454	13,614	47,173	125,132	600,525	3,969	800,536
Property, plant and equipment, intangible assets and right-of-use assets	-	-	-	-	1,776	-	8,982	10,758
Investment property	-	-	-	-	-	-	2,788	2,788
Assets held for sale	-	-	-	-	-	-	2,465	2,465
Other assets and deferred tax asset	-	-	-	-	-	-	3,054	3,054
Total assets	9,665	4,080	15,202	68,684	213,255	643,749	143,528	1,098,163
Liabilities and reserves								
Amounts due to credit and other financial institutions	12,715	26,500	27,733	15,428	21,459	23,363	21,160	148,358
Deposits from other parties	43,538	80,615	132,691	244,493	124,573	14,619	206,614	847,143
Subordinated liabilities	-	-	-	-	-	7,899	-	7,899
Other liabilities	-	2457	145	-	1,462	960	2,510	7,534
Capital and reserves	-	-	1,300	-	3,979	-	81,950	87,229
Total liabilities and reserves	56,253	109,572	161,869	259,921	151,473	46,841	312,234	1,098,163
Balance difference due to interest sensitivity	(46,588)	(105,492)	(146,667)	(191,237)	61,782	596,908	(168,706)	-

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

2025	Fixed interest	Variable interest			Non-interest-bearing	Total
		Euribor	Unibor	Other interest rate bases*		
Assets						
Cash and cash equivalents held with central bank	-	45,366	-	-	3,881	49,247
Securities	223,344	-	-	-	-	223,344
Loans and advances from credit institutions	188	-	-	-	1,207	1,395
Loans and advances from other parties	53,343	793,083	73,128	20,332	-	939,886
Property, plant and equipment and right-of-use asset	-	-	-	-	12,230	12,230
Investment property	-	-	-	-	2,869	2,869
Assets held for sale	-	-	-	-	2,337	2,337
Other assets and deferred tax asset	-	-	-	-	3,173	3,173
Total assets	276,875	838,449	73,128	20,332	25,697	1,234,481
Liabilities and reserves						
Amounts due to credit and other financial institutions	143,691	777	-	-	39,723	184,191
Deposits from other parties	694,014	-	-	-	234,142	928,156
Subordinated liabilities	4,469	7,438	-	-	-	11,907
Other liabilities and provisions	-	-	-	-	9,457	9,457
Capital and reserves	3,979	-	-	-	96,791	100,770
Total liabilities and reserves	846,153	8,215	-	-	380,113	1,234,481
Balance sheet difference	(569,278)	830,234	73,128	20,332	(354,416)	-

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

2024	Fixed interest	Variable interest			Non-interest-bearing	Total
		Euribor	Unibor	Other interest rate bases*		
Assets						
Cash and cash equivalents held with central bank	-	110,111	-	-	4,591	114,702
Securities	161,099	-	-	-	-	161,099
Loans and advances from credit institutions	280	-	-	-	2,481	2,761
Loans and advances from other parties	55,254	625,756	98,043	21,483	-	800,536
Property, plant and equipment and right-of-use asset	-	-	-	-	10,758	10,758
Investment property	-	-	-	-	2,788	2,788
Assets held for sale	-	-	-	-	2,465	2,465
Other assets and deferred tax asset	-	-	-	-	3,054	3,054
Total assets	216,633	735,867	98,043	21,483	26,137	1,098,163
Liabilities and reserves						
Amounts due to credit and other financial institutions	103,835	1,167	-	-	43,356	148,358
Deposits from other parties	640,521	-	-	-	206,622	847,143
Subordinated liabilities	457	7,442	-	-	-	7,899
Other liabilities and provisions	-	-	-	-	7,534	7,534
Capital and reserves	6,579	-	-	-	80,650	87,229
Total liabilities and reserves	751,392	8,609	-	-	338,162	1,098,163
Balance sheet difference	(534,759)	727,258	98,043	21,483	(312,025)	-

* Other interest rate bases: TIKKU, KKL, PÜKU, KUBOR, VKU-EUR.

The Group 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 the Group has sufficient capital to cover the extraordinary losses that the Group might incur in the event of unfavourable conditions, and to prepare the Group'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.

The table below summarises the effect of changes in interest rate risk by 1% on net interest income if all interest rate fluctuation sensitive asset and liabilities' items (up to 1 year) in the balance sheet were subject to 1% higher/lower interest rate):

	31/12/2025	31/12/2024
Impact on net interest income		
1% increase in interest rate	5,290	(4,900)
1% decrease in interest rate	(5,290)	4,900

Operational risk

Operational risk is defined as the risk that LCCU Group 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 Group'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 Group is properly organised, effective, continuous and guarantees the safe and stable operation of LCCU Group. 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 Group'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 Group is identified.

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NOTE 5. CAPITAL ADEQUACY

The Group's main objectives when managing capital are as follows:

- to ensure compliance with and control of prudential ratios;
- to ensure the Group's ability to continue as a going concern – business stability guarantee;
- growing capital base enables the Group to increase its 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 (CRDIV) and the Capital Requirements Regulation (CRR), which is directly applied. Credit, market, operational and currency risks are assessed when calculating capital adequacy. The Group assesses credit risk using a standard risk assessment approach; operational risk is measured using a basic indicator approach. Information regarding the compliance with capital adequacy ratio and the use of capital is submitted to the supervising authority on a quarterly basis. The Group 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, the Group performs a thorough analysis, which includes identification of risks, assessment of risk management and assessment of internal required capital.

The capital of the Group as at 31 December 2025 and 2024 was made up of Tier I and Tier II capital. 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, losses of the previous periods, deferred tax assets. 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 after the current earnings. The capital before current earnings was 15.26% in 2025 (14.66% in 2024).

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

	2025	2024
Tier 1 capital		
Share capital	55,544	52,879
Reserve capital	41,544	31,712
Part of revaluation reserve of financial assets	511	265
Intangible assets	(367)	(430)
Effect of insufficient non-performing loans coverage	(1,208)	(741)
Result for the reporting period	11,006	10,160
Retained earnings (deficit) of the previous reporting periods	(8,301)	(8,353)
Deferred tax asset	(461)	(592)
Total Tier 1 capital	98,268	84,900
Tier 2 capital	10,796	7,392
Total capital base	109,064	92,292
Required capital for credit risk, impairment risk of accounts receivable	590,343	478,315
Required capital for operational risk	52,333	81,946
Total required capital	642,676	560,261
Tier 1 capital adequacy ratio, %	15.29%	15.15%
Tier 1 and additional Tier 1 capital adequacy ratio, %	15.29%	15.15%
Total capital adequacy ratio, %	16.97%	16.47%

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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%. 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, bringing it back to pre-pandemic levels. As at 31 December 2025, the countercyclical capital buffer requirement was set at 1%, and, as at 31 December 2024, the countercyclical capital buffer requirement was set at 1%.

Based on the results of the LCCU Group and supervisory review and assessment conducted by the Bank of Lithuania, the additional (Pillar II) capital adequacy ratio of 1.56% was set for the Group in December 2025 (in prior years, the additional rate was set at 1.61%). From 1 July 2022, credit institution with mortgage loan portfolios exceeding a materiality threshold of EUR 50 million are subject to additional capital buffer of 2% for mortgage loan portfolio. Consequently, the sectoral systemic risk buffer is applied to the Group, which was set at 0.45% as at 31 December 2024, and at 0.37% as at 31 December 2025. Considering all the combined capital buffer requirements in force, the Group had to comply with the following individual minimum own funds requirements on 31 December 2025 and 2024: Tier 1 common equity capital ratio of 9.25% (2024: 9.35%), Tier 1 capital ratio of 11.04% (2024: 11.16%) and total capital ratio of 13.43% (2024: 13.56%). The recommended additional Tier 2 capital requirement of 0.5% was also applied as at 31 December 2025 and 2024. The Group 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:		
On loans to other parties:	68,864	68,968
To natural persons	39,924	41,556
To legal persons	28,940	27,412
Balances with central banks	1,618	1,513
On securities at fair value through other comprehensive income	2,821	1,106
On securities at amortized cost	3,330	1,681
Default interest income	1,574	1,345
Total interest income	78,207	74,613
Interest expense calculated using the effective interest method:		
On deposits from credit unions	4,294	3,109
Deposits from other parties:	24,158	20,875
Natural persons	22,719	19,634
Legal persons	1,439	1,241
Negative interest expenses on funds held in central bank	-	18
Subordinated bonds	13	-
For subordinated loans received	338	591
For other loans and funds received	1,296	1,092
Interest paid on finance lease	52	44
Total interest expenses	30,151	25,729
Net interest income	48,056	48,884

NOTE 7. NET FEE AND COMMISSION INCOME (EXPENSES)

	2025	2024
Fee and commission income:		
On money transfers	927	923
On operations with payment cards	442	433
On utility bills	60	63
On other service and commission income	170	175
Total fee and commission income	1,599	1,594
Fee and commission expenses:		
On money transfers	404	393
On operations with payment cards	695	725
Charged by financial brokerage companies	111	184
Other fee and commission expenses	139	80
Total fee and commission expenses	1,349	1,382
Net fee and commission income (expenses)	250	212

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NOTE 8. OTHER INCOME

	2025	2024
Net gain on derecognition of financial assets	-	8
POCI revaluation income	69	183
Gain on sale of property, plant and equipment and investment property	387	191
Income from loans written off	378	428
Rent of premises, uncompensated use	96	113
Enrolment fees	52	49
Other income	648	636
Total other income	1,630	1,608

The Group provides non-financial services consisting mainly of information systems and technology related services.

NOTE 9. NET RESULT ON OPERATIONS WITH SECURITIES

	2025	2024
Realized gain on operations with securities at fair value through other comprehensive income	82	11
Realized gain on operations with securities at fair value through profit or loss	4	159
Realized loss on operations with securities at fair value through other comprehensive income	(391)	(8)
Unrealized gain on operations with securities at fair value through profit or loss	536	63
Net result on operations with securities	231	225

NOTE 10. NET RESULT FROM FOREIGN CURRENCY OPERATIONS

	2025	2024
Realised gain on foreign currency operations	4	11
Realised loss on foreign currency operations	(2)	(3)
Unrealized gain on foreign currency operations	7	6
Unrealized loss on foreign currency operations	(12)	(6)
Net profit on foreign currency operations	(3)	8

NOTE 11. LOANS AND OTHER ASSETS IMPAIRMENT (LOSS) REVERSAL

	2025	2024
(Impairment) reversal of impairment of loans and advances	757	(3,859)
Loans written off during the period	(985)	(578)
(Impairment) reversal of impairment of securities	96	(4)
(Impairment) reversal of impairment other financial assets	(58)	(56)
(Impairment) reversal of impairment of other assets	(210)	132
(Impairment) reversal of impairment of loans and other assets	(400)	(4,365)

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NOTE 12. CHANGE IN PROVISIONS

	2025	2024
Change in provisions for off-balance sheet commitments	210	(132)
Change in provisions for employee benefits	-	32
Total provision costs	210	(100)

NOTE 13. INCOME TAX

	2025	2024
Current income tax	1,073	1,029
Changes in deferred income tax	61	216
Total income tax expenses	1,134	1,245

Movements in deferred tax asset (liability) account

Balance as at 1 January 2024	1,025
Deferred tax (through other comprehensive income)	(217)
Income (expenses) through profit or loss	(216)
Balance as at 31 December 2024	592
Deferred tax (through other comprehensive income)	(70)
Income (expenses) through profit or loss	(61)
Balance as at 31 December 2025	461

NOTE 14. OTHER OPERATING EXPENSES

	2025	2024
Premises maintenance and utilities	879	1,014
Legal and consultation expenses	763	782
Financial audit expenses*	312	363
Transportation, postal and communication expenses	1,127	1,252
Contributions to deposit and investment insurance	1,751	1,356
Advertising and marketing expenses	1,232	1,523
Remuneration and other benefits to the bodies of credit unions for attending meetings	519	774
Stationery supplies	301	360
Equipment maintenance	740	401
Membership fees	148	127
Insurance expenses	209	209
Training expenses	314	253
Representation expenses	206	172
Income tax incentive for film production	628	596
Taxes	600	552
Other expenses	1,659	1,142
Total	11,388	10,876

Premises maintenance and utility expenses mainly consist of payments to utility service providers.

* of which, as at 31 December 2025, EUR 1 thousand were accrued valuation expenses (as at 31 December 2024, EUR 1 thousand).

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NOTE 15. CASH ON HAND AND BALANCES WITH THE CENTRAL BANK

	2025	2024
Cash on hand	3,881	4,591
Balances with the central bank	45,366	110,111
of which funds from ILTE UAB	3,770	4,819
Total	49,247	114,702

Cash on hand and balances with the Central Bank consists of credit union cash balances where members of the Group held EUR 3,881 thousand as at 31 December 2025 (2024: EUR 4,591 thousand), and correspondent account with the central bank where was held EUR 45,366 thousand as at 31 December 2025 (EUR 110,111 thousand as at 31 December 2024). The correspondent account in EUR generates 2.0% interest charged by the European Central Bank (3.0% as at 31 December 2024). The current and future funds held in the current account and related to ILTE UAB's 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 bodies to fulfil the contractual obligations (see also Note 24).

NOTE 16. LOANS AND ADVANCES FROM CREDIT INSTITUTIONS

	2025	2024
Balances in correspondent accounts with banks	1,207	2,481
Loans to credit unions	188	280
Total	1,395	2,761

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

NOTE 17. LOANS AND ADVANCES FROM OTHER PARTIES

	2025	2024
Loans to natural persons	510,864	471,020
Loans to legal persons	429,022	329,516
Total	939,886	800,536

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

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NOTE 18. SECURITIES

	2025	2024
Securities at fair value through other comprehensive income	98,170	74,784
Securities at amortised cost	117,399	81,228
Securities at fair value through profit or loss	7,775	5,087
Total	223,344	161,099

Securities at fair value through other comprehensive income consist of securities of the following issuers:

	2025	2024
(Debt) securities of the Government of the Republic of Lithuania	85,915	66,830
Corporate (debt) securities of the Republic of Lithuania	1,905	973
(Debt) securities of the institutions of the Republic of Lithuania	1,032	505
Government (debt) securities of the EU countries	4,639	3,598
(Debt) securities of the Government of the Republic of Latvia	560	1,156
(Debt) securities of the Government of the Republic of Romania	2,523	2,442
(Debt) securities of the Government of the Republic of Poland	1,556	-
Corporate (debt) securities of the EU countries	1,084	555
(Debt) securities of companies of the Republic of Latvia	1,084	555
(Debt) securities of the institutions of the EU countries	3,595	2,323
(Debt) securities of the institutions of the Republic of Estonia	2,563	2,323
Securities of the institutions of the Republic of Latvia (debt)	1,032	-
Total	98,170	74,784

Securities at amortized cost consist of investment securities of the following issuers:

	2025	2024
(Debt) securities of the Government of the Republic of Lithuania	84,919	60,434
Corporate (debt) securities of the Republic of Lithuania	5,201	3,642
(Debt) securities of the institutions of the Republic of Lithuania	1,024	-
Government (debt) securities of the EU countries	20,714	12,977
(Debt) securities of the Government of the Republic of Bulgaria (debt)	-	100
(Debt) securities of the Government of the Republic of Hungary	748	122
(Debt) securities of the Government of the Republic of Latvia	1,889	2,891
(Debt) securities of the Government of the Republic of Romania	11,502	5,084
(Debt) securities of the Government of the Republic of France	4,832	2,992
(Debt) securities of the Government of the Republic of Estonia	-	1,588
(Debt) securities of the Government of the Republic of Poland	1,743	200
Corporate (debt) securities of the EU countries	1,636	401
(Debt) securities of companies of the Republic of Latvia	1,636	401
(Debt) securities of the institutions of the EU countries	3,905	3,774
Securities of the institutions of the Republic of Latvia (debt)	2,473	2,479
(Debt) securities of the institutions of the Republic of Estonia	1,432	1,295
Total	117,399	81,228

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

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

As at 31 December 2025, the effective interest rates on securities vary from -0.12% to 10.00% and are fixed (2024: varied from -0.27% to 8.00%). As at 31 December 2025, the Group's pledged securities amounted to EUR 2,273 thousand (2024: EUR 4,717 thousand), of which EUR 299 thousand (2024: EUR 1,335 thousand) were measured at fair value through other comprehensive income and EUR 1,975 thousand at amortized cost (2024: EUR 3,382 thousand). 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 (2024: EUR 4 million). The unused credit line includes pledged securities with different enforcement periods as each of them has its own maturity date.

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NOTE 19. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-use assets						TOTAL
	Other assets	Land	Buildings	Buildings and premises	Cars	Total right-of-use assets	
01/01/2024							
Acquisition cost	5,504	90	8,169	3,672	514	4,186	17,949
Accumulated depreciation	(3,523)	-	(2,859)	(1,730)	(267)	(1,997)	(8,379)
Net book amount	1,981	90	5,310	1,942	247	2,189	9,570
Reporting year 2024							
Net book amount	1,981	90	5,310	1,942	247	2,189	9,570
Acquisitions/additions to contracts	882	-	1,150	306	60	366	2,398
Capitalisation of value	-	-	46	-	-	-	46
Changes contracts conditions	-	-	-	17	222	239	239
Reclassification from/to investment property (acquisition cost)	-	-	(483)	-	-	-	(483)
Reclassified from/to other assets (accumulated depreciation)	-	-	311	-	-	-	311
Write-offs/disposals/terminations of contracts	(444)	-	(7)	(282)	(58)	(340)	(791)
Depreciation of assets written-off/disposed/terminated contracts	659	-	131	10	2	12	802
Depreciation charge	(732)	-	(342)	(556)	(134)	(690)	(1,764)
Net book amount	2,346	90	6,116	1,437	339	1,776	10,328
31/12/2024							
Acquisition cost	5,942	90	8,875	3,713	738	4,451	19,358
Accumulated depreciation	(3,596)	-	(2,759)	(2,276)	(399)	(2,675)	(9,030)
Net book amount	2,346	90	6,116	1,437	339	1,776	10,328
Reporting year 2025							
Net book amount	2,346	90	6,116	1,437	339	1,776	10,328
Acquisitions/additions to contracts	1,074	-	1,544	764	25	789	3,407
Capitalisation of value	-	-	58	-	-	-	58
Changes contracts conditions	-	-	-	562	29	591	591
Reclassification from/to investment property (acquisition cost)	(13)	-	443	-	-	-	430
Reclassified from/to other assets (accumulated depreciation)	3	-	(546)	-	-	-	(543)
Write-offs/disposals/terminations of contracts	(603)	-	(318)	(134)	(137)	(271)	(1,192)
Depreciation of assets written-off/disposed/terminated contracts	494	-	265	9	5	14	773
Depreciation charge	(793)	-	(439)	(671)	(86)	(757)	(1,989)
Net book amount	2,508	90	7,123	1,967	175	2,142	11,863
31/12/2025							
Acquisition cost	6,400	90	10,602	4,905	655	5,560	22,652
Accumulated depreciation	(3,892)	-	(3,479)	(2,938)	(480)	(3,418)	(10,789)
Net book amount	2,508	90	7,123	1,967	175	2,142	11,863

Depreciation of the Group non-current assets during 2025 amounted to EUR 1,989 thousand (EUR 1,764 thousand during 2024), of which right-of-use assets – EUR 757 thousand (EUR 690 thousand during 2024). The Group did not have any pledged property, plant and equipment in either 2025 or 2024. The part of the Group's property plant and equipment with acquisition cost of EUR 2,284 thousand as at 31 December 2025 (EUR 2,275 thousand as at 31 December 2024) was fully amortized but still used in the Group's activities.

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The table below shows the interest-bearing financial liability related to right of use assets presented in the statement of financial position:

Reporting year 2024	
Additions	277
Interest expenses	(44)
Rent expenses	(666)
Balance as at 31 December 2024	1,675
Reporting year 2025	
Additions	1,123
Interest expenses	(52)
Rent expenses	(748)
Balance as at 31 December 2025	1,998

The maturity structure of interest-bearing financial liabilities related to right-of-use assets is presented in the table of maturity structure of the Group's assets and liabilities.

NOTE 20. INTANGIBLE ASSETS

	Other intangible assets	LCCU's internally developed soft- ware	Total
01/01/2024			
Acquisition cost	1,063	1,706	2,769
Accumulated amortisation	(863)	(1,392)	(2,255)
Net book amount	200	314	514
Reporting year 2024			
Net book amount	200	314	514
Additions	20	149	169
Write-offs	(32)	(8)	(40)
Amortisation of asset written-off	32	8	32
Amortisation charge	(105)	(140)	(245)
Net book amount	115	315	430
31/12/2024			
Acquisition cost	1,051	1,847	2,898
Accumulated amortisation	(936)	(1,532)	(2,468)
Net book amount	115	315	430
Reporting year 2025			
Net book amount	115	315	430
Additions	26	129	155
Write-offs	(121)	-	(121)
Amortisation of asset written-off	121	-	121
Amortisation charge	(71)	(147)	(218)
Net book amount	70	297	367
31/12/2025			
Acquisition cost	956	1,976	2,932
Accumulated amortisation	(886)	(1,679)	(2,565)
Net book amount	70	297	367

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 the Group's intangible assets amounted to EUR 218 thousand in 2025 (EUR 245 thousand in 2024). All costs are included in operating expenses. The part of the Group's intangible assets with acquisition cost of EUR 2,038 thousand as at 31 December 2025 (EUR 1,924 thousand as at 31 December 2024) was fully amortized but still used in the Group's activities.

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NOTE 21. INVESTMENT PROPERTY

	Foreclosed assets		Other investment property	Total
	Buildings	Land	Buildings	
01/01/2024				
Acquisition cost	1,009	2,109	1,953	5,071
Accumulated impairment	(3)	(258)	22	(239)
Accumulated depreciation	(28)	-	(816)	(844)
Net book amount	978	1,851	1,159	3,988
Reporting year 2024				
Net book amount	978	1,851	1,159	3,988
Acquisitions/foreclosures	363	371	-	734
Capitalisation of value	1,044	9	-	1,053
Disposals	(411)	(892)	(67)	(1,370)
Depreciation of asset disposed	-	-	20	20
Reclassification from/to property, plant and equipment (acquisition cost)	(1,443)	(125)	483	(1,085)
Reclassified from/to property, plant and equipment (accumulated depreciation)	-	-	(311)	(311)
(Impairment) reversal of impairment	19	-	-	19
Depreciation charge	(173)	-	(87)	(260)
Net book amount	377	1,214	1,197	2,788
31/12/2024				
Acquisition cost	562	1,472	2,369	4,403
Accumulated impairment	16	(258)	22	(220)
Accumulated depreciation	(201)	-	(1,194)	(1,395)
Net book amount	377	1,214	1,197	2,788
Reporting year 2025				
Net book amount	377	1,214	1,197	2,788
Acquisitions/foreclosures	450	21	-	471
Capitalisation of value	13	2	-	15
Disposals	(187)	(29)	(84)	(300)
Depreciation of asset disposed	-	-	51	51
Reclassification from/to property, plant and equipment (acquisition cost)	(26)	(490)	(443)	(959)
Reclassified from/to property, plant and equipment (accumulated depreciation)	-	-	547	547
(Impairment) reversal of impairment	148	258	-	406
Depreciation charge	(66)	-	(84)	(150)
Net book amount	709	976	1,184	2,869
31/12/2025				
Acquisition cost	812	976	1,842	3,630
Accumulated impairment	164	-	22	186
Accumulated depreciation	(267)	-	(680)	(947)
Net book amount	709	976	1,184	2,869

As at 31 December 2025, the LCCU Group had non-current assets with the net book amount of EUR 2,869 thousand (2024: EUR 2,788 thousand) classified as investment property. EUR 1,685 thousand residual value of the assets has been taken over for debts, EUR 1,185 thousand of these assets have been leased to third parties and accrued depreciation of EUR 680 thousand is included in these assets (2024: EUR 1,591 thousand of the residual value of the assets were taken over for debt, EUR 1,197 thousand of these assets were leased to third parties and accrued depreciation of EUR 1,194 thousand was included in these assets). As at 31 December 2025, the LCCU Group had non-leased assets with the net book amount of EUR 6,920 thousand (2024: EUR 5,565 thousand). In 2025, following the assessment of foreclosed assets, EUR 406 thousand of an increase in value recognised (2024: the increase in value amounted to EUR 19 thousand). Impairment loss (reversal of impairment) is recognized in the statement of comprehensive income under impairment of loans and other assets. As at December 31, 2025, there were no third-party revaluations of investment property. Management believes that should the investment property have been revalued, its value would have exceeded its net book amount.

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NOTE 22. ASSETS HELD FOR SALE

	2025	2024
Land	5	125
Buildings	2,332	2,340
Total	2,337	2,465

NOTE 23. OTHER ASSETS

	2025	2024
Deferred expenses	875	1,023
Other current assets	139	210
Accrued income	67	74
Other assets	1,631	1,155
Total	2,712	2,462

NOTE 24. AMOUNTS DUE TO CREDIT AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
Funds of other financial institutions and credit unions other than members of LCCU Group:		
Term deposits	129,685	103,835
Demand deposits	19,676	21,160
Funds received from credit and other financial institutions	34,830	23,363
Targeted funding from ILTE UAB funds (a)	31,323	19,351
Other loans (b)	3,507	4,012
Total	184,191	148,358

Interest rates on term deposits from other financial institutions and credit unions varied from 1.75% to 4.15% in 2025 (from 3.00% to 4.50% in 2024), interest rates on demand deposits varied from 0.00% to 1.00% in 2025 (0% in 2024).

Funds received from credit and other financial institutions:

(a) Targeted funding from ILTE 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), a financial instrument of ILTE UAB, 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:

- 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, ILTE UAB-implemented financial instrument (former UAB Žemės Ūkio Paskolų Garantijos Fondas). 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).
- "Setting up of Young Farmers", ILTE UAB-implemented financial instrument. The carrying amount of loans received under this instrument was EUR 957 thousand EUR (as at 31 December 2024, EUR 990 thousand).

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- “Loans for Investments, Including Sustainable Investments, into Agricultural Holdings”, ILTE UAB-implemented financial instrument. The carrying amount of loans received under this instrument was EUR 3,189 thousand (EUR 1,750 thousand as at 31 December 2024).
- Risk-Shared Loans Financed by the European Regional Development Fund, ILTE UAB-implemented financial instrument. The carrying amount of loans received under this instrument was EUR 572 thousand EUR (as at 31 December 2024, EUR 600 thousand).
- Loans for Investments in Agricultural Product Processing, ILTE UAB-implemented financial instrument. 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 Group members under the instruments of 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 25. DEPOSITS OF OTHER PERSONS

	2025	2024
Demand deposits from legal persons	41,115	39,642
Term deposits from legal persons	33,761	28,655
Demand deposits from natural persons	193,027	166,980
Term deposits from natural persons	660,253	611,866
Total	928,156	847,143

As at 31 December 2025, interest rates on term deposits from other parties varied from 0.0% to 5.5% (2024: from 0.0% to 7.8%), interest rates on demand deposits varied from 0.0% to 2.6% (2024: from 0.0% to 3.9%).

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NOTE 26. PROVISIONS

Provision for off-balance sheet commitments	2025	2024
Total as at January 1	240	372
Increase (decrease) in provisions for off-balance sheet commitments	210	(132)
Stage 1 loans	81	30
Natural persons	-	-
Legal persons	81	30
Stage 2 loans	102	(112)
Natural persons	(1)	(2)
Legal persons	103	(110)
Stage 3 loans	27	(50)
Natural persons	4	(7)
Legal persons	23	(43)
Total as at 31 December	450	240
Provisions for employee benefits	2025	2024
Total as at January 1	283	315
Change in provisions for employee benefits through other comprehensive income	-	-
Change in provisions for employee benefits through profit or loss	-	(32)
Total as at 31 December	283	283
Total provisions	733	523

NOTE 27. SUBORDINATED LIABILITIES

	2025	2024
Subordinated bonds	4,013	-
Subordinated loans	7,894	7,899
Total:	11,907	7,899

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%).

As at 31 December 2025, the subordinated loans totalled EUR 456 thousand (as at 31 December 2024, EUR 457 thousand).

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NOTE 28. OTHER LIABILITIES

	2025	2024
Financial liabilities:	4,909	4,104
Collected fees payable	15	15
Lease liabilities	1,998	1,675
Funds received – instant monitoring	353	91
Other liabilities	2,543	2,323
Non-financial liabilities:	3,399	2,452
Vacation pay accrual	2,110	1,998
Accrued expenses	1,143	377
Advance amounts received	38	15
VAT payable	108	62
Total	8,308	6,556

Other liabilities at the end of the year amounted to EUR 2,543 thousand, and comprised other liabilities, unallocated customer funds and salaries payable in credit unions. The funds received consist of payments suspended during the instant monitoring of transactions.

NOTE 29. CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

	Subordinated loans	Subordinated bonds	Commitment to ILTE UAB	Other loans
01/01/2024	5,405	-	11,480	4,017
Cash flow items				
Received	3,500	-	10,540	-
Repaid	(1,000)	-	(2,669)	-
Non-cash flow items	-	-	-	-
Interests accrued	(6)	-	-	(5)
Balance as at 31 December 2024	7,899	-	19,350	4,012
Cash flow items				
Received	-	4,000	14,701	-
Repaid	-	-	(2,728)	(500)
Non-cash flow items	-	-	-	-
Interests accrued	(4)	13	-	(5)
31/12/2025	7,895	4,013	31,323	3,507

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NOTE 30. EQUITY AND RESERVES

Primary and additional member shares, reserve capital

	Primary member shares, units	Sustainable addi- tional member shares, units	Additional member shares, units	Repayable member shares, units	Preference member shares, units
31/12/2024	119,269	1,405,376	1,307	15,590	3
Acquisition of additional member shares/reclassification to repayable membership shares	7,400	375,832	-	4,979	-
Repayment of member shares	(5,154)	(337,274)	(156)	(2,969)	-
31/12/2025	121,515	1,443,934	1,151	17,600	3

As at 31 December 2025, the Group's member shares were classified as additional ordinary (sustainable or unsustainable) and additional preference member shares. The member share capital of the Group amounts to EUR 56,010 thousand (2024: EUR 53,445 thousand). It consists of primary, additional and repayable member shares. Primary member shares are required to benefit from all credit union services and to participate in the management of the credit union, the nominal value of the primary member shares ranges from EUR 28.96 to EUR 6,528.96, and the number of units is 121,515. Additional ordinary sustainable member shares are contributions by members that have entered into the recalculated capital and may only be repaid with the permission of the competent authorities. Additional ordinary sustainable member shares were available from 1 January 2017, that is, after the entry into force of the new version of the Law on Credit Unions of the Republic of Lithuania. The additional ordinary member shares acquired before 1 January 2017 were considered unsustainable additional ordinary member shares. The nominal value of these shares in 2025 ranged from EUR 0.01 to EUR 46,339.2, and the number of units is 1,443,934. Additional preference member shares may be offered to members of a credit union if the credit union has approved such type of member shares and the amount of the dividend in its Articles of Association. Preference member shares are classified in Tier 2 of the credit union's recalculated capital. The amount of the preference member shares may not exceed 1/3 of the total share capital of the credit union. Preference member shares may be converted into ordinary member shares by a resolution of the general meeting if the Articles of Association of the credit union so provide and if the majority of the members of each class vote in favour by a majority of at least 2/3 of the members of the credit union attending the general meeting. The nominal value of preference member shares ranges from EUR 4,000 to EUR 13,000, and the number of units is 3.

All the member shares of the Group have been paid. Each member of the Group who has the primary member share has one vote, regardless of the amount of the additional member share paid.

No union mergers took place in 2025 and 2024. On 18 October 2024, Achema Credit Union was renamed to Tikslas Credit Union. 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.

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 March 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". In 2025, the total amount of State aid servicing costs incurred by the Group was EUR 289 thousand (2024: EUR 371 thousand). In 2025, LCCU repaid additional State owned member shares at amount of EUR 1,300 thousand (2024: LCCU repaid additional State owned member shares at amount of EUR 1,300 thousand). The total value of member shares held by the State of Lithuania was EUR 3,979 thousand in 2025 (EUR 5,279 thousand in 2024).

When redeeming member shares, the value of the redeemed shares is reduced in accordance with Article 14 of the CU Act. Part 2 recalls. When redeeming to the person his/her contribution for the principal and/or additional member shares, the credit union shall proportionally reduce the redeemed member share for a member according to the year's, when a request to redeem was obtained, the total amount of retained losses and legal reserve or the reserve capital, if the total amount constitutes loss, in the statement of financial position. The outstanding amount is treated as reserve capital. The purpose of the reserve capital is to guarantee the financial stability of the credit union. The reserve capital of a credit union may only be used to cover the operating losses of a credit union by decision of the general meeting of the credit union.

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Financial assets revaluation reserve is created when securities held by credit unions at fair value through other comprehensive income are revalued. As at 31 December 2025, financial assets revaluation reserve amounted to EUR 511 thousand (as at 31 December 2024, EUR 265 thousand).

The mandatory reserve is made up of credit union profit deductions. Deductions to the mandatory reserve are mandatory and may not be less than 90% of the credit union's distributable profits until the legal reserve or reserve capital and reserve capital represent at least 9/10 of the credit union's equity. The reserve may be used only to cover the operating losses of the credit union by the decision of the general meeting of members of the credit union. When part of the mandatory reserve is used to cover the operating losses of the credit union, it is again deducted from the distributable profit to the mandatory reserve to the required amount. The LCCU Group's retained earnings (losses) are made up of the current year's result of the Group's credit unions and historical accumulated losses. Not all of the prior year's earnings are allocated to reserves, because part of the earnings is used to absorb losses.

NOTE 31. RELATED PARTIES

The Group's related parties are considered members of the Boards of credit unions, the Supervisory Boards and persons closely related to them, members of the Stabilization Fund Commission and the management of LCCU. Apart from the relationships listed below, there are no other financial instruments or payments/relationships with related parties.

	2025	2024
Remuneration due to related persons (including related taxes)	5,708	5,827
Other disbursement payable to associated persons (remuneration for attending meetings, interest, etc.)	1,574	2,118
Balances of loans granted	4,895	4,903
Accepted deposit balances	9,152	11,050
Balances of other assets, excluding loans granted	2,068	1,103
Balances of other liabilities to related parties, excluding accepted deposits	646	506

The number of loans granted to the related parties that existed as at 31 December 2025 was 161. The interest rates on the loans were set in line with market conditions: weighted average interest rate stood at 5.83% as at 31 December 2025. The loans are secured by real estate, cars, guarantees and other forms of collateral. In 2025, the average maturity of the loans was 11 years.

(All amounts in EUR thousand unless stated otherwise)

NOTE 32. COMPLIANCE WITH LAWS

The LCCU Group is required by the Bank of Lithuania to comply with capital adequacy, liquidity coverage, maximum loan amount per borrower, large loans and open foreign exchange position. As at 31 December 2025 and 2024, the LCCU Group complied with all the mandatory requirements. As at 31 December 2025, all credit unions complied with the applicable requirements (2024: all credit unions complied with the applicable requirements).

It is noted that as at 31 December 2025 the equity of 7 credit unions (6 as at 31 December 2024) was lower than the member share capital and did not meet the requirements of the Law on Credit Unions of the Republic of Lithuania. The restoration of unions' equity depends on future profitable activities. All of these credit unions in their draft action plans approved by their Boards, intend to make a profit in the coming years and thus remediate this non-compliance.

NOTE 33. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

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.

At 31 December 2025, the amount of loans granted but not yet paid totalled EUR 50,252 thousand (as at 31 December 2024, EUR 37,243 thousand), of this amount, EUR 5,314 thousand represents loans approved by the LCCU 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. The financial guarantees provided amounted to EUR 675 thousand (2024: EUR 764 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 of loans 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 new loans to finance those affected by the war through the instruments of ILTE UAB (former ŽŪPGF), including related funds of EUR 623 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.

As at 31 December 2024 and 31 December 2025, there were no legal disputes.

NOTE 34. EVENTS AFTER REPORTING PERIOD

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