RCBC MicroBank
A Thrift Bank

BUILT TOGETHER, BUILT TO LAST

2025 ANNUAL REPORT

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RIZAL MicroBank
A Thrift Bank of RCBC

VISION

To become the financial partner of choice of micro and small enterprises in the Philippines.

MISSION

To making financial services work for micro and small entrepreneurs, empowering them to fulfill their dreams, and creating progressive communities across the country.

CORE VALUES

Malasakit

We have “malasakit” in serving our customers for inclusive development of our nation. Our employees have “malasakit” to the Bank and the Bank to its employees

Integrity

We are trustworthy in dealing with our customers and we are transparent in everything that we do.

Commitment

We are committed to providing excellent service, to developing the competence of our people, and to building loyalty and value for RMB and our customers.

Resourcefulness

We are resourceful in responding to the needs of the customers and in achieving the desired results and objectives of the company while upholding ethics.

Integrity

We will be united as a team as we work together across Luzon, Visayas, and Mindanao.

ABOUT RIZAL MICROBANK, INC.

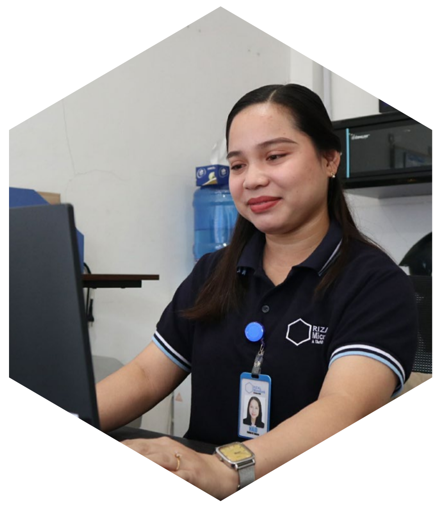
Rizal MicroBank, Inc. – A Thrift Bank of RCBC (RMB) operates as a subsidiary of Rizal Commercial Banking Corporation (RCBC), which belongs to one of the oldest and largest conglomerates in Southeast Asia – the Yunchengco Group of Companies.

RMB began its operations in August 2010 through its first branch in Koronadal, South Cotabato. Two years later, it was merged with another RCBC subsidiary, Pres. Jose P. Laurel Rural Bank, which had operations in Southern Luzon. Presently, RMB operates nationwide with a total of 15 branches and 13 branch-lite units (BLUs). Throughout its 15 years of operations, RMB remained true to its vision of making financial services work for micro & small entrepreneurs (MSEs), empowering them to fulfill their dreams, and creating progressive communities in the country. Our goal is to provide customer-centric, innovative products that would make Banking more accessible and convenient to the said sector.

Such vision remained grounded on our core values, aptly encapsulated in the acronym "MICRO": Malasakit, Integrity, Commitment, Resourcefulness, and Oneness.

Credit and deposit products have been modified to allow more micro and small enterprises to acquire and to use these services for purposes of business expansion and/or financial security. This mission is evident in the design of the Bank's primary loan product, the Small Business Loan, whose size ranges from P50,000 to P20,000,000. Since 2016, RMB has also been in the business of extending credit towards the agricultural sector. Our reach has increased substantially with the implementation of the Value Chain Financing (VCF) program.

Our Board of Directors, consists of professionals with expertise in Banking, accounting, economics, law, agribusiness, and development finance, are leading the Bank in its efforts to positively contribute to the welfare of the ordinary Filipinos.



ABOUT THE COVER

At RMB, our strength comes from the deep connections we share with the people we serve. Our theme, ***Built Together, Built to Last***, honors the ***micro and small entrepreneurs*** who work tirelessly to grow their dreams. We are proud to help them turn their small businesses into strong, lasting legacies that support their families and communities.

This theme also celebrates our dedicated ***employees***, whose passion and hard work bring our mission to life every day. Alongside the trust of our ***partners*** and ***depositors***, their commitment allows us to provide the stable financial support our clients need to overcome challenges and stay successful for the long term.

As we celebrate 15 years, ***Built Together, Built to Last*** is our promise to keep growing with all of you. We remain committed to being a reliable partner, ensuring that our clients, employees, and stakeholders move forward together toward a more secure and prosperous future.

THE RCBC BRAND

Rizal MicroBank, Inc.'s brand is aligned with the strategy of the parent Bank, using the "Blue Hexagon" corporate logo.

The Blue Hexagon is the corporate logo of the Yuchengco Group of Companies (YGC), of which RCBC is the financial services arm of the conglomerate. It was conceived with synergy in mind with its six interlocking trapezoidal fields representing the conglomerate's founding businesses: life insurance, non-life insurance, Banking and finance, investments, transportation and communication, and manufacturing and construction. The design gives the impression of a dynamo spinning on its hub—dynamic and ever-moving. The hexagon is viewed as a celestial sphere that radiates power, energy, and productivity.

For the past 65 years, RCBC has proudly used the Blue Hexagon to symbolize its union with the YGC conglomerate.

Further, RCBC is anchored on the mission to be the leading universal Bank providing quality integrated financial services that best meet their clients' needs. The Bank prioritizes integrity, excellence, and corporate responsibility, aiming to offer professional development for a skilled workforce while maximizing returns for shareholders.

Having built a solid foundation of service and trust through the years, RCBC embodied these values as cornerstones in making its brand meaningful to consumers.

Bringing to life messages on customer service became central to the Bank's campaign, anchoring it in the reality that relationships with clients are at the heart of RCBC.

This message ultimately finds its expression in the line "Partners for Your Passions. Partners through Generations," capturing RCBC's enduring commitment to stand beside Filipinos as they pursue their passions while building relationships that span generations.

It becomes a clear message that this is not about the Bank, but what the Bank can do for its customers. It is rooted in the insight that the Bank can be a strong partner in creating possibilities with a formidable line-up of financial products and services.

RCBC amplifies the importance it has placed in building great customer relationships. It understands that every Filipino works hard in order to achieve their dreams. It is RCBC's commitment that it will be there to provide its clients with the right financial tools to help them achieve their dreams.

REVIEW OF OPERATIONS

OPERATIONAL PERFORMANCE

In 2025, Rizal MicroBank (RMB) continued to leverage its strategic Branch Lite Units (BLUs), a lean operational model that allowed the Bank to expand into rural regions while maintaining cost discipline. These BLUs are strategically located in underserved communities, enabling market penetration while supporting inclusive economic participation. By year-end, 83% of the newly opened BLUs were already income-generating. This reflects an expanding footprint and a steadfast commitment to bringing more Filipinos into the formal financial system. In demonstrating RCBC's brand promise as a Partner for Progress, RMB focused on empowering the micro and small entrepreneurs and improving the lives of Filipinos through easy access to finance. RMB directly supported micro and small entrepreneurs, helping them scale their businesses and improve their livelihoods.

A standout achievement was the strong acceleration in the loan referral program under the Agency Banking initiative, where loan agents contributed to 86% of new loans exceeding the 9% target. This strategy not only deepened the Bank's roots in local communities but also provided a vital platform for nation-building by integrating more micro businesses into the formal financial system.

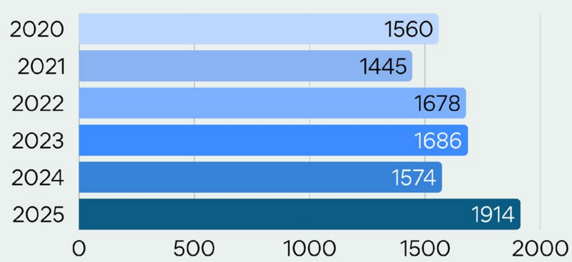
Access to finance has also been more efficient in 2025 as RMB successfully integrated its Loan Origination System (LOS) to the CIBI Information, Inc.(CIBI), a local credit bureau in the Philippines and a Special Accessing Entity (SAE) to the Credit Information Corporation (CIC). The integration of our LOS has significantly improved service delivery, particularly for the Bank's micro and small borrowers who prioritize rapid access to credit. This enhancement automates credit bureau checking within the LOS, leading to faster and easier loan applications. As a result, RMB has substantially reduced the turnaround time for loan decisions, which is critical for the business continuity and growth of this segment.

A key competitive edge in the Bank's strategy for growth is the expansion of Value Chain Financing (VCF), which has become a strategic growth pillar for reaching underserved agricultural players, particularly in Mindanao. By partnering with major anchor firms such as Agri Exim Global Philippines Inc, Franklin Baker Company of the Philippines/Franklin Baker Inc., and Santeh Feeds Corporation, the Bank has successfully addressed the financing gaps of smaller agricultural value chain players. In 2025, the VCF program reached five partners, accounting for 17% of the Bank's total annual disbursements, underscoring its growing contribution to portfolio expansion. This strategy has resulted in a more diversified portfolio across coconut manufacturing, coffee trading, and feed distribution, providing a less risky and scalable pathway for a successful agricultural value chain financing in the country.

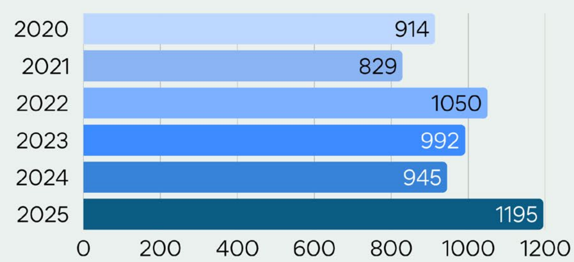
These initiatives reflect RMB's continued progress in building a scalable, ecosystem-driven Banking model centered on accessibility, efficiency, and long-term impact. Expanding its distribution network, strengthening strategic partnerships, and enhancing credit processes have allowed RMB to deliver financial solutions where they are needed most. More than expanding its portfolio, RMB remains committed to its mission of financial empowerment—serving as a trusted partner to micro and small entrepreneurs, supporting community development, and helping build a more inclusive and resilient financial future for Filipinos.

FINANCIAL HIGLIGHTS

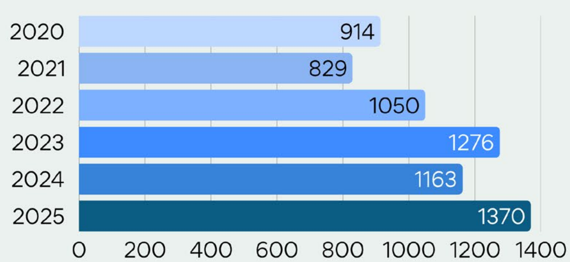
Total Resources



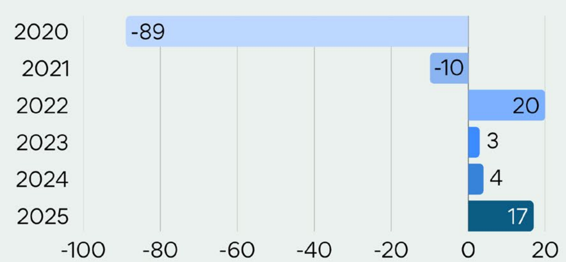
Total Deposit Accounts



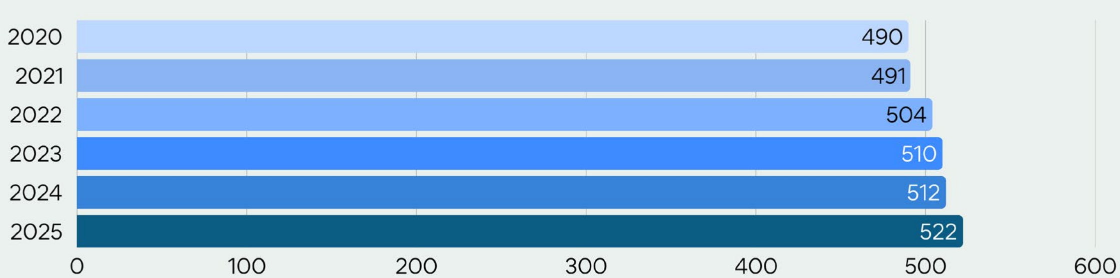
Loans and Receivables



Net Income



Net Worth



FINANCIAL HIGHLIGHTS AND RATIOS

	Audited			
	2025	**2024**	**Variance**	**% Change**
Profitability (in PHP MN)				
Total Net Interest Income	274	228	46	20.18%
Total Non-Interest Income	57	48	9	18.75%
Total Non-Interest Expense	264	235	29	12.34%
Pre-Provision Profit	67	41	26	63.41%
Allowance for Credit Losses	42	32	10	31.25%
Net Income (Loss)	17	4	13	325.00%
Selected Balance Sheet Data (in PHP MN)				
Liquid Assets	332	247	85	34.41%
Gross Loans and Receivables	1,445	1,163	282	24.25%
Total Resources / Assets	1,915	1,574	341	21.66%
Deposits	1,196	945	251	26.56%
Net Worth	523	512	11	2.15%
Selected Ratios				
Return on Equity	3.19%	0.54%	2.65%	
Return on Assets	0.96%	0.17%	0.79%	
Capital Adequacy Ratio	27.43%	30.91%	-3.48%	
Cost-to-Income Ratio	90.14%	94.86%	-4.72%	
Loan-to-Deposit Ratio	121%	121.9%	-.90%	
Net Interest Margin	16.27%	17.22%	-0.95%	
NPL - Gross Ratio	10.79%	11.65%	-0.86%	
NPL - Net Ratio	5.10%	3.67%	1.43%	
NPA Ratio	6.25%	7.00%	-0.75%	

Risk Management

RISK MANAGEMENT CULTURE AND PHILOSOPHY

RMB has kept its focus on the MSE segment. Traditionally, these are largely underserved by the formal financial services community since their activities are in the rural countryside.

Since inception, RMB Management has embraced the following precepts:

- Prudential risk-taking and proactive exposure management for sustainable growth, capital adequacy and profitability.
- Alignment of standards with internationally accepted practices and regulations in the daily conduct of risk and performance management.
- A commitment to develop risk awareness across all operating units, promoting the highest standards of ethics and integrity, establishing a culture that emphasizes the importance of the risk process, sound internal control, and advocating the efficient use of capital.

The primary mission of RMB is to increase the profitability of micro-entrepreneurs and small businessmen. This is achieved through a painstaking study of the intricacies of each business encountered via solicitation in the field. Daily, RMB's Loan Account Specialists (LAS) are sent out to seek micro and small enterprises that will benefit from an infusion of working capital. They have been carefully trained to analyze cash flows and its effects on the business of additional borrowing.

While the focus is on the business condition, the household is closely examined since earnings are naturally redirected towards education, medical bills, utilities and other expenses of the immediate and extended family.

As a contribution to financial inclusion, RMB has vigorously implemented an agricultural value chain financing program in the countryside. Further to financial inclusion efforts, an Agency Banking Initiative was implemented to bring financial services, where it is needed most, to the communities where the unbanked live. Strong linkages with local businesses have provided agent platforms that provide these with increased customer traffic and fee-based income from Banking transactions performed on RMB's behalf. Needless to say, Risk Awareness has been top-of-mind in the development and implementation of these processes.

RISK APPETITE AND STRATEGY

Loan Account Specialists have clear marching orders:

- Seek out micro and small entrepreneurs who indicate an interest in borrowing additional working capital.
- Immerse themselves in the day-to-day operational subtleties while remaining focused on the big picture.
- Look at the family's industry that will impact on the financial condition of the business.

- Establish the optimal amount of borrowing that will generate the greatest profitability based on existing conditions.

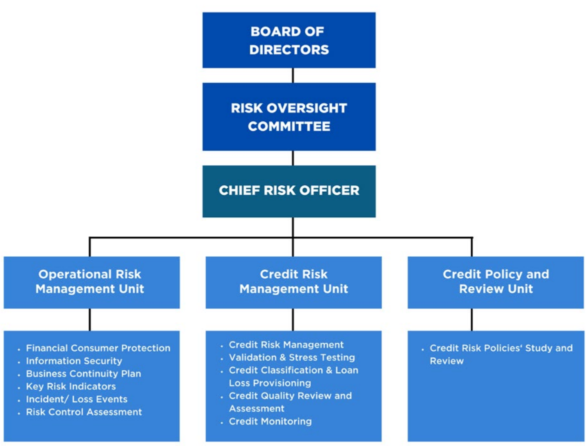
- Finally, answer the question – if this were your own money, would you be willing to lend it to the loan applicant?

The most important Key Risk Indicator for RMB's loan products is Portfolio-At-Risk (PAR). This is a red flag that signals possible errors in estimations of the optimal amount of debt the business should have taken on. This is measured as a missed payment of one day on any loan amortizations that are due. RMB's most successful loan account specialists have large portfolios with minimal to zero PAR. It is this zero-tolerance for delinquency that the Bank strives to impart on its operations group.

RMB has no appetite to lend to businesses involved in any vices. RMB avoids lending for consumption purposes. It protects itself from risks by limiting credit concentration to the current percentages per type of industry while attempting to grow its loan book.

RMB accepts short and medium-term deposits from the public. These are either lent out or placed in short term deposits with the BSP or the National Treasury. RMB does not lend to other Financial Institutions unless they are part of the RCBC group. At best, RMB maintains CASA deposits (for liquidity purposes) with other leading commercial Banks in areas where there are no RCBC branches available.

ROLES AND RESPONSIBILITIES



BOARD OF DIRECTORS (BOD)

The Board of Directors (BOD) responsibilities are to:

- Approve the risk management framework which covers the risk management principles, strategies, policies, processes and controls recommended by the Chief Risk Officer.

- Define the risk philosophy, strategy, risk appetite and tolerances.

- Delegate risk management authority.

- Approve appropriate thresholds or limits and set out policy in resolving the limit breaches.

- Ensure that there is an established communication process of Risk Framework, risk appetite and tolerancefrom Senior Management to the first line process owners.

RISK OVERSIGHT COMMITTEE (ROC)

The Risk Management Department reports directly to the Risk Oversight Committee (ROC) of the Bank.

The ROC shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of risk culture of the Bank.

CHIEF RISK OFFICER (CRO)

The CRO shall be responsible for overseeing the risk management function and shall support the Board of Directors in the development of the risk appetite and risk appetite statement of the Bank, and for translating the risk appetite into a risk limits structure. The CRO shall likewise propose enhancements to risk management policies, processes, and systems to ensure that the Bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

Further, the CRO shall be directly responsible in supervising the Operational Risk Management, Credit Risk Management and Credit Policy and Review Units of the Bank.

OPERATIONAL RISK MANAGEMENT UNIT (ORMU)

The responsibilities of the ORMU are to:

- Define and establish Operational Risk Management methodology tools and risk reporting system.

- Challenge the effectiveness of risk identification, assessment, monitoring and reporting activities across the Bank.

- Consolidate and report to the BOD all identified risk and risk incidents or issues of process owners reported to ORM unit.

- Propose proper policies and procedures to BOD and Senior Management relating to Operational Risk Management and controls.

- Cascade operational risk management activities throughout the organization and facilitate training of the Business Units in proper assessment of ORM issues.

- Ensure that established risk controls are compliant with the applicable laws and regulations.

- Oversee implementation of internal controls.

- Report to BOD and Senior Management on the Bank's operating risk profile, the effectiveness of controls and alignment with risk tolerance and risk appetite.

CREDIT RISK MANAGEMENT UNIT (CRMU)

The responsibilities of the CRMU are to:

- Establish an appropriate credit risk environment and ensure that the Bank is operating under a sound credit granting process.

- Maintain the Bank's appropriate credit administration, measurement, monitoring process and control process.

- Ensure that established credit risk controls are compliant with applicable laws and regulations.

- Report to BOD and Senior Management on the Bank's credit risk profile, the effectiveness of controls and alignment with risk tolerance and risk appetite.

CREDIT POLICY AND REVIEW UNIT (CPRU)

The responsibilities of the CPRU are to:

- Regularly update the Bank's Credit Risk Policy Manual by conducting studies on the effectiveness of the existing policies and monitoring the implementation of the new ones.

- Prepare and present study results and provide suggestions/recommendations to the Credit and Collection Committee.

- Propose credit policies and procedures to the BOD and Senior Management relating to credit risk management and controls.

RISK MANAGEMENT POLICY

- ***Credit Risk***

The Bangko Sentral has laid down the building blocks for the implementation of the Philippine Financial Reporting Standard 9 (PFRS 9) with the issuance of enhanced standards on credit risk management in 2014 and amendment of the definitions of past due and non-performing loans in 2017. Circular No. 855 (2014) emphasizes the importance of effective governance structure and risk management process in lending operations. It highlights that instituting sound credit risk management practices is a fundamental overlay in recognizing adequate and timely allowance for credit losses.

The credit risk management guidelines also explicitly set forth Bangko Sentral's expectations on the adoption of sound loan loss methodologies that consider expected credit losses (ECL). Circular No. 941 (2017), on the other hand, aligns the regulatory definitions of past due, non-performing, and restructured accounts with international benchmarks. The said issuance aims to clearly distinguish performance from non-performing accounts and promote consistent recognition of default across the industry.

The Credit Risk Management Unit of RMB is responsible for the implementation of these credit risk management standards. Throughout the year, strict alignment with Circular 941 in terms of past due and nonperforming loans classification was done. In the provisioning for allowance for credit losses, RMB has also complied with the RCBC's Expected Credit Loss (ECL) methodology.

The ECL model considers past events, current conditions, and forecasts of future economic conditions in determining the allowance for credit losses. In contrast to Philippine Accounting Standards (PAS) 39, the ECL model requires early recognition of allowance for credit losses even before objective evidence of impairment becomes apparent. Thus, credit impairment is recognized over the life of the financial asset through stages: Stage 1, 2 and 3.

Stage 1 is when credit exposures are considered "performing" and bears no significant increase in credit risk from initial recognition or paving the way for the account to be classified as low credit risk. Stage 2 is when credit exposures are considered "under-performing" or when accounts are not yet non-performing but has a significant increase in credit risk from initial recognition. Lastly, Stage 3 is when credit exposures have objective evidence of impairment and are therefore considered as "non-performing"

The adoption of the ECL results in higher provisions especially upon first implementation as compared to the older regime under PAS 39. The increase came from Stage 1 and Stage 2 accounts. Facilities and credit exposures in Stage 1 are now required to be provided with a 12-month ECL while those classified under Stage 2 are already provided with lifetime ECL.

The ECL is a strict regime which pushed the Bank further to enhance its credit risk management activities particularly with Portfolio-at-Risk reduction. It can be penal in terms of additional provisioning if the quality of loan portfolio of the Bank continues to deteriorate or when PAR continues to increase, thus affecting the Bank's financial performance results.

- ***Market Risk***

Investments are limited to overnight and term deposit placements with BSP Treasury or Bureau of Treasury Instruments, and RCBC and its subsidiaries for term placements. Deposits with other BSP Supervised Financial Institutions (BSFI) are limited to demand or savings accounts and are strictly monitored by the Treasury in terms of amounts. All deposits and investments require vetting by the Board of Directors, and each placement is individually approved.

- ***Interest Rate Risk***

All deposit products of RMB have a maturity of two years or less. All loan products have fixed interest rates for the term of the loan. Investments in other FI's or the National Government are limited to a maximum of 28-day terms. It is therefore the Bank's policy to find a balance between immunized earnings and economic value. This is communicated to the Executive Committee (ExeCom) monthly and to the Risk Oversight Committee and Board quarterly. Any divergence from approved lending rates requires authorization from the Branch Banking Group, President and confirmation of the ExeCom and/or Board.

- ***Operational Risk Management***

The Bank operates within a strong control environment focused on the protection of the Bank's capital and earnings and allows the business to operate without exposure to unacceptable potential losses through the implementation of approved policies, sound processes, and reliable information technology systems.

Among others, robust controls include segregation of duties, dual controls, approvals and authorization, exception reporting, sound technology infrastructure, product manuals, etc.

Below is the summary of the basic tools used by the Bank:

1. **Incident Reporting (IR)**
IR is essential in the identification of operational risk issues or events in each business and operating unit. This must be reported to the ORM Unit and appropriate stakeholders. This report assists the Bank in the execution of mitigating operational risks and ensuring that risks are communicated and reported.

2. **Loss Reporting (LR)**
Internal operational loss events reported by operating units provide information for assessing the Bank's exposure to operational risk, effectiveness of internal controls and measures to minimize the recurrence and/ or magnitude of loss events.

3. **Risk and Control Self-Assessment (RCSA)**
The RCSA is one of the common tools used by the Bank in identifying and assessing operational risks. The process involves the assessment by the operating units of its operations and activities, and identification of all possible risks (categorized in accordance with the Basel risk events) that said units may be exposed to. These risks shall be assessed as high, medium or low based on the degree of severity and probability (after considering the controls).

4. **Key Risk Indicators (KRIs)**
KRI's are measurements used by the Bank to monitor current and potential exposure to various operational risks. These are quantifiable metrics to accurately evaluate and assess the potential risk exposure of business activities and processes which may lead to the determination of the impact it can convey to each unit of the Bank.

5. **Control Sample Testing**
To test effectiveness of internal control procedures, an independent party shall conduct control sample testing especially on critical or key processes. Frequency and sample size of the sample testing will be dependent on the criticality of the identified risks.

6. **Business Continuity Plan (BCP)**
Business Continuity and Disaster Recovery Plans are other examples of risk mitigation tools. BCP aims to establish a planned process, procedure or strategy that can assure and provide for the continuity of major and critical services and operations during any critical events which may impair the Bank from conducting normal business operations.

7. **Consumer Protection**
The Bank, consistent with its continuing commitment to provide consumer protection and satisfaction, adopts this Manual of Consumer Assistance Policies and Procedures to provide consumers with a mechanism through which they can seek redress for their complaints/ concerns regarding the Bank's products and services.

   Consumer education is also a priority, and product rollouts involve communicating to clientele the vagaries of their financial transactions and how they can be impacted on by these. Product material is also reviewed by the Department for alignment with prudential regulations covering clarity and brevity of product descriptions.

AML RISK MANAGEMENT FRAMEWORK

RMB's Board of Directors and Senior Management exercise active oversight on the Bank's compliance with Anti-Money Laundering Act (AMLA), as amended, the Terrorist Financing Prevention and Suppression Act (TFPSA), and the Anti-Terrorism Act (ATA), and their respective rules and regulations including Part Nine of the Manual of Regulations of the Bank (MORB) on Anti-Money Laundering and Combating the Financing of Terrorism Regulations. The board has appointed a Chief Compliance Officer (CCO) who has a direct reporting line to the board through the Audit and Compliance Committee. The CCO is primarily responsible for the implementation of the Bank's Money Laundering and Terrorist Financing Prevention Program (MTPP).

The MTPP is a high-level statement of principles that serves as basis for procedure and controls that is strategically aligned with the results of the National Risk Assessment (NRA) on Money Laundering (ML) and Terrorist Financing (TF) of the Philippines, a government-wide assessment of the overall exposure of the country to money laundering and its related predicate offenses, terrorism and terrorist financing. It is a comprehensive process of identifying and analyzing the money laundering and terrorist financing (ML/TF) risks within the realm of the supervised sectors, financial institutions, and Banks and entities under the AMLA, as amended.

The Board requires regular review of policies and procedures covering the Bank's MTPP to ensure their relevance and compliance with prevailing standards.

RMB's compliance with AMLA is built upon a sound and rigorous "Know Your Customer" (KYC) program. Composed of anti-money laundering control policies and procedures, KYC is used in identifying and verifying the identity of customers, and their agents and beneficial owners. This includes understanding and monitoring of their transactions and activities.

To control and reduce risks associated with money laundering, terrorist financing and proliferation financing, an automated system of identifying unusual or suspicious patterns of account activity has been established. Any unusual/ suspicious transactions are reported to the AML Management Committee of the Bank for its evaluation and final determination of whether the suspicion is based on reasonable grounds, for possible reporting to the Anti- Money Laundering Council (AMLC).

Regular training of all Bank officers and employees is conducted to enable them to fully and consistently comply with all its obligations under the AMLA, as amended, its RIRR, and the Manual of Regulations for Banks.

Finally, the Bank's Internal Audit Department is responsible for the periodic and independent evaluation of the risk management, degree of adherence to internal control mechanisms related to the customer identification process, such as the determination of the existence of customers and the completeness of the minimum information and/or documents establishing the true and full identity of, and the extent, conduct, and standard of due diligence applied to, customers, CT and ST reporting and record keeping and retention, as well as the adequacy and effectiveness of other existing internal controls associated with money laundering and terrorist financing.

SUSTAINABLE FINANCING FRAMEWORK (INFORMATION ON SUSTAINABLE FINANCE)

RMB recognizes the presence of risks that may adversely influence the conditions of the country's financial stability. Following the direction undertaken by the Bangko Sentral ng Pilipinas, RMB has initiated steps to adopt an Environmental and Social Management Policy that would strengthen the implementation of sustainable practices across the institution. The policy encourages borrowers to adhere to the preservation and development of the natural, social, and cultural environment in accordance with the recommendations of the International Finance Corporation, Environmental Management Bureau, and other government agencies.

Following the proposed guidelines, new and existing borrowers whose operations may cause significant damage to the environment and society would need to undergo a more stringent credit evaluation and approval process. A database of accounts categorized based on their operational impact shall also be maintained and reported to the Risk Oversight Committee. Officers are also trained and oriented to implement the Bank's policy accurately and effectively.

In compliance with the said policy, the Bank is currently conducting a monthly loan portfolio analysis to assess the level of environmental and social risks and identify those exposures that require monitoring due to high level of risk inherent to the conduct of their business operations.

Portfolio assessment is prepared on a granular basis which factors in the type of business activities of loan clients. Risk categorization is based on activities that contribute the major revenue to the business. This categorization also considers the purpose of loan application, the activities of the company, social concerns to be addressed or the size, type and location of the proposed investment.

Risk categorization follows the 2009 Philippine Standard Industrial Classification (PSIC) which classifies business activities according to the following risk levels: Low, Medium, Medium/High, and Exclusion.

Result as of December 2025 are as follows:

BANKWIDE					RETAIL LENDING		VALUE CHAIN FINANCING	
PSIC Risk Level	# of Accounts	Amount in Php Mn)	% No. of Accts.	% in Php	# of Accounts	Php (In Millions)	# of Accounts	Php (In Millions)
Low	2,757	1,004.69	78.6%	72%	2,501	866.91	256	137.78
Medium	746	381.95	21.3%	28%	743	380.77	3	1.18
Medium/High	2	0.52	0.1%	0%	2	0.52	0	0.00
Exclusion	2	0.19	0.1%	0%	2	0.19	0	0.00
Total	**3,507**	**1,387.35**	**100.0%**	**100.0%**	**3,248**	**1,248.39**	**259**	**138.96**

As of December 2025, the Bank's portfolio is composed of 3,507 accounts amounting to P1,387.35 million with 78.6% (2757 accounts) of which are with business activities categorized as Low Risk. Around 21.3% (746 accounts) are with business activities categorized as Medium Risk. Accounts categorized as Medium/High and under Exclusion are each composed of two (2) accounts, respectively.

As per policy, RMB shall have zero exposure in projects identified under the Exclusion list however, exceptions are as follows:

- Existing accounts where the Bank has already an exposure to projects that are on the Exclusion List should not exceed the IFC-allowed limit, presently at 20% of the total Revenues or Income of the borrower.

- Production/distribution of alcohol (except beer and wine), tobacco and gambling/gaming, casinos and equivalent enterprise, not exceeding the combined limit at 5% of the total loan portfolio of the Bank.

The Bank's Credit Risk Management Unit is tasked with conducting monthly portfolio assessments, the results of which are communicated to the Lending Groups for appropriate action. These findings are also reported quarterly to the Risk Oversight Committee for their review.

LIQUIDITY RISK

Liquidity risk, the potential for loss arising from the Bank's inability to meet its obligations when due, is a critical focus of our risk management framework. This risk can materialize from difficulties in liquidating assets, securing adequate funding, or unwinding large exposures without significant market price impact. Guided by BSP Circular 981, the Bank prioritizes proactive liquidity management through continuous analysis of its liquidity position and risk profile, and rigorous scenario testing, including adverse conditions. Maintaining sufficient liquidity to withstand potential crises is paramount.

The Risk Oversight Committee (ROC) establishes the robust risk liquidity management framework, which is implemented and monitored by the Treasury Department. Treasury oversees the deployment and maintenance of liquid assets and ensures business initiatives align with the framework. Liquidity risk is actively measured and monitored using key tools, including the Maximum Cumulative Outflow (MCO) Report, Liquidity Stress Testing (LST), the Liquidity Coverage Ratio (LCR), and the Net Stable Funding Ratio (NSFR), all of which are mandated by the BSP. The ROC approves all policies related to liquidity risk management.

RISK ASSESSMENT

Liquidity risk is managed by maintaining adequate liquid buffers and funding to meet expected and unexpected cash flows and collateral needs without adversely affecting daily operations and the financial condition of the Bank.

LIQUIDITY GAP

The liquidity gap measures the mismatch of cash inflows and outflows over various time buckets via the Maximum Cumulative Outflow (MCO) approach. The purpose of liquidity gap is to anticipate periods when a portfolio will have large cash outflows (i.e. large negative liquidity gap). In identifying the Bank's risk exposure, the balance sheet is divided into time buckets, and the liquidity gap for each (time bucket) is computed. The tabular presentation of the computed liquidity gap per time bucket is known as the Liquidity Gap Report. It provides a snapshot of the Bank's current net liquidity position over specified timeframes.

The Bank's December 31, 2025 Liquidity Gap is as:

RESOURCES (In Mllions PHP) *As of December 31, 2025*	Less than one month	One to three months	Three months to one year	Two years	Three years	Four years	Five years	More than five years	Non maturity	Total
Cash (COCI)	-	-	-	-	-	-	-	-	20.36	20.36
Placements (DF BSP & Other Banks)	225.00	-	-	-	-	-	-	-	86.91	311.91
Total Invs. (Invs. Sec. & Equity Inv)		-	-	-	-	-	-	-	18.37	18.37
Total Loans (L & R)	121.61	399.36	346.00	191.99	101.19	74.49	46.62	42.37	134.84	1,458.48
Other Resources (all others)	-	-	1.74	-	22.51	-	-	-	64.11	88.37
Total Resources	**346.61**	**399.36**	**347.74**	**191.99**	**123.71**	**74.49**	**46.62**	**42.37**	**324.59**	**1,897.49**
Liabilities & Capital Funds										
Deposit Liabilities	340.69	391.15	157.10	0.42	-	-	-	-	306.54	1,195.90
Demand Deposits	-	-	-	-	-	-	-	-	32.77	32.77
Savings Deposits	-	-	-	-	-	-	-	-	273.77	273.77
Term Deposits	340.69	391.15	157.10	0.42	-	-	-	-	-	889.36
Bills Payable and Due to Other Banks	-	-	50.00	-	-	-	-	-	-	50.00
Other Liabilities	-	-	26.67	-	-	-	-	-	96.82	123.50
Total Liabilities	**340.69**	**391.15**	**233.77**	**0.42**	-	-	-	-	**403.37**	**1,369.39**
Capital Funds									**528.09**	**528.09**
Total Liabilities and Capital Funds	**340.69**	**391.15**	**233.77**	**0.42**	-	-	-	-	**931.46**	**1,897.49**
On-book gap	**5.91**	**8.21**	**113.97**	**191.58**	**123.71**	**74.49**	**46.62**	**42.37**	**(606.87)**	
Cumulative on-book gap	**5.91**	**14.13**	**128.10**	**319.68**	**443.39**	**517.87**	**564.50**	**606.87**	**0.00**	
Cumulative total gap	**5.91**	**14.13**	**128.10**	**319.68**	**443.39**	**517.87**	**564.50**	**606.87**	**0.00**	-

LIQUIDITY STRESS TESTING (LST)

Liquidity Stress Testing (LST) assesses the vulnerability of cash flows and ability of the Bank to survive stress conditions. It involves identifying possible events in the financial and economic conditions, called stress scenarios that could have unfavorable effects on the liquidity position of the Bank and assessment of its ability to withstand such changes.

The objectives of LST are as follows:

- Identify vulnerabilities to external shocks, improve the liquidity / funding strategies and build up effectual contingency.
- Determine the amount of liquidity buffer required for potential liquidity shocks.
- Determine the contingency planning and shape the strategy and tactics to manage events of liquidity stress.
- Engage the ROC and the Assets and Liabilities Management Committee (ALCO) participation in taking proactive measures based on the stress test results and integrate stress testing outputs into the decision-making process.

Liquidity Stress Testing Methodology

The LST Methodology is formulated considering the Bank's business operating model as well as Bangko Sentral ng Pilipinas (BSP) Liquidity Coverage Ratio (LCR) requirements and other standards outlined in BSP Circular 981: Guidelines on Liquidity Risk Management, and Circular No. 989: Guidelines on the Conduct of Stress Testing Exercises. In general, the process and principles underlying stress testing are discussed in the Stress Testing Framework.

The LST Methodology is structured into the following building blocks:

1. **Identifying Key Risk Drivers**
   Key risk drivers, which are defined as portfolio or exposure more than 5% of balance sheet size or key components of funding source, are identified for portfolios that are deemed to have material impact.

2. **Devising Stress Scenarios**
   The stress scenarios are designed to incorporate major funding and liquidity risks that the Parent Bank might be exposed to. The following are three major liquidity events as specified in BSP Circular 981.

Stress Testing Scenario:

Type of Event/ Stress Scenario	Definition
Institution Specific Crisis (ISC)	This is a situation whereby liquidity challenges are name specific. This may arise from loss of public confidence in either the Bank or its subsidiaries and affiliates. As a result, mass withdrawal of deposits and LFP is assumed. Also, credit worthiness of the Bank is compromised.
General Market Crisis (GMC)	This is a situation where systemic liquidity problems are experienced at the market/ industry level due to major financial debacles, economic crisis or another catastrophic event. This may be characterized by a market-wide liquidity squeeze, substantial discounts needed to sell or repo assets, settlements disruptions affecting one or more payment or settlement systems.
Combined Crisis (CC)	This is a situation where ISC and GMC scenarios are experienced simultaneously by RCBC. It can be a global crisis which is affecting the financial institutions industry (globally or regionally) and has name-specific challenges for RCBC.

RIZAL MICROBANK, INC.
LIQUIDITY STRESS GAP SUMMARY (GENERAL MARKET)
AS OF DECEMBER 31, 2025

	Total	20%	30%	40%	
	(In Php)	Withdrawal	Withdrawal	Withdrawal	
ASSETS					
INTERBank (Cash, DFOB,DDA)	107,270,173	107,270,173	107,270,173	107,270,173	**1 month**
IBCL /RRP & ODF	225,000,000	112,500,000	112,500,000	112,500,000	**50% reduction**
LOANS & RECEIVABLES	1,458,479,933	-	-	-	**0% loan payoff**
TOTAL ASSETS	**1,790,750,105**	**219,770,173**	**219,770,173**	**219,770,173**	
LESS :					
TOTAL DEPOSITS	1,195,897,017	239,179,403	358,769,105	478,358,807	**20% withdrawal**
AVAILABLE FUND	**594,853,088**	**(19,409,231)**	**(138,998,933)**	**(258,588,634)**	
ADD / DEDUCT :					**Pay-off of 1 Mo InterBank Borrowings**
OTHERS	-	-	-	-	
LINES AVAILABLE*	550,000,000	-	-	-	
TOTAL AVAILABLE FUNDING	**1,144,853,088**	**(19,409,231)**	**(138,998,933)**	**(258,588,634)**	

*** @18%, Bank still has P10M available fund*

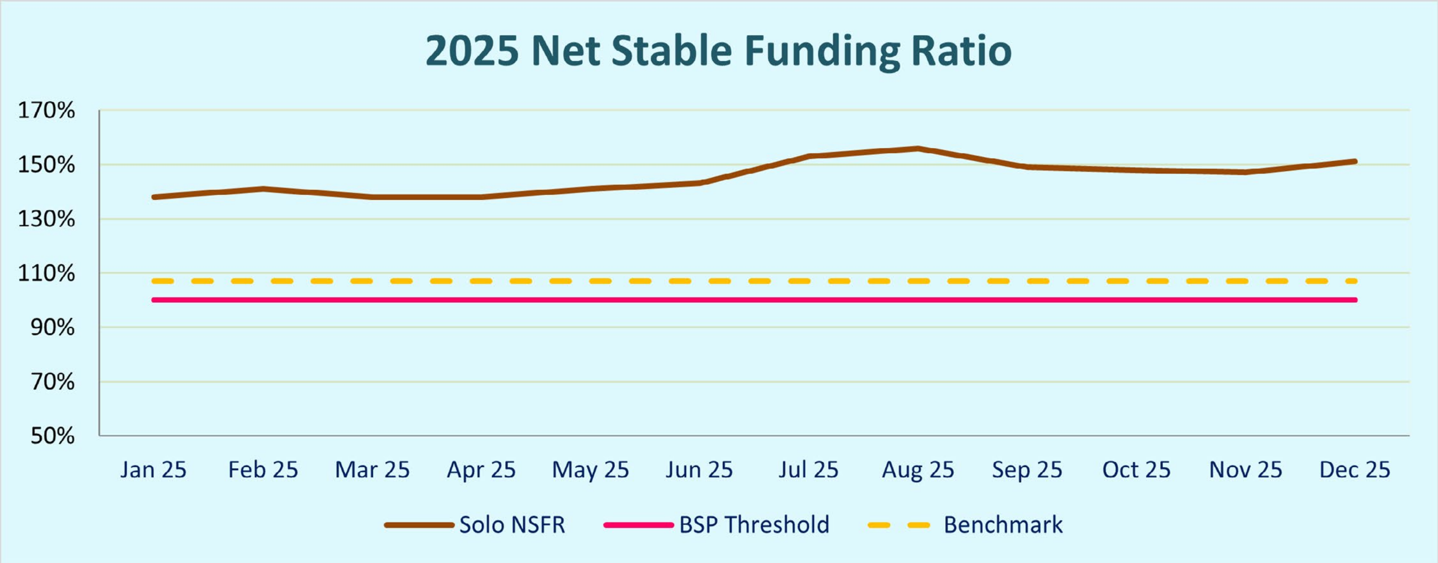
RIZAL MICROBANK, INC. LIQUIDITY STRESS GAP SUMMARY (INSTITUTION-SPECIFIC) AS OF DECEMBER 31, 2025					
	Total	**20%**	**30%**	**40%**	**
	(In Php)	**Withdrawal**	**Withdrawal**	**Withdrawal**	
ASSETS					
INTERBank (Cash, DFOB,DDA)	107,270,173	107,270,173	107,270,173	107,270,173	**1 month**
IBCL /RRP & ODF	225,000,000	180,000,000	180,000,000	180,000,000	**80% (20% reduction)**
LOANS & RECEIVABLES	1,458,479,933	145,847,993	145,847,993	145,847,993	**10% loan payoff**
TOTAL ASSETS	**1,790,750,105**	**433,118,166**	**433,118,166**	**433,118,166**	
LESS :					
TOTAL DEPOSITS	1,195,897,017	239,179,403	597,948,509	717,538,210	**20% withdrawal**
AVAILABLE FUND	**594,853,088**	**193,938,762**	**(164,830,343)**	**(284,420,044)**	
ADD / DEDUCT :					
OTHERS					**Pay-off of 1 Mo InterBank**
LINES AVAILABLE*	550,000,000	275,000,000	275,000,000	275,000,000	**50% line reduction**
TOTAL AVAILABLE FUNDING	**1,144,853,088**	**468,938,762**	**110,169,657**	**(9,420,044)**	

*** @59%, Bank still has P10M available fund*

LIQUIDITY COVERAGE RATIO (LCR)

Circular 905, requires Banks to have an adequate stock of high quality liquid assets (HQLA) that can be easily and immediately converted into cash to absorb shocks arising from significant stress scenario lasting 30 calendar days. To ensure compliance to the minimum regulatory requirement of 100%, the Bank implemented an internal threshold as the Bank's risk appetite for LCR compliance. Throughout 2025, no breach was reported in the internal 105% LCR and regulatory 100% LCR limit.

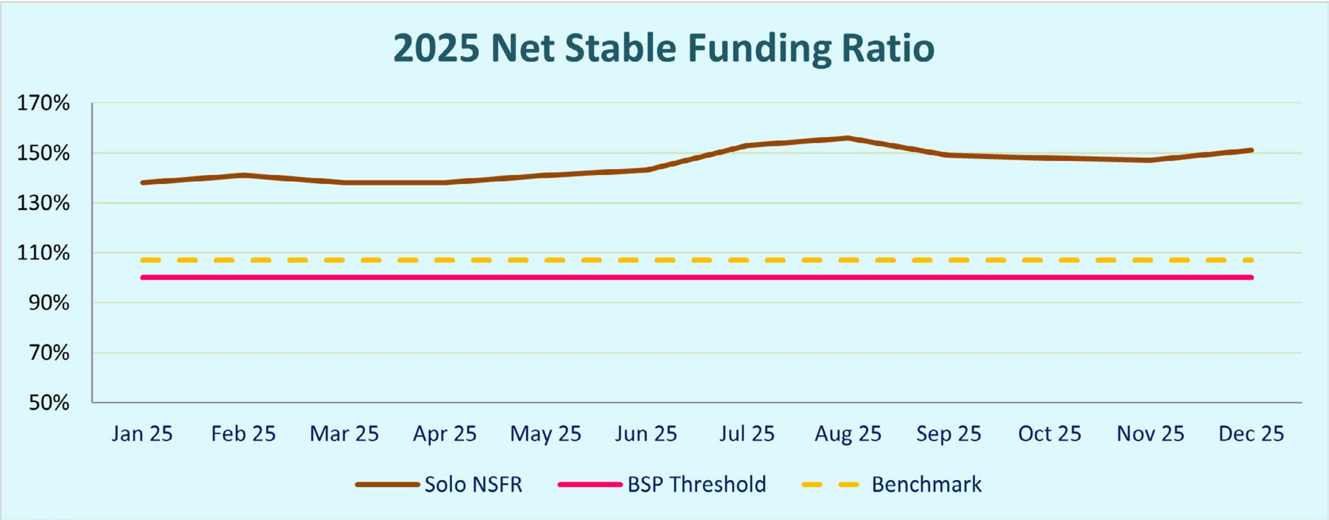
The summary of LCR position of the Bank for 2025 is as follows:



NET STABLE FUNDING RATIO (NSFR)

Net Stable Funding Ratio (NSFR): measures the availability of medium and long term stable funding to support illiquid assets and business activities on an on-going basis. It is an assessment of the level of sustainable funding required to reduce funding risk over a one year time horizon. Similar to LCR, an internal threshold is set up for NSFR. Throughout 2025, no breach was reported in the internal 107% NSFR and regulatory 100% NSFR limit.

The historical NSFR balances reported by RMB are as follows:



CONTINGENCY FUNDING PLAN (CFP)

In addition to the quantitative assessment of the Bank's overall liquidity profile, the Bank has a Contingency Funding Plan, which outlines the operational requirements to be taken in the event of a liquidity crisis. The plan strives to define the liquidity stress levels from the standpoint of different types of crises - including the identification of early warning indicators and the step-by-step crisis management process once the plan is activated.

RISK CONTROL

1. **Limits Setting**
   Limits are quantitative measures based on forward-looking assumptions that form the risk appetite statement of the Bank. These are set to manage the Bank's level of HQLA, dependency on stable deposits, allowed negative liquidity gap per tenor, etc.

2. **Devising Stress Scenarios**
   This involves statistical methods to determine whether a model's risk estimate is consistent with the assumptions on which the estimate is based on.

3. **Independent Assessment**
   This involves auditing exercises across the whole risk management process. Internal Audit, as a third line of defense, performs regular and independent assessment of the Liquidity Risk process and practices to ensure consistency and compliance with established practices.

RISK MONITORING AND REPORTING

Results of the liquidity risk metrics are regularly monitored by the Treasury, and reported monthly to the Management Committee, ROC & Executive Committee.

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book (IRRBB) is the current and prospective negative impact to earnings and capital arising from shifts in interest rates. Whereas market risk is primarily associated with trading income, IRRBB is more concerned with balance sheet positions that have more permanence - primarily for accrual income. In general, IRRBB encompasses the following:

Repricing Risk

The Repricing Risk is related to the timing mismatch in the maturity and re-pricing of assets and liabilities and off-balance sheet short- and long-term positions:

1. **Yield Curve Risk**
   Risks arising from changes in the slope and the shape of the yield curve.

2. **Basis Risk**
   Risks arising from hedging exposure to one interest rate with exposure to a rate which re-prices under slightly different conditions.

3. **Option Risk**
   Risks arising from options, including embedded options (e.g. consumers redeeming fixed rate products when market rates change).

RISK ASSESSMENT

The impact of interest rate changes in the Banks' financial situation is usually assessed from two perspectives. The first, known as the earnings perspective, consists in the simulation of interest flow changes in a short-term horizon, typically less than one year, bearing in mind repricing moments in that horizon. The second, known as the economic value perspective, consists in the simulation of changes in net worth, if all assets and liabilities equalized to debt are assessed at market prices. RCBC subscribes to both approaches when assessing IRRBB.

The IRRBB metrics used by the Bank is Repricing Gap.

REPRICING GAP

The repricing gap – the foundation of IRRBB metrics – measures market interest rate exposures arising from mismatches in the repricing profile. The gap is prepared by distributing interest-rate-sensitive on-balance and off-balance sheet positions into several pre-defined time bands according to their residual maturity (if fixed rate) or time remaining until their next repricing (if floating rate). For each time band, the level of IRRBB is measured by the size of the gap, calculated as the difference between repricing assets and repricing liabilities, plus off-balance sheet items. The repricing gap is prepared monthly for all significant currencies.

For other positions that lack definitive repricing intervals or actual maturities that could vary from contractual maturity, time bands are assigned to these according to the behavioral assumptions derived from the experience of the Bank; For example, CASA, generally described as non-rate sensitive, is bucketed as non-maturity deposits.

Major assumptions employed in the preparation of repricing gap are as follows:

- Loans and time deposits are subject to re-pricing on their contractual maturity dates. Non-performing loans, however, are not re-priced.
- Debt securities classified under FVOCI and HTC are bucketed based on their repricing profile. Held-for-trading securities are considered non-rate sensitive.
- For assets and liabilities with no definite repricing schedule or maturity, slotting is based on the Group's empirical assumptions

CONSTRUCTION OF REPRICING GAP

A. Generally, all assets, liabilities and off-balance sheet products booked in the Non-Trading Book are to be included in the repricing gap according to its repricing date or remaining maturity, whichever is earlier.

B. The positions are allocated into the designated time buckets of the gap based on the repricing profile of each rate sensitive product. A predefined tenor bucket as listed below is used. However, more granular time buckets can be applied for internal monitoring or regulatory requirement purposes.

No.	Time Bucket
1	Less than One Month
2	One to Three Months
3	Three Months to One Year
4	Two Years
5	Three Years
6	Four Years
7	Five Years
8	Beyond Five Years
9	Non-Rate-Sensitive Bucket

C. Repricing gap for each time bucket is computed by subtracting the total outflow from total inflow and can result in either positive or negative gap.

The major limitation of the use of repricing gap in measuring IRRBB is the inability to capture real-time repricing of balance sheet items as the positions are captured in the pre-defined tenor buckets. Also, it is a static approach without considering evolution of the balance sheet (e.g. new business assumptions, change in strategies, etc.)

INTERPRETATION OF THE REPRICING GAP

Gapping activities are part and parcel of Banking business taking higher mismatch positions may imply higher risk appetite and potentially higher returns. A Bank may have a positive, negative or neutral gap profile that can be interpreted as follows:

Interest Rate Gap	Description	Rising Interest Rates	Falling Interest Rates
Positive Gap	Rate sensitive assets reprice faster than rate sensitive liabilities	Opportunity	Risk
Negative Gap	Rate sensitive liabilities reprice faster than rate sensitive assets	Risk	Opportunity
Neutral Gap	Rate sensitive assets equal rate sensitive liabilities	Not free of interest rate risk. Still exposed to basis risk.	

LIMITATIONS OF THE REPRICING GAP

The major limitation of the use of repricing gap in measuring IRRBB is the inability to capture real-time repricing of balance sheet items as the positions are captured in the pre-defined tenor buckets. Also, it is a static approach without considering evolution of the balance sheet (e.g. new business assumptions, change in strategies, etc.)

The Bank's December 31, 2025 IR Gap is as presented below:

RESOURCES (In Mllions PHP) As of December 31, 2025	Less than one month	One to three months	Three months to one year	Two years	Three Years to five years	More than five years	Non-Rate Sensitive	Total
Cash (COCI)	-	-	-	-	-	-	20.36	20.36
Placements (Due from BSP & Other Banks)	225.00				-	-	86.91	311.91
Total Investments (invs. Sec. & Equity Inv)	-	-	-	-	-		18.37	18.37
Total Loans (L & R)	121.61	399.36	347.74	191.99	231.91	42.37	134.84	1,469.83
Other Resources (all others)		-	-	-	12.91		64.11	77.02
Total Resources	346.61	399.36	347.74	191.99	244.82	42.37	324.59	1,897.49
Liabilities & Capital Funds								
Deposit Liabilities	340.69	391.15	157.10	0.42	-	-	306.54	1,195.90
Contractual							145.16	145.16
Savings Deposits							128.61	128.61
Demand Deposits							32.77	32.77
Term Deposits	340.69	391.15	157.10	0.42	-	-		889.36
Accrued Interest Payable	-	-	-	-	-	-	8.76	8.76
Accrued Taxes and Other Expenses	-	-		-	-	-	17.91	17.91
Other Liabilities	-	-	50.00	-	-	-	96.82	146.82
Total Liabilities	340.69	391.15	207.10	0.42	-	-	430.04	1,369.39
Capital Funds							528.09	528.09
Total Liabilities and Capital Funds	340.69	391.15	207.10	0.42	-	-	958.13	1,897.49
On-book gap	5.91	8.21	140.64	191.58	244.82	42.37	(633.54)	0.00
Cumulative on-book gap	5.91	14.13	154.77	346.35	591.17	633.54	0.00	0.00
Contingent Resources	-	-	-	-	-	-	-	-
Contingent Liabilities	-	-	-	-	-	-	-	-
Total gap	-	-	-	-	-	-	-	-
Cumulative off-book gap	-	-	-	-	-	-	-	-
Cumulative total gap	5.91	14.13	154.77	346.35	591.17	633.54	0.00	0.00

RISK CONTROL

IRRBB is managed by through an Independent Assessment. This pertains to an exercise across the risk management process. Internal Audit, as a third line defense, performs regular and independent assessment of the IRRBB process and practices to ensure consistency and compliance with established practices.

RISK MONITORING AND REPORTING

The NII-at-Risk is regularly monitored by Treasury Department, and reported monthly to the Management Committee and Executive Committee.

Corporate Governance

CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

The corporate governance of RMB adheres to the principles of good governance, fairness, transparency and accountability. The Board of Directors is committed to these principles to provide guidance to the Bank in the pursuit of its corporate goals through policies and practices that are consistent with applicable Banking laws, rules, regulations and industry best practices.

The Board of Directors is primarily responsible for overseeing the management and governance of the Bank. It is responsible for monitoring the performance of Senior Management to ensure the effective implementation of the Bank's strategic objectives, risk strategy, corporate governance, and corporate values. Its principal objective is to protect the interests of the stakeholders and create value for them.

The members of the board possess competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities and enable them to effectively participate in the deliberations of the Board. The President is the only Executive Director of the Bank, ensuring independence of the Board from the views of senior management.

The directors elected at the annual meeting of the stockholders serve a one-year term until their successors are elected and qualified. Any vacancy in the board for any reason other than by removal of a director by the stockholders or by the expiration of term may be filled by the vote of at least most of the remaining directors, if still constituting a quorum. A director elected to fill a vacancy shall serve only for the unexpired term of his predecessor.

SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT

1. The Corporate Governance Committee shortlists all candidates nominated to become members of the Board of Directors in accordance with the qualifications and disqualifications enumerated in the Bank's Manual of Corporate Governance and the prevailing BSP's regulations. The Committee likewise reviews and evaluates the qualifications of people nominated to officership positions requiring appointments by the Board of Directors.

2. The following factors are considered by the Committee in determining whether a person is fit and proper for the position of a director:

   a. integrity/probity;
   b. physical/mental fitness;
   c. relevant education/financial literacy/ training;
   d. possession of competencies relevant to the job, such as knowledge/experience, skills, diligence, and independence of mind; and
   e. availability of time to fully carry out responsibilities.

3. In determining the optimum number of positions which a nominee may hold, the Committee considers the following guidelines:

   a. nature of the business of the corporations where he is a director;
   b. age of the Director;
   c. number of directorships/active memberships and officerships in other corporations or organizations; and
   d. possible conflict of interest.

4. For officership positions, the following factors are considered in determining whether the person is fit and proper to be an officer:

   a. integrity/probity;
   b. education/training;
   c. possession of competencies relevant to the function, such as knowledge and experience, skills and diligence

BOARD'S OVERALL RESPONSIBILITY

The Board is responsible for approving the Bank's strategic objectives and business plans, taking into consideration the Bank's long-term financial goals, risk tolerance level, and effective management of risks. It has established a system of measuring performance against targets through regular monitoring and has ensured that actions are taken to correct shortfalls.

The Board also ensures that the Bank observes a high standard of integrity in its dealings with the public. It sets the tone of good governance at the top by upholding sound corporate values, codes of conduct and instilling the culture of compliance, the senior management and other employees. It oversees the implementation of the Bank's whistleblowing policy which aims to inculcate moral uprightness among Bank personnel and give them confidence to raise concerns related to fraud or irregularity in the workplace.

The Board is also responsible for the selection of members of senior management and heads of control functions and monitoring their performance.

At the same time, the Board is responsible for approving and overseeing the implementation of the Bank's corporate governance framework. This involves defining the governance structure and practices such as:

- The conduct of regular board meetings that promote critical discussion of issues;

- Creation of board-level committees, development of policies on internal and external commitments of directors;

- Access of directors to financial information, performance evaluation of the board, the committees, the President, and the individual directors;

- The board is responsible for overseeing the implementation of the Bank's risk governance framework and the systems of checks and balances. This involves defining the risk appetite; adherence to the risk appetite statement, risk policy and risk limits; policies and procedures on risk management; and defining the organizational responsibilities following the three lines of defense framework: the business units, the risk management and compliance functions, and the internal audit functions.

THE CHAIRMAN OF THE BOARD

The Chairman leads the Board of Directors. He is mainly responsible for the proper governance of the Bank and decides on all matters included in the agenda of the stockholders and board meetings. He provides leadership and ensure that the Board is effectively functioning. He confirms that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns and enables a sound decision-making process. He encourages and promotes regular attendance and active participation and involvement in critical discussions and enables the discussion of dissenting views during deliberations. He guarantees that all members of the Board are given sufficient information and time to study the items for discussion, and to take responsibility for issues taken up in board meetings.

BOARD COMPOSITION

Name of Director	Type of Directorship *(executive non-executive, independent)*	Principal stockholder represented if nominee	Number of years served as director	Number of direct and indirect shares held	Percentage of shares held to the total outstanding shares
Reginaldo Anthony B. Cariaso	Non-executive	N/A	2	1	0%
Xavier Y. Zialcita	Non-executive	N/A	3	1	0%
Arniel Vincent B. Ong	Non-executive	N/A	4 mos.	1	0%
Abelardo B. Villarosa, Jr.	Non-executive	N/A	4 mos.	1	0%
Simplicio B. Dela Cruz, Jr.	Executive	N/A	1	1	0%
Zenaida F. Torres	Non-executive	N/A	15	1	0%
Emmanuel S. Santiago	Independent	N/A	1	1	0%
Vicente LL. Ramirez, Jr.	Independent	N/A	4	1	0%
Leticia A. Moreno	Independent	N/A	3	1	0%

STOCKHOLDERS COMPOSITION

Full Name/ Name of Juridical Entity	Nationality	Shares Subscribed	Amounts Subscribed *(in thousand)*	% of Ownership	Paid-up Amount *(in thousand)*
Rizal Commercial Banking Corporation	Filipino	11,263,571	1,126,357,100	100.00%	1,126,357,100
Reginaldo Anthony B. Cariaso	Filipino	1	100	0.00%	100
Xavier Y. Zialcita	Filipino	1	100	0.00%	100
Arniel Vincent B. Ong	Filipino	1	100	0.00%	100
Abelardo B. Villarosa, Jr.	Filipino	1	100	0.00%	100
Simplicio B. Dela Cruz, Jr.	Filipino	1	100	0.00%	100
Zenaida F. Torres	Filipino	1	100	0.00%	100
Emmanuel S. Santiago	Filipino	1	100	0.00%	100
Vicente LL. Ramirez, Jr.	Filipino	1	100	0.00%	100
Leticia A. Moreno	Filipino	1	100	0.00%	100
TOTAL		**11,263,571**	**1,126,357,100**	**100.00%**	**1,126,358,000**

LIST OF BOARD-LEVEL COMMITTEES

Executive Committee

Executive Committee		May - R	Jun - R	Aug - R	Sept - R	Nov - R	Dec - R	TOTAL	ATTENDANCE	
Xavier Y. Zialcita	Chairman	P	P	P	P	P	P	6	6	100%
Reginaldo Anthony B. Cariaso	Member	P	P	P	P	P	P	6	6	100%
Simplicio B. Dela Cruz, Jr.	Member	P	P	P	P	P	P	6	6	100%
Alfredo del Rosario, Jr.*	Member	P	P					2	2	100%
Zenaida F. Torres	Member	P	P	P	P	P	P	6	6	100%
Arniel Vincent B. Ong**	Member				P	P	P	3	3	100%

R - Regular, S - Special, O - Organizational

** Director del Rosario, Jr. resigned as an Independent Director of the Bank, effective July 18, 2025.*
*** Director Ong was elected as a Director of the Bank, effective August 19, 2025.*

The Executive Committee is composed of a Chairman and four members selected by the Board of Directors. The Executive Committee exercise powers and perform duties as may be delegated to them by the Board of Directors from time to time, consistent with applicable laws, regulations, the Bank's By-Laws, and Board-approved authorities.

Following their appointment during Annual Stockholders Meeting held on 24 April 2025, the members of the Executive Committee are as follows:

a. Xavier Y. Zialcita – Chairman
b. Reginaldo Anthony B. Cariaso – Member
c. Simplicio B. Dela Cruz, Jr. – Member
d. Alfredo del Rosario, Jr. – Member
e. Zenaida F. Torres – Member
f. Arniel Vincent B. Ong – Member

The core responsibilities of the Executive Committee include the following:

• To review and authorize interest rate matrices for both time deposits and loans within its authority and limits and endorse additional conditions and/or requirements on credit proposals and interest rates on time deposits which are for approval of the Board of Directors.

• To receive the Bank's financial portfolio and other management reports and make appropriate recommendations for action on matters related thereto and regularly examine and ratify management matters within its authority and limits as set by the Board of Directors.

• To recommend additional conditions and/or requirements on management matters which are for approval of the Board of Directors.

• To ratify loans which are beyond the approving authority of the President.

• To receive updates on regulatory issuances.

• To confirm changes in the tables of organization of units of the Bank and affirm for endorsement to the Board, the appointment/selection of officers with the rank of Vice President and above.

• To monitor and evaluate progress toward the Bank's strategic goals and initiatives.

• To act with the full authority of the Board on any matter requiring immediate attention between Board meetings.

Audit & Compliance Committee

Audit & Compliance Committee		Jan - R	Apr - R	Jul - R	Sept - S	Oct - R	TOTAL	ATTENDANCE	
Leticia A. Moreno	Chairman	P	P	A	P	P	5	4	80%
Emmanuel S. Santiago	Member		P	P	P	P	4	4	100%
Xavier Y. Zialcita	Member	P	P	P	P	P	5	5	100%
Zenaida F. Torres	Member	P	P	P	P	P	5	5	100%
Vicente LL. Ramirez, Jr.	Member	P	P	P	P	P	5	5	100%

R - Regular, S - Special, O - Organizational

The Audit & Compliance Committee is composed of five members of the Board of Directors, all of whom are non-executive directors. Three are independent directors, including the Chairman. They possess accounting, auditing or related financial management expertise/ experience.

Following their appointment during Annual Stockholders Meeting held on 24 April 2025, the members of the Audit & Compliance Committee are as follows:

a. Leticia A. Moreno – Chairman
b. Emmanuel S. Santiago – Member
c. Xavier Y. Zialcita – Member
d. Zenaida F. Torres – Member
e. Vicente LL. Ramirez, Jr. – Member

The core responsibilities of the Audit & Compliance Committee include the following:

• To supervise Bank's financial reporting framework. The committee shall oversee the financial reporting process, practices and control to ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.

• To oversee the internal and external audit functions. The committee is responsible for the appointment/selection, remuneration, and dismissal of the internal auditor. It also reviews and approves the audit scope and frequency and ensures that the scope covers the review of the effectiveness of the Bank's internal controls, including financial, operational, and compliance controls, and risk management system. The committee is also responsible for the appointment of an independent external auditor who reports directly to the Audit and Compliance Committee. It likewise reviews and approves the engagement contract with the external auditor and ensures that the scope of audit covers areas specifically prescribed by the Bangko Sentral and other regulators.

• To monitor and evaluate the adequacy and effectiveness of the Bank's internal control systems. The committee oversees the implementation of internal control policies and activities and ensures that a periodic assessment of the internal control system is conducted to identify weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction.

• To oversee implementation of corrective actions based on key audit reports. The committee ensures that Senior Management is taking necessary measures in a timely manner to address the weaknesses, noncompliance with policies, Banking laws, rules and regulations, and other issues identified by auditors and other control functions.

• To have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meeting.

• To establish and maintain whistleblowing mechanisms by which officers and staff can, without fear of reprisal, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to a person or independent entity which has the authority to take corrective action. It ensures that channels and procedures are in place for independent investigation, appropriate follow-up action, and subsequent resolution of the reported irregularity.

• To assist the Board in its oversight functions over the Bank's compliance with legal and regulatory requirements, assessment and management of enterprise risks including credit, market, liquidity, operational, and legal risks, and audit process and the performance of the Bank's internal audit organization and external auditors, including external auditors' qualifications and independence.

Corporate Governance Committee

Corporate Governance Committee		Jan - R	Apr - R	Jul - R	Oct - R	TOTAL	ATTENDANCE	
Vicente LL. Ramirez, Jr.	Chairman	P	P	P	P	4	4	100%
Emmanuel S. Santiago	Member		P	P	P	4	3	100%
Leticia A. Moreno	Member	P	P	A	P	4	3	75%
Abelardo B. Villarosa, Jr.*	Member				P	1	1	100%
Zenaida F. Torres	Member	P	P	P	P	4	4	100%

R - Regular, S - Special, O - Organizational

** Director Villarosa, Jr. served the unexpired term of Director Del Rosario in August 2025.*

The Corporate Governance Committee is composed of five members of the Board of Directors, all of whom are non-executive directors. Three are independent directors, including the chairperson. The committee has a written chart that describes the duties and responsibilities of its members.

Following their appointment during Annual Stockholders Meeting held on 24 April 2025, the members of the Corporate Governance Committee are as follows:

a. Vicente LL. Ramirez, Jr. – Chairman
b. Emmanuel S. Santiago – Member
c. Leticia A. Moreno – Member
d. Abelardo B. Villarosa, Jr. - Member
e. Zenaida F. Torres – Member

The functions of the Corporate Governance Committee include the following:

• To oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors. The committee review and evaluate the qualifications of all persons nominated to the Board as well as other positions requiring appointment by the Board of Directors. It is also responsible for the recommendation of matters pertaining to the assignment to board committees, as well as succession plan for the members of the Board of Directors and senior management.

• To oversee the periodic performance evaluation of the Board of Directors, board-level committees, and senior management, and to conduct an annual self-evaluation of its performance.

• To oversee the continuing education of directors, and thus, ensure the allocation of adequate time and resources. The committee shall establish and ensure effective implementation of policy for onboarding/orientation program for first time directors and annual continuing education for all directors.

• To oversee the design and operation of the remuneration and incentives policy. The committee ensures that the remuneration and other incentives policy is aligned with operating and risk culture as well as with the strategic and financial interest of the Bank, promotes good performance and conveys acceptable risk-taking behavior defined under its Code of Ethics, and complies with legal and regulatory requirements. It also monitors and reviews the remuneration and other incentives policy including plans, processes, and outcomes to ensure that it operates and achieves the objectives as intended.

Risk Oversight Committee

Risk Oversight Committee		Jan - R	Apr - R	Jul - R	Sept - S	Oct - S	Oct - R	TOTAL	ATTENDANCE	
Emmanuel S. Santiago	Chairman		P	P	P	P	P	5	5	100%
Leticia A. Moreno	Member	P	A	P	P	P	P	6	5	83%
Vicente LL. Ramirez, Jr.	Member	P	P	P	P	P	P	6	6	100%
Xavier Y. Zialcita	Member	P	P	P	P	P	P	6	6	100%
Zenaida F. Torres	Member	P	P	P	P	P	P	6	6	100%

R - Regular, S - Special, O - Organizational

The Risk Oversight Committee is composed of five members of the Board of Directors, all of whom are nonexecutive directors. Three are independent directors, including the chairperson. The members of the Risk Oversight Committee possess a range of expertise as well as adequate knowledge on risk management issues and practices that enable them to develop appropriate strategies for preventing or mitigating losses.

Following their appointment during Annual Stockholders Meeting held on 24 April 2025, the members of the Risk Oversight Committee are as follows:

a. Emmanuel S. Santiago – Chairman
b. Leticia A. Moreno – Member
c. Xavier Y. Zialcita – Member
d. Zenaida F. Torres – Member
e. Vicente LL. Ramirez, Jr. – Member

In general, the Risk Oversight Committee is responsible for the development and oversight of the Bank's risk management program. The core responsibilities of the Risk Oversight Committee include the following:

• To oversee the risk management framework of the Bank. It oversees enterprise risk management and periodically reviews the risk management systems and recovery plans. It ensures that corrective actions are promptly implemented to address risk management concerns.

• To define the risk appetite and review the risk profile of the Bank to ensure that the risk is not higher than the risk appetite determined by the board. It ensures that the current and emerging risk exposures are consistent with the Bank's strategic direction and overall risk appetite. The committee assesses the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.

• To oversee the risk management function. It is responsible for the appointment/selection, remuneration, and dismissal of the chief risk officer (CRO). It ensures that the risk management function has adequate resources to effectively oversee the risk-taking activities of the Bank.

• To report regularly to the Board of Directors on the Bank's overall risk exposure and actions taken to mitigate the risks, and to recommend further action or plans as necessary.

Related Party Transactions Committee

Risk Oversight Committee		Jan - R	Apr - R	Oct - R	TOTAL	ATTENDANCE	
Emmanuel S. Santiago	Chairman	P	P	P	3	3	100%
Vicente LL. Ramirez, Jr.	Member	P	P	P	3	3	100%
Leticia A. Moreno	Member	P	P	P	3	3	100%

R - Regular, S - Special, O - Organizational

The Related Party Transactions Committee is composed of three members of the Board of Directors, all of whom are independent directors. The committee ensures that related party transactions are conducted at arm's length basis or on terms no less favorable to the Bank than terms available to any unrelated third party under the same or similar circumstances.

Following their appointment during Annual Stockholders Meeting held on 24 April 2025, the members of the Related Party Transactions Committee are as follows:

a. Emmanuel S. Santiago – Chairman
b. Vicente LL. Ramirez, Jr. - Member
c. Leticia A. Moreno – Member

The functions of the Related Party Transactions Committee include the following:

• To evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, transactions are monitored and subsequent changes in relationships with counterparties are captured.

• To evaluate all material related party transactions and ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

• To evaluate material related party transactions to ensure that the terms and conditions are also available to unrelated parties under similar circumstances.

• To ensure transparency and appropriate disclosure of RPT transactions to the regulating and supervising authorities.

• To report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party and the total amount of exposures to all related parties.

• To ensure that policies and procedures are in place for the regular reporting by Banking units of their existing RPTs as well as potential RPTs.

• To ensure that transactions with related parties, including write-off of exposures, are subject to periodically independent review or audit.

• To oversee the implementation of the system of identifying, monitoring, measuring, controlling and reporting RPTs, including the periodic review of RPT policies and procedures.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Board of Directors Meeting		Jan -R	Feb - S	Mar - S	Apr - R	July - R	Oct - R	TOTAL	ATTENDANCE
Reginaldo Anthony B. Cariaso**	Chairman	P	P	P	P	P	P	6	100%
Xavier Y. Zialcita	Member	P	P	P	P	P	P	6	100%
Simplicio B. Dela Cruz, Jr.	Member	P	P	P	P	P	P	6	100%
Arniel Vincent B. Ong****	Member						A	0	0%
Abelardo B. Villarosa, Jr.****	Member						P	1	100%
Zenaida F. Torres	Member	P	P	P	P	P	P	6	100%
Alfredo del Rosario, Jr.***	Member	P	P	P	P			4	100%
Vicente LL. Ramirez, Jr.	Member	P	P	P	P	P	P	6	100%
Leticia A. Moreno	Member	P	P	P	P	P	P	6	100%
Emmanuel S. Santiago*	Member		P	P	P	P	P	5	100%
Eugene S. Acevedo**		P	P	P	P			4	100%

R - Regular, S - Special, O - Organizational

** Director Santiago was appointed as one of its director, effective February 1, 2025*
*** Director Cariaso replaced Chairman & Director Acevedo upon his retirement effective, July 1, 2025.*
**** Director del Rosario resigned as an Non-Executive Director of the Bank, effective July 18, 2025.*
***** Director Ong and Villarosa were appointed as directors, effective August 19, 2025. Director Ong was on leave in October 2025.*

PERFFORMANCE ASSESSMENT PROGRAM

The Corporate Governance Committee oversees the periodic performance evaluation of the Board of Directors, board level committees and the President.

The Board of Directors conducts an annual self-assessment of the Board as a whole, of themselves as individual members and as members of the Board committees. Each member of the committee assesses the performance of the other members and the committee. This includes an evaluation of the exercise of independent judgment, integrity and objectivity of each member and of the Board as a whole. The Board likewise assesses the performance of the President.

Further, the assessment of the Audit Committee's performance complies with SEC Memorandum Circular No. 4, s. 2012- "Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed in the Exchange." The performance of the External Auditor is also subject to assessment.

ORIENTATION AND EDUCATION PROGRAM

Employee education, learning and development are essential to the Bank's growth strategy as it is constantly challenged to deal and cope with the demands and pressure brought by the rapidly changing environment. The Human Resources Department, with the support of the Management Committee, continues to provide learning and development activities for the employees in pursuit of the Bank's commitment to strengthen employees' competencies across all job levels.

By ensuring that the Bank staff and officers are trained, as well as immersed in best practices to provide the exceptional quality of service to its clients, the Human Resources Department, in coordination with Senior Management, focused on providing various skills- based training programs to continue honing skills and building capacities. These programs include:

1. the enhanced employee orientation for new hires to equip them with product and technical knowledge, as well as Bank's policy awareness;
2. professional image training;
3. account specialists' technical trainings;
4. branch services and support personnel trainings;
5. supervisory development training; and consultative selling for Bank officers;
6. programs designed to help employees comply with regulatory requirements; and
7. mental health topics such as anxiety in the workplace, among others.

The Bank also nominated employees to attend external training programs on real property valuation and assessment, customer experience, remedial management, employer branding, credit risk modelling, complaints management, behavior event interviewing, financial analysis, data analytics, project management, internal audit trainings, first aid training, occupational safety and health, as well as other remote learning programs related to compliance and risk management.

Further, the Bank also ensured that employees are continuously apprised of the updated circulars and regulations by conducting electronic learning sessions on Anti-Money Laundering, Information Security Awareness, Bank Security Awareness, Data Privacy Act, Financial Consumer Protection, Fraud Awareness were made available for all employees.

Rizal MicroBank Directors and Senior Officers attended 2025's Online Corporate Governance Training. This is one of the learning opportunities for directors and executives to update and refresh their knowledge which will enable them to fulfill their roles. Directors also received briefings on relevant policies and updates on certain BSP regulations and circulars, as well as the Bank's strategic initiatives and plans.

RETIREMENT AND SUCCESSION POLICY

The elected directors shall hold office for a term of one year and until their successors shall have been duly elected and qualified. To add, Rizal MicroBank's three independent directors have been observing the term limits stated in the Bangko Sentral ng Pilipinas' Circular No. 969 dated 22 August 2017.

In addition, the Bank provides financial security to employees even after their retirement through its retirement benefit plan. The employee's retirement date shall be one day after the 60th birthday, and completion of at least ten years of credited service for the purpose of qualification for retirement benefit.

Also, our Board understands that the Bank must continually evolve and restructure its business to remain ahead of strategic, market, technology, and regulatory shifts. The Board and senior management must also respond to and anticipate future changes and challenges. In this regard, our Board is regularly refreshed in a continuing cycle. The Corporate Governance Committee work within a general board succession plan framework to ensure that:

1. Appropriate governance processes are in place and ongoing, for identifying, assessing and monitoring future needs of the Board.
2. There is continuity and transfer of knowledge in the Board so that it may effectively fulfill its role and responsibilities to RMB, as that may evolve over time,
3. The Board is taking a prudent and structured approach to managing succession risk.

The Corporate Governance Committee assists in the annual review and assessment of the structure, size and composition of the Board and Board-level committees. The committee takes into consideration the Bank's current strategy and business, regulatory requirements on independence and diversity, as well as comparative benchmark analysis. The Committee may also review the Board's forecasted membership requirements over the next three to five years, based on factors such as directorship limits, diversity policy, and retirement policy for directors, and term limits for independent directors.

In terms of Senior Management succession, in consultation with the President, the Human Resources Department reviews the Bank's talent development process for proper management. Senior management provides annual bench analysis report and development plans based on the results of its performance appraisal process for key management positions and high potential individuals who were identified as potential successors. Aside from ensuring that there is a sufficient pool of qualified internal candidates to fill senior leadership positions, this review process identifies opportunities, performance gaps, and proactive measures in the Bank's senior management succession planning.

REMUNERATION POLICY

To encourage sustainable value creation within the organization, Rizal MicroBank, Inc. is committed to provide salaries or compensation consistent with job performance standards, the requirements of the law, and in a range that is competitive with the other thrift or rural Banks across the country.

The Board of Directors has the authority to determine level of remuneration and/or benefits for directors, as well as the President's, sufficient to attract and retain directors and compensate them for their time commitments and responsibilities in their role. Each director is entitled to receive fees and per diem for his or her services as a director, as stated in RMB's by-laws, for each occasion of attendance at meetings of the Board or of Board Committee. This is applicable as well for directors who are compensated as full- time officers of the RCBC Group.

For Senior Management, officers and staff, the President, in coordination with the Human Resources Department, ensures that the pay appropriately reflects the Bank's financial performance and individual job performance. The Bank also ensures that it offers a competitive compensation package which is aligned with performance standards and has pay differentials for different types of work and job levels based on the Board approved salary structure.

On top of that, the Bank provides incentives and rewards for performing employees which contribute to the overall business objectives and targets.

In consultation with the parent Bank's Human Resources Group, RMB ensures that each job is rated properly and continuously as they change over time due to reconfiguration of functions or reorganizations after a thorough job evaluation.

POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

Related Party refers to:

a. Directors, Officers, Stockholders, and Related Interests (DOSRI) as defined under Bangko Sentral regulations;

b. Close family members of the Bank's directors, officers and stockholders;

c. The Bank's subsidiaries, affiliates and any party that the Bank exerts direct/ indirect control over or that exerts direct/indirect control over the Bank;

d. Corresponding people in affiliated companies which refer to the DOS of the companies and their relatives within the second degree of consanguinity and affinity;

e. Other members of the YGC that are not classified as DOSRI, subsidiary or affiliate.

f. Entities with direct or indirect linkages to the Bank;

g. Members of the dvisory Board of the Bank; and

h. Subsidiaries of related parties.

Policies pertaining to Related Party Transactions are as follows:

• The Bank's code of conduct shall include a provision mandating all employees to report any potentially related party transactions.

• To ensure fairness and arm's length terms of RPTs, the Bank shall set parameters for selecting similarly situated nonrelated party accounts for benchmarking purposes and shall put in place an effective price discovery mechanism.

• Business units handling accounts/transactions of a related party, as well as officers and employees who may be a party in a related party transaction have the responsibility to notify the Compliance Office of such transactions as soon as they become aware of it. Also, non-related parties with outstanding transactions who subsequently become related must likewise be reported to the Compliance Office.

• The Compliance Office shall conduct a preliminary review of a proposed transaction submitted by the business unit to ensure compliance with BSP rules and regulations and then forward it to the RPT Management Committee or the Board RPT Committee, depending on the materiality of the amount of the transaction.

• The Compliance Office shall conduct a preliminary review of a proposed transaction submitted by the business unit to ensure compliance with BSP rules and regulations and then forward it to the RPT Management Committee or the Board RPT Committee, depending on the materiality of the amount of the transaction.

• The business units of the Bank shall maintain and regularly update their inventory of related parties and related party transactions. The inventory shall reflect the names of the related parties, relationship, and present employment/ affiliation (for natural persons). The business units shall also monitor the status and aggregate exposure to each related party as well as the total amount of exposure to all related parties.

• The business units shall submit a quarterly report to the Compliance Office which contains the updated inventory and exposures to related parties. This, in turn, shall be reported by the Compliance Office to the RPT Committee.

CONGLOMERATE STRUCTURE

Material RPTS

Transactions with related parties involving amounts of at least P5,000,000 shall be considered material RPTs.

The Board of Directors shall delegate to a RPT Management Committee the review and approval of Related Party Transactions where the amount involved is below the materiality threshold of P5,000,000, unless the transaction requires Board approval (e.g. loan and/ or credit accommodations to DOSRI, subsidiaries and affiliates; real estate transactions with DOSRI; cross-selling and outsourcing), in which case, the transaction shall be submitted to the RPT Committee for its evaluation and endorsement to the Board for approval.

Bank's Responsibilities on Disclosure of RPTs

• To submit quarterly reports on material related party transactions to the parent Bank's RPT Committee for consolidation with the parent Bank's own report to the Bangko Sentral. Material RPTs are transactions involving amounts of at least P5,000,000.

• To disclose all RPTs in the Bank's financial, operational, and annual reports as well as in the reports filed with the applicable regulatory body to the extent required by applicable rules and regulations.

• To disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

• To adequately disclose in its Annual Report its policies and procedures for managing Related Party Transactions, including managing conflicts of interest or potential conflicts of interest, and responsibility of the RPT Committee.

SELF-ASSESSMENT FUNCTION

The Internal Audit Function

The Bank maintains an Internal Audit function which aims to add value and improve the organization's operations. Internal auditing is an independent, objective assurance and consulting activity designed to help the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. It ascertains the adequacy and effectiveness of the Bank's management over risks, control and process. Internal Audit shall provide reasonable assurance that internal controls of the Bank are in place.

The Board of Directors through the Audit Committee provides authority to Internal Audit to have unrestricted access to all Bank records, physical properties, personnel and functions. Further, the Board allows Internal Audit to seek any other information from any Bank officer and employee and other external sources. The established authority is used solely in relevance to the performance of the engagement.

The Bank's Internal Audit Function encompasses the assessment, evaluation and contribution to the improvement of governance, risk management and control processes. Thus, the Internal Audit examines all business systems, processes, operation, function and activities within the Bank, which includes:

1. Assisting the Bank in identifying and evaluating significant risk exposures and contribute to the improvement of risk management and control systems.

2. Evaluating the risk exposures and adequacy of controls relating to and encompassing the Bank's governance, operations and information systems regarding the:

   a. Reliability and integrity of financial and operational information
   b. Effectiveness and efficiency of operations
   c. Safeguarding assets
   d. Compliance with laws, regulations and contracts

3. Ascertaining whether objectives and goals established by management conform to those of the Bank and whether they are being met.

Internal Audit reports directly and functionally to the Bank's Board of Directors through its Audit Committee and administratively to the Bank's President. The Audit Committee performs oversight functions over the Bank's internal and external auditors including external service providers of permitted outsourced audit activities. It ensures that the internal and external auditors act independently of each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. The Audit Committee likewise reviews the reports submitted by the internal and external auditors as well as those submitted by external service providers.

The Compliance Function

Compliance Function is an independent body established to identify and mitigate risks that could erode a BSFI's franchise value. These include legal or regulatory sanctions, material financial losses, and reputational damage resulting from a failure to comply with applicable laws, industry standards, and internal codes of conduct. Beyond basic regulatory adherence, this risk profile encompasses the management of conflicts of interest, the fair treatment of customers, and the effectiveness of frameworks designed to combat money laundering and terrorist financing.

To fulfill its mandate effectively, the function is granted the authority to communicate with any staff member and access all operational areas, records, or files on its own initiative. It maintains the independence to investigate potential breaches of the compliance manual and report irregularities or legal violations without fear of retaliation or disfavor from management. This autonomy ensures that the Compliance Function serves as an objective safeguard for the institution's integrity and long-term stability.

Role of the Compliance Office:

1. To oversee the design of an appropriate compliance risk management system, promote its effective implementation, and address breaches that may arise and ensure a Bank wide compliance culture such that compliance standards are understood and observed by all Bank associates.

2. To monitor Bank's compliance with relevant Banking laws, rules and regulations including the Anti-Money Laundering Act (AMLA), as amended, to maintain a high degree of regulatory compliance, thus, avoiding penalties/sanctions from regulatory agencies.

3. To ensure the integrity and accuracy of all documentary submissions to BSP through independent validation and timely and accurate submission of all reports to regulators.

4. To conduct preliminary evaluation of suspicious transactions reports and convene the Anti-Money Laundering (AML) Management Committee of the Bank when necessary for the final determination of the grounds for reporting to the AMLC.

5. To identify and assess material breaches of the compliance program, conduct investigations of possible breaches and properly address these within the mechanisms defined by the Compliance Program, and perform risk-based compliance assurance review and other procedures to ensure the effectiveness of the compliance program in achieving its objectives.

6. To monitor corrections of all the exceptions noted during BSP examination and compliance assurance review on units to ensure non-recurrence of findings.

7. To ensure timely dissemination of BSP circulars and other regulatory issuances to all concerned units.

8. To provide periodical and regular compliance reports that will:

a. Provide the Board of Directors through the Audit and Compliance Committee with Quarterly Activity Reports of the Compliance Office to apprise them of the Bank's state of compliance, and the impact of violation of Banking laws, rules and regulations;

b. Provide concerned officers of branches/departments with the report on the results of monitoring and risk-based compliance review conducted by the Compliance Office.

c. Provide Senior Management and the Board of Directors through the Audit and Compliance Committee, with the BSP Reports of Examination (Head Office and branches) together with the replies/action taken to correct them by the units concerned.

DIVIDEND POLICY

The Bank shall declare dividends pursuant to its by-laws and in accordance with the requirements of the BSP. Dividends may be declared annually or more often, as the Board of Directors may determine. The Board shall also declare dividends only from the surplus profits of the Bank after making proper provisions for the necessary reserves in accordance with Banking laws, and rules and regulations of the Bangko Sentral ng Pilipinas.

No dividends were declared by the Bank during the year.

CONSUMER PROTECTION PRACTICES

Board of Directors and Senior Management

The Board of Directors is primarily responsible for approving and overseeing the implementation of the Bank's consumer protection policies adopting a mechanism to ensure compliance therewith. It is also responsible for developing and maintaining a sound Consumer Protection Risk Management System (CPRMS) and monitoring and overseeing, through the Risk Oversight Committee, the performance of Senior Management in managing the day to day consumer protection activities of the Bank.

Senior Management, on the other hand, is responsible for developing policies and procedures on consumer protection which are compliant with the requirements of the BSP and existing consumer protection laws, rules and regulations, ensuring their faithful implementation by all Bank officers and staff, and performing other duties and responsibilities delegated by the Board with regard to financial consumer protection.

CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

The Consumer Protection Risk Management System (CPRMS), which is part of the Bank-wide Risk Management System of RMB, provides the foundation for Bank's adherence to consumer protection standards of conduct, and compliance with consumer protection laws, rules and regulations. It is proportionate to the nature and scope of operations, size, and risk profile of the Bank.

The Bank's CPRMS has the following components:

1. Board and Senior Management Oversight of the CPRMS: The Board and Senior Management are responsible for reviewing on a periodic basis the effectiveness of the CPRMS, including how findings are reported and the timeliness of said reports to the Board/Risk Oversight Committee, and whether the audit mechanisms in place enable adequate oversight.

2. Compliance Program: The Compliance Office has integrated the Consumer Protection Compliance Program into the over-all compliance program of the Bank. It forms part of the monitoring, testing, and reporting activities of the Compliance Office.

3. Policies and Procedures: The Bank's consumer protection policies and procedures are compliant with the requirements of existing laws, rules and regulations on consumer protection. These are embedded in the Bank's business operations, reviewed periodically and kept updated as these serve as reference by employees in their day-to-day activities.

4. Internal Audit Function: The Internal Audit Department reviews the Bank's consumer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations on financial consumer protection.

5. Risk Management Function: The Risk Management Department (RMD) provides guidance to business units in accomplishing the Risk and Control Self-Assessment (RCSA) for consumer protection as a mechanism to identify, measure, and monitor inherent consumer protection compliance risks, and evaluate Bank's procedures to control and mitigate these risks.

6. Training: The Human Resources Department provides personnel whose roles and responsibilities involve customer interaction, with adequate training on the proper implementation of written policies and procedures on consumer protection.

CONSUMER ASSISTANCE MANAGEMENT SYSTEM

The Bank has developed a Manual of Consumer Assistance Policies and Procedures (complaints handling manual) to provide consumers with a mechanism through which they can seek redress for their complaints/concerns regarding the Bank's products and services.

RMB has designated all of its Branch Operations Officers (BOOs) and Customer Service Associates (CSAs) of BLUs as Customer Care Officers (CCOs), reporting to the Branch Services and Support Department (BSSD). The Board has direct oversight of Consumer Protection and is responsible for ensuring that RMB Senior Management and staff are responsive to consumer concerns. All RMB branches and BLUs have clearly marked feedback boxes, along with pens and paper for writing customer complaints. Likewise, each of these officers has a poster displaying the name, phone number, and email address of the branch or BLU's CCO, as well as the contact details of the Chief Customer Care Officer (CCCO). This additional channel is provided as an option for clients who may prefer not to submit a complaint directly to branch personnel. On a monthly basis, the Risk Management Department requires submission of Consumer Complaints Reports on a nil reporting basis, to ensure that the Complaints Handling Manual of RMB is followed to the letter. Any incidents reported will be relayed to the Risk Oversight Committee and the Board of Directors during its Quarterly meetings. Since its implementation in February 2016, the system is effective in receiving customer queries and feedback, which were endorsed to the appropriate offices for their respective actions.

The following table shows the timelines imposed by the Bank on the handling of customer complaints:

PROCESSING OF COMPLAINT	SIMPLE*	COMPLEX*
Acknowledgement	Within 2 days	Within 2 days
Processing and resolution (assess, investigate and resolve)	Within 7 days	Within 45 days

- Simple complaint/request – a complaint/request where frontline staff solution or immediate explanation or action can be rendered.
- Complex complaint/request – a complaint/ request which needs assessment, verification, or investigation with third party intervention.
- Reckoned from date of receipt of complaint

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Reginaldo Anthony B. Cariaso
Chairman, Non-Executive Director

Xavier Y. Zialcita
Non-Executive Director

Simplicio B. Dela Cruz, Jr.
President, Executive Director

Zenaida F. Torres
Non-Executive Director

BOARD OF DIRECTORS

Arniel Vincent B. Ong
Non-Executive Director

Abelardo B. Villarosa, Jr.
Non-Executive Director

Emmanuel S. Santiago
Independent Director

BOARD OF DIRECTORS

Vicente LL. Ramirez, Jr.
Independent Director

Leticia A. Moreno
Independent Director

Eloisa A. Oliveros-Peñaroyo
Corporate Secretary

REGINALDO ANTHONY B. CARIASO
Chairman, Non-Executive Director

58 years of age, Filipino
BA Chemistry, University of Pennsylvania; BA Chemistry, New York University

Mr. Reginaldo B. Cariaso joined the Bank as one of its directors in February 2024, taking the seat vacated by Mr. Redentor C. Bancod who effectively retired from his post during the same time.

Mr. Cariaso was appointed as CEO in July 2025. Prior to his assumption as CEO. Mr. Cariaso was RCBC's Operations Group Head from 2023. Prior to joining RCBC, he was the Head of Strategy, Products and Support for Corporate Banking in BPI, and had also served as a director for BPI Remittance Center Hong Kong, as the Chairman for BPI Securities Corporation, and as President for BPI Capital Corporation.

He attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2024.

XAVIER Y. ZIALCITA
Non-Executive Director

49 years of age, Filipino
BS Management of Information Systems, Ateneo De Manila University; Post Graduate Diploma in Strategy & Innovation, Said Business School of the University of Oxford

Mr. Xavier Y. Zialcita joined Rizal MicroBank's Board of Directors in 2023 and concurrently leads RCBC's Strategic Initiatives with the rank of Senior Vice President. He is also a director for other subsidiaries within the RCBC Group, i.e., RCBC Leasing and Finance Corporation and RCBC Realty Corporation.

Prior to taking on the said roles, Mr. Zialcita served as a Senior Vice President for RCBC Capital Corporation where he had been engaged since 2008.

He attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2023.

SIMPLICIO B. DELA CRUZ, JR.
President, Executive Director

53 years of age, Filipino
Bachelor of Science in Commerce, Major in Economics, University of Sto. Tomas

In view of Mr. Reyes' conclusion of secondment, Rizal MicroBank appointed Mr. Dela Cruz as the President effective January 1, 2025.

Mr. Dela Cruz has extensive experience in the Banking industry, spanning more than 29 years. He served as a Senior Vice President – Division Head for Central Eastern Visayas Division of RCBC's SME Banking Group – a role he has held since 2019 until 2024. Prior to such appointment, he was the RCBC SME Banking Group's Central Visayas Lending Department Head from 2011-2019.

He also served in Planters Development Bank from 2002 to 2011 where he was appointed as the SME Department Head before moving to RCBC. He began his career at the Philippine Commercial International Bank (PCIBank), starting as a Documentation Assistant under the Credit Administration Unit from January 1995 to December 1996, before advancing to the role of Credit Review Officer from 1997 to 2002. Aside from this, he also attended the Corporate Governance conducted by the Institute of Corporate Governors in 2025.

ZENAIDA F. TORRES
Non-Executive Director

71 years of age, Filipino
BSBA Accounting, University of the East, Certified Public Accountant

Ms. Zenaida F. Torres has been a director of the Bank for 14 years. She is also a director of Niyog Property Holdings, Inc. and Cajel Realty Corporation. She works as Consultant of the House of Investments. Inc.

She was formerly the Head of Controllership Group of Rizal Commercial Banking Corporation, and director of Manchester Land Properties, Inc.

She attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2019. She also attended the following seminars: IFRS 9-Business Impact and Benefits of Early Adoption, Blue Ocean Strategy, and IFRS vs. Tax Laws and Regulations.

ARNIEL VINCENT B. ONG
Non-Executive Director

40 years of age, Filipino
BS Management Engineering - Ateneo De Manila University; AB Economics - Ateneo De Manila University

Mr. Arniel Vincent B. Ong joined the Bank as one of its directors in August 2025, taking the seat vacated by Mr. Eugene S. Acevedo, who effectively retired from his post during the same time.

Mr. Ong is concurrently the President/CEO of RCBC Bankard since July 1, 2023. Before joining the Bank, Mr. Ong was an officer for HSBC Philippines.

He attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2025.

ABELARDO B. VILLAROSA, JR.
Non-Executive Director

59 years of age, Filipino
BS Commerce - Business Management, De La Salle University

Mr. Abelardo B. Villarosa, Jr., joined the Bank as one of its directors in August 2025, taking the seat vacated by Mr. Alfredo S. Del Rosario, Jr, who effectively retired from his post during the same time.

Mr. Villarosa, Jr. is concurrently a Senior Vice President and Head of RCBC's Business Banking Group since January 2025. Before joining the Bank, Mr. Villarosa was an officer for various Banks, including CitiBank Savings, Insular Bank, Bank of Commerce, PhilBank Corp., And SolidBank Corp.

He attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2025.

EMMANUEL S. SANTIAGO

Independent Director

70 years of age, Filipino
BS Agriculture - Agricultural Economics, University of the Philippines - Los Baños; M.S in Agricultural Economics, Kansas State University; Ph.D in Economics and Corporate Finance, Kansas State University

Mr. Emmanuel S. Santiago joined the Bank as one of its independent directors in February 2025. Mr. Santiago is also an Independent Director of RCBC Leasing and Finance Corp. He is likewise a Director at Home Credit Mutual - Building and Loan Association and serves as an Advisor to Card Management and Information Technology

Mr. Emmanuel Santiago has 40 years of experience in the Banking industry. He attended the seminar on corporate governance conducted by the Institute of Corporate Directors in 2025.

VICENTE LL. RAMIREZ, JR.

Independent Director

78 years of age, Filipino
BA English, Ateneo de Naga University

Mr. Vicente LL. Ramirez, Jr. joined the Bank as an Independent Director in April 2021, and concurrently serves as an Independent Director for RCBC Capital Corporation and RCBC Rentals Corporation.

Mr. Ramirez has served as President for several notable institutions, including Banco del Oriente, Japan-PNB Equipment Rentals Corporation, and Mercator Finance Corporation. He founded Mercator Finance Corporation from scratch under the Zuellig Group of Companies and built it into the premier financial leasing firm in the Philippines independent of commercial Bank control.

Additionally, his prior executive leadership includes serving as Executive Vice President and concurrent Treasurer for Japan-PNB Leasing and Finance Corporation.

LETICIA A. MORENO

Independent Director

64 years of age, Filipino
BS Business Economics, University of the Philippines – Diliman; Masters of Business Administration, University of the Philippines – Diliman

Ms. Moreno had more than 30 years of professional experience in the Banking industry before she officially retired in 2020. She also worked with the Development Academy of the Philippines and Economic Support Fund as a Project Officer. She was also a First Vice President for UnionBank of the Philippines where she worked from 1994 to 2020.

Currently, apart from her directorship with Rizal MicroBank, Inc., she was also appointed as an Independent Director of VistaREIT, Inc. and RCBC Leasing and Finance Corporation.

ELOISA A. OLIVEROS-PEÑAROYO

Corporate Secretary

29 years of age, Filipino
BA Communication Arts - University of the Philippines - Mindanao; Juris Doctor - University of Mindanao

Ms. Eloisa A. Oliveros-Peñaroyo is a member in good standing of the Philippine Bar since 2022. She is concurrently the Legal and Litigation Officer of the Bank.

Prior to joining the Bank, she served as a Senior Associate with SGV & Co. under Business Tax Services, working in Corporate and Taxation Law from 2022-2025.

EXECUTIVE OFFICERS

RMB EXECUTIVE OFFICERS

Simplicio B. Dela Cruz, Jr.
President, Executive Officer

Emelita B. Rocero
Senior Vice President
Head, Retail Lending Department

Ma. Hazel Fulgueras-Velasco
Vice President
Head, Luzon Area Lending

Jean Melody P. Naranjo-Besa
Vice President
Head, Accounting Department

Mitchelle P. Adobas
Assistant Vice President
Head, Remedial and Collection Management Department

Alice Jandra M. Garcia
Assistant Vice President
Head, Systems Administration and Project Management Department

Rowland V. Moscardon
Assistant Vice President
Project Director - IT Department

EXECUTIVE OFFICERS

Janice V. Javerle
Manager
Head, Strategic Initiatives Department

Norwel C. De Roxas
Manager
Chief Risk Officer /
Business Information Officer

Teresita C. Sarmiento
Manager
Head, Branch Services and
Support Department

Ava A. Diamante
Manager
Head, Treasury Department

Toni Rose E. Eupeña
Senior Assistant Manager
Head, Central Mindanao and
Visayas Area Lending

Zandra Mae C. Salikula
Senior Assistant Manager
Head, Northern Mindanao Area Lending

Claribel A. Duaves
Senior Assistant Manager
Head, Internal Audit Department

Honey Grace N. Delos Reyes
Senior Assistant Manager
Human Resources Officer

Imma Tessa F. Donguila
Senior Assistant Manager
Head, Credit Management Department

Sherra Rose P. Rosil
Senior Assistant Manager
Acting Chief Compliance Officer

SIMPLICIO B. DELA CRUZ, JR.
President
Executive Director
53 years of age, Filipino

In view of Mr. Reyes' conclusion of secondment, Rizal MicroBank appointed Mr. Dela Cruz as the President effective January 1, 2025.

Mr. Dela Cruz has extensive experience in the Banking industry, spanning more than 29 years. He served as a Senior Vice President – Division Head for Central Eastern Visayas Division of RCBC's SME Banking Group – a role he has held since 2019 until 2024. Prior to such appointment, he was the RCBC SME Banking Group's Central Visayas Lending Department Head from 2011-2019. He also served in Planters Development Bank from 2002 to 2011 where he was appointed as the SME Department Head before moving to RCBC. He began his career at the Philippine Commercial International Bank (PCIBank), starting as a Documentation Assistant under the Credit Administration Unit from January 1995 to December 1996, before advancing to the role of Credit Review Officer from 1997 to 2002. Aside from this, he also attended the Corporate Governance conducted by the Institute of Corporate Governors in 2025.

Mr. Dela Cruz is a graduate of the University of Sto. Tomas where he earned his Bachelor of Arts in Economics.

EMELITA B. ROCERO
Senior Vice President
Head, Retail Lending Department
55 years of age, Filipino

Ms. Emelita B. Rocero has over 26 years of combined experience in commercial and microfinance lending. Prior to assuming her current position, she was Head of Credit Support and Administration with the rank of Vice President.

Before joining the Bank, she worked under the United States Agency for International Development-Rural Bankers Association of the Philippines Microenterprise Access to Banking Services Program (USAID-RBAP MABS) from 2000 to 2010, her last position being as a Regional Coordinator for the Visayas. Before that, she worked as Consultant/ Microfinance Department Head at Valiant Rural Bank, Inc.

She completed the required academic units for her Master's in Business Administration course Major in Corporate Management from the University of Southeastern Philippines, Davao City; and earned her BS degree in Commerce, Major in Accounting from the University of Mindanao, Davao City. She graduated at the top of her class in the Middle Management Development Program of De

MA. HAZEL FULGUERAS-VELASCO
Vice President
Head, Luzon Area Lending
48 years of age, Filipino

Ms. Ma. Hazel Fulgueras-Velasco has 23 years of professional experience in the Banking industry, 13 of which are in the microfinance, small business and agricultural lending sectors. Also, she has nine years of combined experience in Audit, Compliance, Finance and Comptrollership. She started her Banking career as the Audit and Compliance Head, 23 years of her Banking service is in a managerial position.

Last April 2012, she joined Rizal MicroBank, Inc. as the AVP for Luzon Area Operations. Prior to RMB, she related to President Jose P. Laurel Rural Bank, Inc, as VP Microfinance Head. Moreover, she was a public audit practitioner as Senior Auditor at Carlos J. Valdes and Associates, CPAs, and was also involved in the Academe as a Part-time Professor for Accountancy, Tax and Auditing subjects.

Ms. Fulgueras-Velasco is a graduate of Bachelor of Science in Accountancy, at Tomas Claudio Colleges; she is a licensed Certified Public Accountant by profession since 1998.

JEAN MELODY P. NARANJO-BESA
Vice President
Head, Accounting Department
33 years of age, Filipino

Mrs. Jean Melody Naranjo-Besa became an employee of the Bank in 2014, starting as an Internal Audit Examiner. In May 2024, she was appointed to Head the Accounting Department. She served as the Acting Head of Internal Audit beginning in April 2016, and she was confirmed as the full-fledged Head of Internal Audit in October of that same year. In October 2017, she also took on the role of Chief Compliance Officer concurrently.

Before her tenure at the Bank, Mrs. Naranjo-Besa worked as a Part-Time Instructor at the Christian Colleges of Southeast Asia and as an Accounting/Audit Staff member at Balidio Auditing and Accounting Office. She earned her Bachelor's degree in Accountancy from the University of Mindanao and is a Certified Public Accountant.

MITCHELLE P. ADOBAS
Assistant Vice President
Head, Remedial and Collection Management Department
50 years of age, Filipino

Mrs. Mitchelle P. Adobas joined Rizal MicroBank, Inc. as the Head of the Microfinance Department. In 2023, she was appointed as the Area Lending Head for the Visayas operations - a position she held until December 2024. In January 2025, she was appointed as the Remedial and Collection Management Department. Prior to RMB, she was connected with Malayan Bank as a Branch Manager of Davao, as well as with Enterprise Bank, Inc.

Mrs. Adobas is a graduate of Bachelor of Science in Business Administration Major in Marketing Management at Philippine School of Business Administration, Manila.

ALICE JANDRA M. GARCIA

Assistant Vice President
Systems Administration and Project Management Department Head
38 years of age, Filipino

Mrs. Garcia has over 17 years of professional experience in the Banking sector. Her journey at Rizal MicroBank began in April 2012 as a System Administrator.

Due to her acquired valuable experience and extensive knowledge of the Bank's systems, she was subsequently promoted to Unit Head of System Administration. In January 2025, she was appointed as the Department Head of System Administration and Project Management. Before her tenure at RMB, Ms. Garcia served as a System Administrator at Jose P. Laurel Rural Bank and as a Loans Clerk at Genesis Service Provider.

Mrs. Garcia holds a Bachelor of Science in Business Administration from the La Consolacion College of Tanauan.

ROWLAND V. MOSCARDON

Assistant Vice President
Project Director - IT Department
54 years of age, Filipino

Mr. Rowland V. Moscardon has more than 28 years of experience in Information Technology - more than 27 years with Rizal Commercial Banking Corporation and almost two years with Union Bank of the Philippines.

Mr. Moscardon has been into project management since 2012, applications development since 2003, IT systems support since 1999 and Information Management Systems since 1996.

Since 2012, Mr. Moscardon has driven the IT strategy and project execution at Rizal MicroBank (RMB). His comprehensive portfolio includes the administration of RMB's Core Banking System (CBS), safeguarding compliance with information security and IT standards, and managing critical application and infrastructure requirements

Mr. Moscardon's most recent project was the migration of RMB's CBS to cloud-based platform in October 2019.

Prior to being assigned to supporting RMB, Mr. Moscardon was involved in RCBC's migration from Financial Management System (FMS) to Oracle Enterprise in 2011.

Mr. Moscardon was assigned as an Industrial Engineer in the Information Technology Group of the Union Bank of the Philippines in 1994, specifically to assist in the implementation of Systematics.

JANICE V. JAVERLE

Manager
Head, Strategic Initiatives Department
35 years of age, Filipino

Ms. Javerle has over nine years of experience in the Banking industry, specializing in the Agri-Value Chain sector.

She began her tenure at the Bank in October 2016 as an Agricultural Value Chain Specialist, where she spearheaded the Bank's initiative to expand financial access within the agriculture sector. Her dedication led to her promotion in 2021 to Program Manager/Unit Head of the Bank's Value Chain Financing Program, a position she held until April 2025.

Before joining the Bank, Ms. Javerle gained valuable experience in various roles, including Project Administrator at LTS Pinnacle Holdings, Inc., Supervisory Trainee at Sumifru Corporation, and Research Assistant at the University of the Philippines Mindanao.

Ms. Javerle holds a Bachelor of Science in Agribusiness Economics from the University of the Philippines Mindanao.

NORWEL C. DE ROXAS

Manager
Chief Risk Officer / Business Information Officer
34 years of age, Filipino

Mr. De Roxas joined Rizal MicroBank, Inc in 2017 as a Credit Analyst. In 2020, he was transferred to Corporate Planning and Strategic Partnerships Group as a Corporate Planning Specialist before he was appointed as the Acting Chief Risk Officer in 2021. In November 2022, he was appointed as the Chief Risk Officer of Rizal MicroBank, Inc.

He is a Certified Public Accountant and a graduate of Bachelor of Science in Accountancy at University of Southern Mindanao.

TERESITA C. SARMIENTO

Manager
Head, Branch Services and Support Department
51 years of age, Filipino

Mrs. Sarmiento has 27 years of professional experience in the Banking industry and became part of Rizal MicroBank, Inc. in April 2012. Before her current role as Head of the Branch Services and Support Department, she served as the Branch Head of RMB Laurel, where she accumulated 11 years of managerial experience while overseeing the microfinance processes and business loans for the branch.

She holds a Bachelor of Science in Commerce with a Major in Management from Tanauan Institute in Batangas and a Master's degree in Public Administration from the Polytechnic University of the Philippines.

AVA A. DIAMANTE
Manager
Head, Treasury Department
34 years of age, Filipino

Mrs. Diamante has 12 years of professional experience in the Banking sector, with a decade dedicated to treasury operations. She began her career at Rizal MicroBank as a Customer Service Assistant - Teller. In 2014, she transitioned to the treasury department, taking on the role of Treasury Assistant. Before being appointed as Treasury Head in July 2023, she worked as a Treasury Operations Officer.

She earned her Bachelor of Science in Accountancy from Divine Word College of San Jose, Occidental Mindoro, graduating in 2013.

CLARIBEL A. DUAVES
Senior Assistant Manager
Head, Internal Audit Department
32 years of age, Filipino

Ms. Duaves is a seasoned Banking professional with over nine years of experience. She began her career at Rizal MicroBank in December 2016 as an Internal Audit Examiner. Her progression within the organization was steady, earning her a promotion to Deputy Internal Audit Officer by March 2018. Following an organizational restructuring in 2020, she advanced to the position of Corporate Audit Unit Head. Demonstrating continued leadership, she was then appointed as the Acting Internal Department Head in September 2021.

Ms. Duaves holds a Bachelor of Science in Accountancy from the University of Mindanao in Davao City and is a Certified Public Accountant.

HONEY GRACE N. DELOS REYES
Senior Assistant Manager
Human Resources Officer
33 years of age, Filipino

Mrs. Honey Grace N. Delos Reyes has ten years of professional experience in the Banking industry. She was hired by the Bank in January 2016 as a Talent Acquisition and Management Specialist and was promoted to Acting Human Resources Officer/Human Resources Officer on August 1, 2023. In February 2024, she was permanently appointed as a full-fledged Human Resources Officer/ Head.

Before joining Rizal MicroBank, she spent two years at Trumph Motorcycle Corporation, where she focused on recruitment and employee relations for over a year.

Mrs. Delos Reyes graduated with a Bachelor of Science in Business Administration from Monkayo College of Arts, Science, and Technology, with focused academic credentials in Human Resource Management and Human Behavior in Organizations.

IMMA TESSA F. DONGUILA
Senior Assistant Manager
Head of Credit Management Department
32 years of age, Filipino

Ms. Donguila has over ten years of professional experience at Rizal MicroBank Inc., where she has gained expertise in credit evaluation and management, credit risk management, and portfolio analytics. She began working with Rizal MicroBank Inc. in May 2015 as a Credit Analyst, where she conducted thorough credit analyses for loan applications from both prospective and existing clients. In January 2021, she transitioned to the Retail Lending Department as a Portfolio Analyst and in August 2021, she was appointed as the Head of the Credit Risk Management Unit.

Ms. Donguila holds a Bachelor of Science degree in Management Accounting from Ateneo de Davao University.

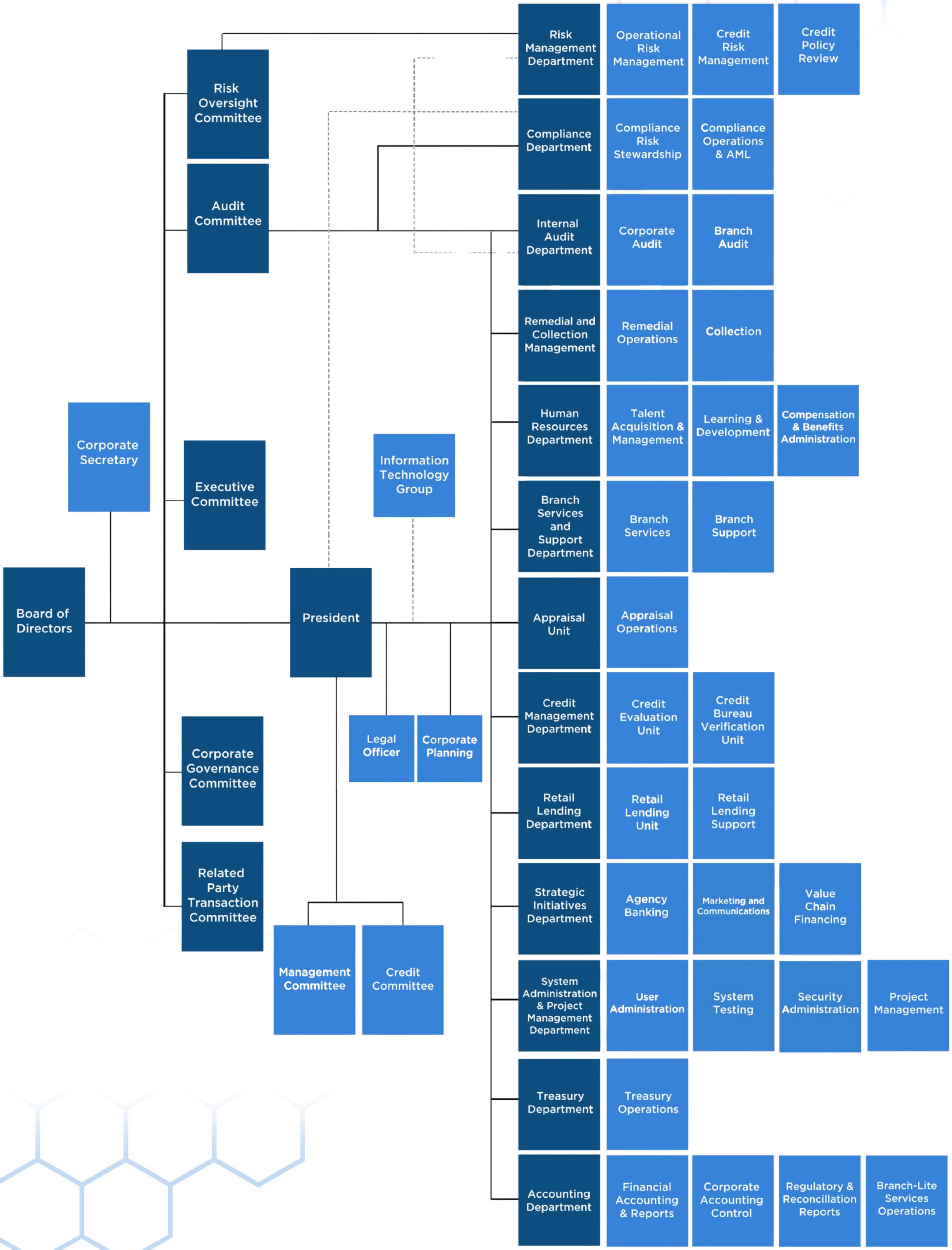
SHERRA ROSE P. ROSIL
Senior Assistant Manager
Acting Chief Compliance Officer
34 years of age, Filipino

Ms. Rosil has over 12 years of progressive experience in the banking industry, specializing in microfinance. Throughout her career, she developed a well-rounded understanding of the sector, supported by more than seven years of hands-on experience in regulatory compliance, close to two years in branch operations, and two years in internal audit. Her extensive compliance background equipped her with in-depth knowledge of applicable banking laws, Bangko Sentral regulations, and internal control frameworks, enabling her to effectively manage regulatory risks and ensure institutional adherence to governance standards.

Prior to joining Rizal MicroBank, Inc., Ms. Rosil served as an Executive Assistant at Davao Fibreboard Packaging Plant, Inc., where she supported senior management in administrative coordination, documentation, and operational oversight.

Ms. Rosil earned her Bachelor of Science in Accountancy degree from Cor Jesu College in Digos City, Davao del Sur.

TABLE OF ORGANIZATION



CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Brigada Eskwela 2025

"Sama-sama Para sa Bayang Bumabasa"

In harmonious alignment with the Department of Education (DepEd) theme, "Sama-sama Para sa Bayang Bumabasa", Rizal MicroBank Inc. (RMB) proudly answered the call to civic duty by actively participating in the 2025 Brigada Eskwela Campaign. This annual nationwide initiative, focused on preparing public school facilities for the upcoming academic year, served as a perfect avenue for the Bank to extend its corporate social responsibility (CSR) outreach.

In June 2025, following a comprehensive needs assessment, Rizal MicroBank selected Pamantawan Integrated School as its beneficiary for the year's campaign. This school, located within the remote community of Sitio Pamantawan in Davao City, was identified due to the unique challenges faced by its student population. A significant majority of the pupils attending Pamantawan Integrated School belong to the Aeta Tribe, an indigenous group whose families often face socio-economic hardships. Recognizing this, the Bank prioritized providing essential assistance in the form of school supplies to ensure these young learners have the necessary tools for a productive year of education.

Beyond the immediate need for academic materials, the Bank's commitment extended to addressing a critical infrastructural deficit within the school. Pamantawan Integrated School was suffering from a persistent and severe lack of water supply, an issue that significantly impacted hygiene and sanitation, particularly in the school's comfort rooms. To provide a sustainable, long-term solution, Rizal MicroBank committed to the procurement and installation of a large-capacity water tank. This tank is specifically intended to serve as a vital reservoir for storing harvested rainwater, which will be utilized primarily for the continuous maintenance and upkeep of the restrooms, thereby contributing to a healthier and more conducive learning environment for the students and faculty alike. This holistic approach underscored Rizal MicroBank's dedication not just to educational support, but also to the overall well-being and dignity of the Pamantawan community.

CAPITAL STRUCTURE & ADEQUACY

The capital adequacy ratio of the Bank as reported to the BSP as of December 31, 2025, and 2024 under Basel III framework are shown in the table below:

(In Millions)

	2025	2024
CET 1 Capital	517	497
Tier 1 Capital	517	497
Tier 2 Capital	0.22	0.30
Total Qualifying Capital	**517.22**	**497.30**
Credit Risk Weighted Assets	1,472	1,245
Market Risk Weighted Assets	-	-
Operational Risk Weighted Assets	415	364
Risk Weighted Assets	**1,887**	**1,609**
Total Capital Adequacy Ratio	**27.43%**	**30.91%**
Tier 1 Capital Adequacy Ratio	**27.41%**	**30.89%**
Common Equity Tier 1 Ratio	**27.41%**	**30.89%**
Capital Conservation Buffer	**27.41%**	**24.89%**

The regulatory qualifying capital of the Bank consists of Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital less regulatory deductions. The components of qualifying capital as of December 31, 2025, and 2024 are as follows:

Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital	**2025**	**2024**
Paid up common stock		
Additional paid in capital	1,126	1,126
Retained Earnings	-	-
Undivided profits	(629)	(636)
Other Comprehensive Income	17	6
Net unrealized gains or losses on AFS securities		
Cumulative foreign currency translation	12	11
Remeasurement of Net Defined Benefit Liability/(Asset)	-	-
"Minority interest in subsidiary financial allied undertaking which are less than wholly owned"	2	2
Common Equity Tier 1 (CET1) Capital	**528**	**512**

Less: Regulatory Adjustments to CET1 Capital	**2025**	**2024**
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)"		
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates"	-	-
Deferred tax assets	-	-
Goodwill	-	-
Other Intangible Assets	-	-
Defined benefit pension fund assets (liabilities)	2	2
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers brokers and insurance companies), after deducting related goodwill, if any	(10) -	(4) -
Other equity investments in non-financial allied undertakings and non-allied undertakings	18	17

Reciprocal investments in common stock of other banks/quasi-banks and financial allied undertakings including securities dealers/brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)	-	-
Total Regulatory Adjustments to CET1 Capital	10	15
Total Common Equity Tier 1 Capital	**518**	**497**
Additional Tier 1 (AT1) Capital		
Instruments issued by the bank that are eligible as AT1 Capital	-	-
Less: Regulatory Adjustments to AT1 Capital		
Total Additional Tier 1 (AT1) Capital		
Total Tier 1 (Common Equity Tier 1 plus Additional Tier 1) Capital	-	-
	518	**497**
Tier 2 Capital		
Instruments issued by the bank that are eligible as Tier 2 capital	-	-
General loan loss provision	0.22	0.30
Total Tier 2 capital	0.22	0.30
Less: Regulatory Adjustments to Tier 2 Capital		
Total Tier 2 Capital	**0.11**	**0.30**
Total Qualifying Capital	**518.22**	**497.30**

** Formula as per above Ratios:

a.) Total Capital Adequacy Ratio =	Total Qualifying Capital	518.22	497.30
		1,887	1,609
	Risk Weighted Assets	**27.43%**	**30.91%**
b.) Tier 1 Capital Adequacy Ratio =	Tier 1 Capital	517	497
	Risk Weighted Assets	1,887	1,609
		27.41%	**30.89%**
c.) Common Equity Tier 1 Ratio =	CET 1 Capital	517	497
	Risk Weighted Assets	1,887	1,609
		27.41%	**30.89%**
d.) Capital Conservation Buffer =	CET 1 Ratio - 6%		
	Common Equity Tier 1 Ratio	27.41%	30.89%
	Less: CET 1 of at least 6% of Risk Weighted Assets	6%	6%
		21.41%	**24.89%**

Full Reconciliation of all Regulatory Capital Elements and Regulatory Adjustments/Deductions
(In Millions)

FRP Equity Accounts	2025					2024				
	FRP	BASEL III				FRP	BASEL III			
		CT1 Capital	Additional Tier 1	Tier Capital	Total Basel III Capital		CET1 Capital	Additional Tier 1	Tier 2 Capital	Total Basel III Capital
Paid in Capital Stock	1,126	1,126	-		1,126	1,126	1,126	-		1,126
Common Stock	1,126	1,126			1,126	1,126	1,126			1,126
Perpetual and Non-Cumulative Preferred Stock										
Additional Paid-in Capital										
Other Equity Instruments (Hybrid Tier 1)	-		-		-				-	
Retained Earnings	(629)	(629)			(629)	(633)	(633)			(633)
Undivided Profits	17	17			17	6	6			6
Other Comprehensive Income	14	14			14	13	13			13
Minority Interest in Subsidiaries (for consolidated report only)										
Total Equity Accounts	**528**	**528**	**-**		**528**	**512**	**512**	**-**		**512**
Other Accounts Eligible as Regulatory Capital										
Unsecured Subordinated Debt					-					-
General Loan Loss Reserves				0.22	0.22				0.30	0.30
Regulatory Adjustments/Deductions to CET1 Capital										
Total outstanding unsecured credit accommodations, both direct and guarantees granted to subsidiaries and affiliates	-				-		-			-
	-				-		-			-
	-				-		-			-
Deferred tax assets		-			-		-			-
Goodwill		-			-		-			-
Other Intangible Assets		(2)			(2)		(2)			(2)
Defined benefit pension fund assets (liabilities)		10			4		4			4
Other equity investments in non-financial allied undertakings and non-allied undertakings		(18)			(17)		(17)			(17)
Reciprocal investments in common stock of other banks/ quasi-banks and financial allied undertakings including		-			-		-			-
Total Regulatory Capital	**528**	**518**	**-**	**0.22**	**518.22**	**512**	**489**	**-**	**0.40**	**497.30**

Components of Regulatory Capital

Regulatory Capital consist of the sum of the following accounts as reported in the BSP Financial Reporting Package (FRP) which are eligible as Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1) capital guided by Circular No. 781 - Basel III Implementing Guidelines on Minimum Capital Requirements

a. Paid in Capital Stock
b. Additional Paid-in Capital Stock
c. Retained Earnings
d. Undivided Profits
e. Other Comprehensive Income
   Net Unrealized Gains or Losses on AFS Securities
   Cumulative foreign currency translation
   Remeasurement of Net Defined Benefit Liability/(Asset) pertains to Reserves on remeasurements of post-employment defined benefit plan comprise of net accumulated actuarial gains or losses arising from experience adjustments and other changes in actuarial assumptions and actual return on plan assets

f. Minority interest in subsidiary banks which are less than wholly-owned.

Tier 2 Capital consists of sum of Unsecured Subordinated Debt and General Loan Loss Reserves, limited to a maximum of 1.00% of credit risk-weighted assets.

Regulatory Adjustments to Capital consists of the sum of the following accounts:

a. Unsecured credit accomodations
b. Unsecured loans, other credit credit accomodations and guarantees granted to subsidiaries and affiliates

c. Deferred Tax Assets pertains to the tax impact of deductible temporary differences such as but not limited to provisions for impairment,minimum corporate income tax and retirement benefits
d. Goodwill.
e. Other Intangible Assets consist of computer software.
f. Defined benefit pension fund assets pertains to the excess of the fair value of the plan assets over the present value of the defined benefit obligation
g. Investments in equity of unconsolidated subsidiary banks for the solo reporting represents carrying amount as reported in the FRP, net of related goodwill
h. Other equity investments in non-financial allied undertakings and non-allied undertakings represents investments in various companies .

Full Reconciliation of Regulatory Capital Elements back to the FRP Balance Sheet in the Audited Financial Statements
(In Millions)

			December 31, 2025		
Equity Accounts	Audited FS	BSP FRP	Change	Details	Amount
Capital Stock	1,126	1,126	-		
Surplus Reserves	16	16	-		
Revaluation Reserves	8	14	(6)	This pertains to the Remeasurements of the Net Defined Benefit Liability	(6)
Surplus Free	(627)	(628)	(1)	To reflect the recognition of adjusting entries affecting the Bank's income and expenses	1
				Total	**5**
Total Capital	**523**	**528**	**5**		

Full Reconciliation of Regulatory Capital Elements back to the FRP Balance Sheet in the Audited Financial Statements
(In Millions)

			December 31, 2024		
Equity Accounts	Audited FS	BSP FRP	Change	Details	Amount
Capital Stock	1,126	1,126	-		
Surplus Reserves	15	15	-		
Revaluation Reserves of AFS equity investments.	14	13	1		
				Total	**3**
Surplus Free	(643)	(642)	(1)		
Total Capital	**512**	**512**	**(2)**		

Capital Requirements by type of exposure as of December 31, 2025, and 2024 are as follows:

	December 31, 2025					
	Credit Risk		*Market Risk*		*Operational Risk*	
	Group	Solo	Group	Solo	Group	Solo
	(in Millions)					
On- Balance Sheet Assets		1,472				
Off- Balance Sheet Assets		-				
Counterparty Risk-Weighted Assets in the Banking & Trading Book		-				
Credit Linked Notes in the Banking Book						
Securitization Exposures						
Market Risk-Weighted Assets				-		
Operational Risk using Basic Indicator Approach						415
Total		**1,472**		**-**		**415**
Capital Requirements		**147**		**-**		**42**

	December 31, 2024					
	Credit Risk		*Market Risk*		*Operational Risk*	
	Group	Solo	Group	Solo	Group	Solo
	(in Millions)					
On- Balance Sheet Assets		1,245				
Off- Balance Sheet Assets		-				
Counterparty Risk-Weighted Assets in the Banking & Trading Book		-				
Credit Linked Notes in the Banking Book						
Securitization Exposures						
Market Risk-Weighted Assets				-		
Operational Risk using Basic Indicator Approach						364
Total		**1,245**		**-**		**364**
Capital Requirements		**125**		**-**		**36**

Risk weighted on-balance sheet assets covered by credit risk mitigants were based on collateralized transactions as well as guarantees by the Philippine National Government (NG) and those guarantors and exposures with the highest credit rating.

Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the rating by Standard & Poor's, Moody's, Fitch and Philratings on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporation and Corporates.

Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

(In Millions)

	December 31, 2025									
Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights 0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
On-Balance Sheet Exposures										
Sovereigns	101	-	101	101	-	-		-		-
Banks	86		86		-	-		86		86
Government corporations	-	-	-		-	-		-		-
Corporates	10	-	10	-	-	-	-	10	-	10
Housing Loans	22	-	22		-	22		-		11
MSME Qualified portfolio	908		-				908			681
Defaulted exposures	96		96					-	96	144
Housing Loans	-		-					-		-
Others	96		96						96	144
ROPA	43		43						43	65
All other assets, net of deductions	495		495	20	-			475		475
Total on-balance sheet exposures	**1,761**	**-**	**1,761**	**121**	**-**	**22**	**908**	**571**	**139**	**1,472**
Off-balance sheet exposures										
Direct credit substitutes	-		-					-		-
Transaction-related contingencies	-		-					-		-
Trade-related contingencies	-		-					-		-
Others	0.00		0.00	0.00						
Total off-balance sheet exposures	**0.00**		**0.00**	**0.00**	**-**	**-**	**-**	**-**		**-**
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	-		-		-	-		-		-
Derivatives - exchange rate contracts	-		-		-	-		-		-
Credit Derivatives	-		-		-	-	-	-	-	-
Total counterparty RWA in trading book	**-**		**-**		**-**	**-**		**-**		**-**
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**1,761**	**-**	**1,761**	**121**	**-**	**22**	**908**	**571**	**139**	**1,472**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Tier 2)										8
Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination										
Total net of deductions	**1,761**	**-**	**1,562**	**121**	**-**	**22**	**908**	**571**	**139**	**1,472**

*** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision**

Total Credit Risk Exposures by Type, Risk Buckets and Risk Weighted Assets

(In Millions)

	December 31, 2025									
				Risk Weights						
Type of Exposures	Total Exposures*	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	0%	20%	50%	75%	100%	150%	Total Risk Weighted Assets
On-Balance Sheet Exposures										
Sovereigns	138	-	138	138	-	-		-		-
Banks	90		90		-	-		90		90
Government corporations	-	-	-		-	-		-		-
Corporates	15	-	15	-	-	-	-	15	-	15
Housing Loans	12	-	12		-	12		-		6
MSME Qualified portfolio	923		-				923			692
Defaulted exposures	79		79					-	79	119
Housing Loans	-		-					-		-
Others	79		79						79	119
ROPA	74		74						74	111
All other assets, net of deductions	231		231	19	-			212		212
Total on-balance sheet exposures	**1,562**	**-**	**1,562**	**157**	**-**	**12**	**923**	**317**	**153**	**1,245**
Off-balance sheet exposures										
Direct credit substitutes	-		-					-		-
Transaction-related contingencies	-		-					-		-
Trade-related contingencies	-		-					-		-
Others	0.00		0.00	0.00						
Total off-balance sheet exposures	**0.00**		**0.00**	**0.00**	**-**	**-**	**-**	**-**		**-**
Counterparty Risk-Weighted Assets in the Banking Book										
Counterparty Risk-Weighted Assets in the Trading Book										
Derivatives - interest rate contracts	-		-		-	-		-		-
Derivatives - exchange rate contracts	-		-		-	-		-		-
Credit Derivatives	-		-		-	-	-	-	-	-
Total counterparty RWA in trading book	**-**		**-**		**-**	**-**		**-**		**-**
Risk-Weighted Amount of Credit Linked Notes in the Banking Book										
Risk-Weighted Securitization Exposures										
Total	**1,562**	**-**	**1,562**	**157**	**-**	**12**	**923**	**317**	**153**	**1,245**
Deductions from Capital										
General loan loss provision (in excess of the amount permitted to be included in Tier 2)										8
Unbooked valuation reserves and other capital adjustments affecting asset accounts based on the latest report of examination										
Total net of deductions	**1,562**	**-**	**1,562**	**157**	**-**	**12**	**923**	**317**	**153**	**1,245**

*** Principal amount for on-balance sheet and credit equivalent amount for off-balance sheet, net of specific provision**

Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

(In Millions)

	December 31, 2025									
On-Balance Sheet Assets	Pincipal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	20		20	20						-
Checks and Other Cash Items	-		-		-					-
Due from Bangko Sentral ng Pilipinas (BSP)	101		101	101						-
Due from Other Banks	86		86		-	-		86		86
Financial Assets Designated at Fair Value through Profit or Loss	-	-								
Available-for-Sale (AFS) Financial Assets	-	-								
Held-to-Maturity (HTM) Financial Assets	-	-	-	-	-	-		-	-	-
Unquoted Debt Securities Classified as Loans	-	-	-					-		-
Loans and Receivables	1,251	1,251	1,251			22	908	225	96	1,061
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions	-	-	-	-	-	-	-	-	-	-
Sales Contract Receivable (SCR)	10		10					10	-	10
Real and Other Properties Acquired	43		43						43	65
Other Assets	250		250					250		250
Total Risk-weighted On-Balance Sheet Assets	**1,761**	**1,251**	**1,761**	**121**	**-**	**22**	**908**	**571**	**153**	**1,472**

Total Credit Risk Exposures by Asset Type, Risk Buckets and Risk Weighted Assets

(In Millions)

On-Balance Sheet Assets	December 31, 2024									
	Pincipal Amount	Credit Risk Mitigants (CRM)	Total Credit Risk Exposure after CRM	Risk Weights						Total Risk Weighted Assets
				0%	20%	50%	75%	100%	150%	
Cash on Hand	19		19	19						-
Checks and Other Cash Items	-		-		-					-
Due from Bangko Sentral ng Pilipinas (BSP)	138		138	138						-
Due from Other Banks	90		90		-	-		90		90
Financial Assets Designated at Fair Value through Profit or Loss	-	-								
Available-for-Sale (AFS) Financial Assets	-	-								
Held-to-Maturity (HTM) Financial Assets	-	-	-	-	-	-		-	-	-
Unquoted Debt Securities Classified as Loans	-	-	-					-		-
Loans and Receivables	1,082	1,082	1,082			12	923	68	79	885
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions	-	-	-	-	-	-	-	-	-	-
Sales Contract Receivable (SCR)	15		15					15	-	15
Real and Other Properties Acquired	74		74						74	111
Other Assets	144		144					144		144
Total Risk-weighted On-Balance Sheet Assets	**1,562**	**1,082**	**1,562**	**157**	**-**	**12**	**923**	**317**	**153**	**1,245**

Market Risk Weighted Assets

(In Millions)

Using Standardized Approach	2025 Notional Amount	2025 Market Risk Weighted Assets (MRWA)	2024 Notional Amount	2024 Market Risk Weighted Assets (MRWA)
Interest Rate Exposures	-	-	-	-
Equity Exposures	-	-	-	-
Foreign Exposures	-	-	-	-
Options	-	-	-	-
Total	-	-	-	-

Operational Risk-Weighted Assets under Basic Indicator Approach

(Based on 3 year Average Gross Income)

Nature of Item	2025	2024
Net interest income	219	183
Other non-interest income	39	37
Gross Income	221	193
Capital Requirements	**415**	**364**

AUDITED FINANCIAL STATEMENT

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors
Rizal Microbank, Inc. – A Thrift Bank of RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
Andarizal Center, Rizal Street corner Anda Street
Barangay 3-A, Davao City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rizal Microbank, Inc. – A Thrift Bank of RCBC (the Bank), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 PSA 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 PSA, we exercise professional judgment and maintain professional skepticism 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 Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

We 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.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 20 to the financial statements, the Bank presented the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) 15-2010 in a supplementary schedule filed separately from the basic financial statements. RR 15-2010 requires the supplementary information to be presented in the notes to financial statements. The supplementary information for the years ended December 31, 2025 and 2024 required by the Bangko Sentral ng Pilipinas (BSP) as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis. Such supplementary information required by the BIR and BSP are the responsibility of management and are not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards; it is neither a required disclosure under the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Maria Isabel E. Comedia
Partner

CPA Reg. No. 0092966
TIN 189-477-563
PTR No. 10770756, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 92966-SEC (until financial period 2027)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-021-2025 (until August 6, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-005 (until August. 12, 2027)

February 16, 2026

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Supplemental Statement of Independent Auditors

The Board of Directors
Rizal Microbank, Inc. – A Thrift Bank of RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
Andarizal Center, Rizal Street corner Anda Street
Barangay 3-A, Davao City

We have audited the financial statements of Rizal Microbank, Inc. – A Thrift Bank of RCBC (the Bank) for the year ended December 31, 2025, on which we have rendered the attached report dated February 16, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Bank has only one stockholder owning 100 or more shares of the Bank's capital stock as of December 31, 2025, as disclosed in Note 16 to the financial statements.

PUNONGBAYAN & ARAULLO

By: Maria Isabel E. Comedia
Partner

CPA Reg. No. 0092966
TIN 189-477-563
PTR No. 10770756, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 92966-SEC (until financial period 2027)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-021-2025 (until August 6, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-005 (until August. 12, 2027)

February 16, 2026

RIZAL MICROBANK, INC. – A THRIFT BANK OF RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
RESOURCES			
CASH	8	**P 20,356,791**	P 19,457,898
DUE FROM BANGKO SENTRAL NG PILIPINAS	8	**101,058,571**	137,733,981
DUE FROM OTHER BANKS	8	**85,854,811**	89,536,204
LOANS ARISING FROM REVERSE REPURCHASE AGREEMENTS	8	**125,000,000**	-
LOANS AND RECEIVABLES - Net	9	**1,370,358,581**	1,098,638,190
BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	10	**132,741,301**	120,672,967
NON-CURRENT ASSETS HELD FOR SALE	11	**43,204,678**	71,251,519
OTHER RESOURCES - Net	12	**35,941,206**	36,671,691
TOTAL RESOURCES		**P 1,914,515,939**	P 1,573,962,450
LIABILITIES AND EQUITY			
DEPOSIT LIABILITIES	13	**P 1,195,897,017**	P 944,632,743
BILLS PAYABLE	15	**50,000,000**	-
ACCRUED INTEREST AND OTHER EXPENSES	14	**25,187,177**	24,094,510
OTHER LIABILITIES	15	**120,578,356**	93,572,210
TOTAL LIABILITIES		**1,391,662,550**	1,062,299,463
EQUITY			
Capital stock	16	**1,126,358,000**	1,126,358,000
General loan loss reserves	16	**10,197,386**	9,269,034
Surplus reserves		**5,461,189**	5,461,189
Revaluation reserves	12, 19	**8,032,546**	13,878,686
Deficit		**(627,195,732)**	(643,303,922)
TOTAL EQUITY		**522,853,389**	511,662,987
TOTAL LIABILITIES AND EQUITY		**P 1,914,515,939**	P 1,573,962,450

See Notes to Financial Statements.

RIZAL MICROBANK, INC. – A THRIFT BANK OF RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
INTEREST INCOME			
Loans and receivables	9	**P 314,585,528**	P 270,052,480
Due from Bangko Sentral ng Pilipinas and other banks	8	**4,242,073**	2,297,430
		318,827,601	272,349,910
INTEREST EXPENSE			
Deposit liabilities	13	**37,531,339**	38,851,911
Others	15, 19	**7,513,047**	5,218,466
		45,044,386	44,070,377
NET INTEREST INCOME		**273,783,215**	228,279,533
IMPAIRMENT LOSSES	9, 11	**(42,110,358)**	(32,066,867)
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES		**231,672,857**	196,212,666
OTHER OPERATING INCOME	17	**56,700,386**	47,917,715
OTHER OPERATING EXPENSES	18	**(264,368,274)**	(234,559,599)
INCOME BEFORE TAX		**24,004,969**	9,570,782
TAX EXPENSE	20	**6,968,427**	5,420,102
NET INCOME		**17,036,542**	4,150,680
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified subsequently to profit or loss			
Fair value gains on financial assets through other comprehensive income	12, 16	**-**	1,269,452
Remeasurements of retirement benefit plan	16, 19	**(5,846,140)**	(4,131,429)
		(5,846,140)	(2,861,977)
TOTAL COMPREHENSIVE INCOME		**P 11,190,402**	P 1,288,703

See Notes to Financial Statements.

RIZAL MICROBANK, INC. – A THRIFT BANK OF RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	**Capital Stock** (see Note 16)	**Deficit**	**General Loan Loss Reserves** (see Note 16)	**Surplus Reserves**	**Revaluation Reserves** (see Note 16)	**Total Equity**
Balance at January 1, 2025		P 1,126,358,000	(P 643,303,922)	P 9,269,034	P 5,461,189	P 13,878,686	P 511,662,987
General loan loss appropriation	16	-	(928,352)	928,352	-	-	-
Total comprehensive income	12, 19	-	17,036,542	-	-	(5,846,140)	11,190,402
Balance at December 31, 2025		**P 1,126,358,000**	**(P 627,195,732)**	**P 10,197,386**	**P 5,461,189**	**P 8,032,546**	**P 522,853,389**
Balance at January 1, 2024		P 1,126,358,000	(P 647,454,602)	P 9,269,034	P 5,461,189	P 16,740,663	P 510,374,284
Total comprehensive income	12, 19	-	4,150,680	-	-	(2,861,977)	1,288,703
Balance at December 31, 2024		P 1,126,358,000	(P 643,303,922)	P 9,269,034	P 5,461,189	P 13,878,686	P 511,662,987

See Notes to Financial Statements.

RIZAL MICROBANK, INC. – A THRIFT BANK OF RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P 24,004,969**	P 9,570,782
Adjustments for:			
Interest income	8, 9	**(318,827,601)**	(272,349,910)
Interest received		**302,447,651**	267,591,756
Interest expense	13, 15, 19	**45,044,386**	44,070,377
Impairment losses	9, 11	**42,110,358**	32,066,867
Interest paid		**(40,778,716)**	(42,327,820)
Depreciation and amortization	10, 12	**31,635,787**	28,605,417
Gain on sale of assets held for sale	11, 17	**(11,418,727)**	(4,954,726)
Loss (gain) on sale of bank premises, furniture, fixtures and equipment	10, 17	**56,561**	(592,286)
Operating profit before working capital changes		**74,274,668**	61,680,457
Decrease (increase) in loans and receivables		**(289,947,437)**	114,825,403
Decrease (increase) in non-current assets held for sale		**31,962,206**	(17,022,565)
Decrease (increase) in other resources		**895,001**	(441,976)
Increase (decrease) in deposit liabilities		**251,264,274**	(47,751,071)
Increase in accrued interest and other expenses		**1,642,291**	9,701,226
Increase (decrease) in other liabilities		**1,114,449**	(27,486,367)
Cash generated from operations		**71,205,452**	93,505,107
Cash paid for taxes		**(6,923,921)**	(7,876,240)
Net Cash From Operating Activities		**64,281,531**	85,628,867
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of bank premises, furniture, fixtures and equipment	10	**(11,936,057)**	(11,971,154)
Acquisitions of computer software	12	**(1,130,562)**	(999,083)
Proceeds from disposal of bank premises, furniture, fixtures and equipment	10	**512,520**	6,140,061
Net Cash Used in Investing Activities		**(12,554,099)**	(6,830,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments (payments) of bills payable	15	**50,000,000**	(40,000,000)
Payments of lease liabilities	15	**(16,185,342)**	(19,278,218)
Net Cash From (Used in) Financing Activities		**33,814,658**	(59,278,218)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**85,542,090**	19,520,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8		
Cash		**19,457,898**	13,650,462
Due from Bangko Sentral ng Pilipinas (BSP)		**137,733,981**	80,981,879
Due from other banks		**89,536,204**	99,624,130
Loans arising from reverse repurchase agreements		**-**	32,951,139
		246,728,083	227,207,610
CASH AND CASH EQUIVALENTS AT END OF YEAR	8		
Cash		**20,356,791**	19,457,898
Due from Bangko Sentral ng Pilipinas (BSP)		**101,058,571**	137,733,981
Due from other banks		**85,854,811**	89,536,204
Loans arising from reverse repurchase agreements		**125,000,000**	-
		P 332,270,173	P 246,728,083

Supplemental Information on Non-cash Investing and Financing Activity –

The Bank recognized additional right-of-use assets and liabilities amounting to P31.37 million and P27.23 million in 2025, respectively, and P8.20 million and P2.48 million in 2024, respectively (see Notes 10 and 15).

See Notes to Financial Statements.

RIZAL MICROBANK, INC. – A THRIFT BANK OF RCBC
(A Wholly Owned Subsidiary of Rizal Commercial Banking Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

Rizal Microbank, Inc. – A Thrift Bank of RCBC (formerly known as Merchants Savings and Loan Association, Inc.) (the Bank) was incorporated in the Philippines on December 15, 1976. The Bank is licensed and authorized by the Bangko Sentral ng Pilipinas (BSP) to operate as a thrift bank and it focuses mainly on providing loans to microenterprise and small business operators as well as value chain players in the agricultural sector. As a thrift bank, the Bank, with prior Monetary Board approval, may also engage in trust, quasi-banking, and money market operations and act as collection agent/official depository for government and commercial entities. The Bank also has the authority to accept foreign currency deposits.

On March 22, 2011, the Bank secured the approval of the BSP to operate under its new trade name, Merchants Savings and Loan Association, Inc. On November 18, 2015, the Board of Directors (BOD) approved the change in corporate name of the Bank from Merchants Savings and Loan Association, Inc. to Rizal Microbank – A Thrift Bank. The BOD subsequently amended and approved the corporate name to Rizal Microbank, Inc. – A Thrift Bank of RCBC on April 27, 2018. The Securities and Exchange Commission (SEC) approved the Amended Articles of Incorporation and Amended By-Laws bearing its new corporate name on June 25, 2019.

The Bank's BOD and stockholders approved on January 27, 2012 and April 27, 2012, respectively, the amendment to the Bank's Articles of Incorporation to include the secondary purpose to sell, solicit or market insurance products and services as an insurance agent or broker especially for microinsurance products issued by life and non-life insurance companies as authorized by the Insurance Commission and in accordance with the rules and regulations of the BSP.

The Bank is a wholly owned subsidiary of Rizal Commercial Banking Corporation (RCBC or the Parent Bank), a publicly-listed company incorporated and domiciled in the Philippines. RCBC is a universal bank engaged in all aspects of banking. RCBC provides products and services related to traditional loans and deposits, trade finance, domestic and foreign fund transfers or remittance, cash management, treasury and trust and custodianship services. RCBC is a 33.92% - owned subsidiary of Pan Malayan Management and Investment Corporation (PMMIC or the ultimate parent company), a company incorporated and domiciled in the Philippines. PMMIC is the holding company of the flagship institutions of the Yuchengco Group of Companies.

The Bank's registered office and principal place of business is Andarizal Center, Rizal Street corner Anda Street, Barangay 3-A, Davao City. The registered office of RCBC is located at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City, while PMMIC is located at 48th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City.

As of December 31, 2025, the Bank has 15 branches (including its head office) in the areas of Agusan del Norte, Batangas, Bukidnon, Cebu, Davao del Norte, Davao del Sur, Metro Manila, Misamis Oriental, Occidental Mindoro, and South Cotabato. Also, as of December 31, 2025, the Bank has 13 branch-lite units in Oriental Mindoro, Sultan Kudarat, Davao de Oro, Davao del Sur, Agusan del Sur, Quezon Province, Laguna, Cotabato, Batangas, Bukidnon, Palawan, and Surigao del Sur.

The financial statements of the Bank as of and for the year ended December 31, 2025 (including the comparative financial statements as of and for the year ended December 31, 2024) were authorized for issue by the Bank's BOD on February 16, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that has been used in the preparation of these financial statements is summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Bank presents all items of income and expenses in a single statement of comprehensive income.

The Bank presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Bank's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated.

Items included in the financial statements of the Bank are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Bank operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Bank

The Bank adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Bank.

(b) Effective Subsequent to 2025 but not Adopted Early

There are new and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Bank's financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Bank's financial assets include financial assets at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Financial Assets at Amortized Cost

The Bank's financial assets at amortized cost are presented in the statement of financial position as Cash, Due from BSP, Due from Other Banks, Loans Arising from Reverse Repurchase Agreements, Loans and Other Receivables and as part of Other Resources in respect of rentals and other deposits, petty cash fund and coins on hand which are included in the account.

For purposes of cash flows reporting and presentation, cash and cash equivalents include cash and other cash items, and due from BSP and other banks.

Financial Assets at FVOCI

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Bank for trading or as mandatorily required to be classified as FVPL. The Bank has designated its equity instrument as at FVOCI. The Bank currently has no debt instruments in its FVOCI financial asset classification.

Financial Assets at FVTPL

The Bank can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Bank is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Bank's business model will be effected only at the beginning of the next reporting period following the change in the business model.

(ii) Effective Interest Rate Method and Interest Income

Interest income on financial assets measured at amortized cost and all interest-bearing debt financial assets classified as at FVTPL, or at FVOCI, is recognized using the effective interest rate method.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset with an increase or reduction in interest income. The Bank calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and/or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

(iii) Impairment of Financial Assets

The Bank's Expected Credit Loss (ECL) model follows a three-stage impairment approach, which guide in the determination of the loss allowance to be recognized in the financial statements. The staging of financial assets and definition of default for purposes of determining ECL are further discussed in Note 4.1.

ECL is a function of the probability of default (PD), loss given default (LGD), and exposure-at-default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement. These elements are discussed more fully in Note 4.1.

The Bank calculates ECL either on an individual or a collective basis. For agricultural, microfinance and regular loans which were carried out on a collective basis, the financial instruments are grouped on the basis of shared credit risk characteristics, such as but not limited to instrument type, credit risk rating, collateral type, product type, historical net charge-offs, industry type, and geographical locations of the borrowers or counterparties. The Bank calculates ECL for corporate loans, sales contract receivables and investment securities at amortized cost on an individual basis.

The Bank applies a simplified ECL approach for its accounts receivables and other risk assets wherein the Bank uses a provision matrix that considers historical changes in the behaviour of the portfolio of credit exposures based on internally collected data to predict conditions over the span of a given observation period. These receivables include claims from various counterparties, which are not originated through the Bank's lending activities. For these instruments, the Bank measures the loss allowance at an amount equal to lifetime ECL.

The Bank recognizes an impairment loss in profit or loss for all financial instruments subjected to ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account. With respect to investments in debt securities that are measured at FVOCI, the related loss allowance account is recognized in other comprehensive income and accumulated in the Revaluation Reserves account and does not reduce the carrying amount of the financial asset in the statement of financial position.

(iv) Modification

When the Bank renegotiates or otherwise modifies the contractual cash flows of the loans to customers, the Bank assesses whether or not the new terms are substantially different to the original terms.

In making such assessment, the Bank considers, among others:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantial new terms are introduced that will affect the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and/or,
- insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognizes the financial asset and recognizes a new asset at fair value and recalculates a "new" effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are recognized in profit or loss as either gain or loss on derecognition of financial assets.

As to the impact on ECL measurement, the expected fair value of the "new" financial asset is treated as the final cash flow from the existing financial asset at the date of derecognition. Such an amount is included in the calculation of cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

(b) Financial Liabilities

Financial liabilities include deposit liabilities, accrued interest and other expenses, bills payable, and other liabilities (except for tax-related payables and post-employment defined benefit obligation).

2.4 Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land held for use in operation or administration is stated at cost less any impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10 to 25 years
Furniture, fixtures and office equipment	3 to 10 years
Transportation equipment	5 years

Leasehold improvements are amortized over the estimated useful lives of the improvements of ten years or the terms of the related leases, whichever is shorter.

2.5 Non-current Assets Classified as Held for Sale

Non-current assets held for sale are measured at the lower of their carrying amounts, immediately prior to their classification as held for sale, and their fair value less costs to sell.

2.6 Intangible Assets

Intangible assets include computer software used in operations which are accounted for under the cost model and reported under Other Resources account in the statements of financial position. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful lives (ranging from two to five years) as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 3.2(f).

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software.

2.7 Other Income and Expense Recognition

The Bank assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or agent. The Bank concluded that it is acting as a principal in all of its revenue arrangements.

For revenues arising from various services which are to be accounted for under PFRS 15, *Revenue from Contracts from Customers*, it provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies such as *Service charges, fees and Commissions* – these income arising from loans, deposits, and other banking transactions are recognized as income based on agreed terms and conditions with customers, which are generally when the services have been performed.

For other income outside the scope of PFRS 15, the following provides information about the nature and the related revenue recognition policies:

(a) *Gain or loss from assets sold or exchanged* – Income or loss from assets sold or exchanged is recognized when the title to the properties is transferred to the buyer or when the collectability of the entire sales price is reasonably assured. This is included in profit or loss as part of Other Operating Income or Other Operating Expenses in the statement of comprehensive income.

(b) *Recovery on charged-off assets* – Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery. This is included in profit or loss as part of Other Operating Income in the statement of comprehensive income.

2.8 Leases

(a) *Bank as Lessee*

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. The Bank depreciates the right-of-use asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term which is from 2 to 10 years.

The Bank has elected to account for any short-term leases (less than 12 months) using the practical expedient. Instead of recognizing a right-of-use asset and lease liability, the lease payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The corresponding right-of-use assets and lease liabilities are presented as part of Bank Premises, Furniture, Fixtures and Equipment, and Other Liabilities, respectively, in the statement of financial position.

(b) *Bank as Lessor*

As a lessor, the Bank classifies its leases as either finance or operating leases.

Leases which transfer to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented at an amount equal to the Bank's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Bank's net investment outstanding in respect of the finance lease and is included as part of Interest Income on loans and receivables.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.9 Employee Benefits

The Bank provides retirement benefits to employees through a defined benefit plan and defined contribution plan, as well as other benefits.

The Bank's defined benefit plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Bank's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Application of ECL to Financial Assets at Amortized Cost and Financial Assets at FVOCI

The Bank uses the general approach to calculate ECL for all debt instruments carried at amortized cost and FVOCI, together with loan commitments and financial guarantee contracts. The allowance for impairment is based on the ECL associated with the PD of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Bank has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(b) Evaluation of Business Model Applied and Testing the Cash Flow Characteristics of Financial Assets in Managing Financial Instruments

The Bank manages its financial assets based on a business model that maintains adequate level of financial assets to match its expected cash outflows, largely in relation to its core deposit funding arising from customers' withdrawals and continuing loan disbursements to borrowers, and to manage its working capital.

The Bank's business models reflect how it manages its portfolio of financial instruments, mainly loans and receivable portfolio. The Bank's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belongs to, taking into consideration the objectives of each business model established by the Bank (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Bank's investment and lending strategies.

Furthermore, the Bank assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding.

The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Bank assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion.

The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Bank considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect (HTC) business model if the Bank can explain the reasons for those sales and why those sales do not reflect a change in Bank's objective for the business model.

(c) Distinction Between Investment Properties and Owner-occupied Properties

The Bank determines whether a property qualifies as investment property. In making its judgment, the Bank considers whether the property generates cash flows largely independent of the other assets held by the Bank. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the operations of the Bank.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease) then these portions can be accounted for separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in operations or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. As of the end of the reporting period, the Bank has no property comprising a portion that is held for rental or for capital appreciation and with other portions held for use in operation or for administrative purposes.

(d) *Determination of the Classification of Asset under Assets Held-for-Sale*

The Bank classifies an asset as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In determining whether reclassification is in order, the asset must be available for immediate sale in its present condition subject to usual terms and the same must be highly probable, evidenced by a commitment to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except if a delay will be caused by events or circumstances beyond the Bank's control and there is sufficient evidence that the Bank remains committed to its plan to sell the asset.

(e) *Classification and Determination of Fair Value of Acquired Properties*

The Bank classifies its acquired properties as Bank Premises, Furniture, Fixtures and Equipment if used in operations, and as Investment Properties if held for rental or for currently undetermined future use and is regarded as held for capital appreciation, or as financial asset. At initial recognition, the Bank determines the fair value of acquired properties through internal and external appraisal depending on the Bank's threshold policy. The appraised value is determined based on the current economic and market conditions, as well as the physical condition of the property.

The Bank's methodology in determining the fair value of acquired properties are further discussed in Note 7.4.

(f) *Determination of Lease Term of Contracts with Renewal and Termination Options*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The factors that are normally the most relevant are (a) if there are significant penalties should the Bank pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Bank is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Bank did not include renewal options as part of the lease term as the terms are renewable upon mutual agreement.

The lease term is reassessed if an option is actually exercised or not exercised or the Bank becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Bank.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are presented in Note 22.

In dealing with the Bank's various legal proceedings, its estimate of the probable costs that may arise from claims and contingencies has been developed in consultation and coordination with the Bank's internal and outside counsels acting in defense for the Bank's legal cases and are based upon the analysis of probable results.

Although the Bank does not believe that its dealing in these proceedings will have material adverse effect on the Bank's financial position, it is possible that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies conducted relating to those proceedings.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of Allowance for ECL on Loans and Receivables

The Bank aligned its ECL methodology with the Parent Bank's ECL model in 2024. This was approved by the Board of Directors last October 27, 2022. To further strengthen the components and approach used in the model refresh, the model was validated during the first quarter of 2024 by an external validation team. The structure of model validation was influenced by the availability of the information and how it is best used for risk assessment.

The results of the validation have been reviewed by RCBC ECL Technical Working Group (TWG) prior to presentation to, concurrence and approval on April 24, 2024 by the RMB Risk Oversight Committee and BOD, respectively.

This framework measures credit impairment of loan receivables in accordance with the provisions of PFRS 9 which considers past events, current conditions and forecasts of future economic conditions.

The ECL model integrates results of granular assessment of loan accounts which takes into consideration both the qualitative and quantitative factors in determining the significant increase in credit risk. Further, this assessment is classified based on the five colors depending on the severity of credit risk of the accounts.

Under this framework, accounts are assessed and classified using color codes that were initially designed to match the Parent Bank's COVID-19 Assistance and Recovery Enhancement (CARE) colors; however, in 2024, the Parent Bank reverted to using Standard and Poor Rating (S&P) as their internal credit risk rating system. The Bank opted to keep color coding because it graphically emphasizes the extent of credit risk within portfolio categories.

Color coding of accounts has been adopted only in 2021 which limits the required historical information to three years. Although PFRS 9 has no specific guidance nor explicit as to number of years of data requirement when computing ECL, careful assessment was made by the Bank in terms of the use of available historical data primarily for the consideration of the following: average lending period over which the Bank is exposed to credit risk, data quality, changes in economic conditions, and risk assessments. On the other hand, when measuring allowance for ECL for loans and receivables, management applies judgment in defining the criteria in assessing whether a financial asset has experienced significant increase in credit risk (SICR) since initial recognition, estimation of the contractual cash flows due from borrower, and those that the Bank would expect to receive, taking into account the cash flows from the realization of collateral and integral credit enhancements.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions about future economic conditions and credit behaviour of counterparties (e.g., the likelihood of counterparties defaulting and the resulting losses).

Significant factors affecting the estimates on the ECL model include:

- default history of group of accounts which determines the PD to be assigned to a specific portfolio of loans and receivables;
- criteria for assessing if there has been an SICR and when a financial asset will be transferred between the three stages;
- the Bank's definition of default for different segments of credit exposures that considers the regulatory requirements;
- establishing groups of similar financial assets (i.e., segmentation) for the purposes of measuring ECL on a collective basis; and,
- establishment of LGD parameters based on historical recovery rates of claims against defaulted counterparties.

The explanation of inputs, assumptions and estimation techniques used in measuring ECL and the analysis of the allowance for ECL on loans and receivables is further discussed in Note 4.1.

(b) Fair Value Measurement for Financial Assets at FVOCI

The Bank carries financial asset at fair value which requires judgment and use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriate valuation techniques (see Note 7).

The amount of changes in fair value would differ if the Bank had utilized different valuation methods and assumptions. Any change in fair value of the financial asset would affect other comprehensive income.

The carrying values of the Bank's financial asset at FVOCI and the amount of fair value changes recognized are disclosed in Notes 7.2 and 12.1.

(c) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Bank measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract.

The lease payments were discounted using a reasonable rate deemed by management equal to the Bank's incremental borrowing rate.

In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(d) *Estimating Useful Lives of Bank Premises, Furniture, Fixtures and Equipment, and Intangible Asset*

The Bank estimates the useful lives of bank premises, furniture, fixtures and equipment (except for land), and intangible asset based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of bank premises, furniture, fixtures and equipment, and intangible asset are analyzed in Notes 10 and 12.2, respectively. Based on management's assessment as of December 31, 2025 and 2024, there is no change in the estimated useful lives of these assets in both years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Determining Realizable Amount of Deferred Tax Assets*

The Bank reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. As of December 31, 2025 and 2024, deferred tax assets were not recognized in the Bank's financial statements since management believes that those deferred tax assets will not be realized in the future (see Note 20).

(f) *Estimation of Impairment Losses of Non-financial Assets*

The Bank's premises, furniture, fixtures and equipment, intangible assets (recognized under Other Resources account), non-current assets classified as held for sale, and other non-financial assets are subject to impairment testing.

Except for intangible assets with indefinite useful lives, PFRS Accounting Standards requires that an impairment review be performed when certain impairment indications are present.

The Bank assesses impairment on these non-financial assets and considers the following important indicators:

- significant changes in asset usage;
- significant decline in assets' market value;
- obsolescence or physical damage of an asset;
- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of usage of the acquired assets or the strategy for the Bank's overall business; and,
- significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(g) *Valuation of Defined Benefit Retirement Obligation*

The determination of the Bank's obligation and cost of retirement benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss and the carrying amount of the retirement obligation in the next reporting period.

The amounts of post-employment benefit obligation and related income or expense, and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 19.2.

(h) *Determination of Recoverable Amount of Non-Current Assets Held for Sale*

In determining the recoverable amount of assets the Bank's non-current assets held-for-sale, the estimated fair value less cost to sell are determined by an independent appraiser or internal appraiser based on current appraised values of the properties or similar properties in the same location and condition.

The amount of assets classified as held-for sale by the Bank, its impairment and recovery are presented in Notes\ 11.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank is exposed to a variety of financial risks in relation to holding financial instruments. The Bank's risk management process is coordinated with the Parent Bank, in close cooperation with the BOD, and focuses on actively securing the Bank's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Bank does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Bank is exposed to are credit risk, liquidity risk and market risk as described below and in the succeeding pages.

4.1 Credit Risk Management Practices

Credit risk is the risk that the counterparty in a transaction may default, which arises from lending and other activities undertaken by the Bank.

The Bank manages credit risk through a system of policies and authorities that govern the processes and practices of all credit-originating and borrowing relationship management units.

The Risk Oversight Committee is responsible for the development and oversight of the Bank's risk management program. It defines the risk appetite and reviews the risk profile of the Bank to ensure that the risk is not higher than the risk appetite determined by the BOD. The Credit Risk Management Unit (CRMU), on the other hand, is responsible for: (a) the development of credit policies relating to account management; and, (b) the credit risk evaluation of group of borrowers in different segments of the Bank's loan portfolio. The CRMU also conducts regular credit risk evaluation and monitoring of individual borrowers that involve specific asset quality review depending on certain materiality threshold that will reasonably capture the credit risk exposures of the Bank to a certain borrower.

At the loan origination stage of the lending process, exposure to credit risk for individual borrower is managed via adherence to a set of policies, the most notable features of which, in this context are: (a) credit approving authority that is not exercised by a single individual but rather, through a hierarchy of limits that is effectively exercised collectively; (b) retail lending officers have limited approval authority only within a certain credit exposure; and, (c) borrower credit analysis is performed at origination and at least annually thereafter or co-terminus with the renewal of the credit line.

Integral to the Bank's management of credit risk is ensuring a monitored level of exposures arising from an uneven distribution of counterparties in credit or in any other business relationships, or from a concentration in business sectors or geographic regions, which is capable of generating losses large enough to jeopardize an institution's solvency. The Bank monitors concentrations of credit risk by sector.

An analysis of concentrations of credit risk of the loan portfolio at the end of the reporting period is shown in Note 24(c).

4.1.1 Credit Risk Assessment and Measurement

Loans, regardless of whether the accounts have been fully paid, extended or renewed in subsequent period, are subjected to evaluation for possible losses. The Bank's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions affecting the credit behaviour of the Bank's borrowers, expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, of the associated loss ratios, and of default correlations between counterparties; accordingly, such credit risk is measured using PD, LGD, and EAD, for purposes of measuring ECL.

Unlike previous years where credit risk assessment is performed based on per product segment of loan portfolio: regular and microfinance loans, the revised ECL methodology performs credit risk assessment on a granular basis for all credit accommodations. The process requires the use of color coding parameters to ensure all pertinent information are captured. This information includes the assessment of the following:

- impact on business operations (pandemic, calamities and etc.)
- shift in business activities
- business operations (full or downsized)
- sales and purchase level
- customer relationship
- level of supply and manpower
- status of payables and receivables
- business profitability

- source of payment
- loan servicing
- loan relief measures

With the implementation of the revised ECL model, the Bank also maintains the individual assessment of accounts for other information source of loan impairment. In assessing accounts subject to individual assessment, the Bank has established a materiality threshold of P2.0 million for all exposures. Such threshold shall be regularly reviewed at the end of reporting period to ensure that it appropriately captures what the Bank considers as material items of loan for individual assessment. The provision for ECL shall reflect consideration of the facts and circumstances gathered during the conduct of quality review and color coding assessment that affect the repayment of each individual loan as of evaluation date.

4.1.2 Assessment of Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank assesses the change in the risk of a default occurring over the remaining life of the financial instrument. In making this assessment, the Bank assesses on a periodic basis both the quantitative and qualitative information that is reasonable and supportable, including historical experience as appropriate.

The Bank ECL model follows a three-stage impairment approach in determining the loss allowance to be recognized in the financial statements:

(i) Stage 1 – comprises all credit exposures that are considered 'performing' and with no observed SICR since initial recognition. These include those financial instruments with low credit risk. For these financial instruments, the loss allowance is determined based on a 12-month ECL.

(ii) Stage 2 – comprises all financial instruments assessed to have SICR since initial recognition based on the Bank's quantitative and qualitative criteria, though not yet deemed to be credit-impaired. Stage 2 includes credit exposures that are considered 'under-performing' in which credit risk assessment falls under the Especially Mentioned classification. Stage 2 financial instruments may also include those facilities where the credit risk has improved and have been reclassified from Stage 3 subject to the Bank's observation period on the creditworthiness of the counterparty. A lifetime ECL is recognized for these financial instruments.

(iii) Stage 3 – comprises credit exposures which are assessed as 'credit-impaired', thus considered by the Bank as 'non-performing', which is assessed consistently with the Bank's definition of default. Generally, this includes accounts classified as Substandard, Doubtful and Loss. The Bank recognizes a lifetime ECL for all credit-impaired financial assets.

Financial assets that are credit-impaired on initial recognition, if any, are classified as Purchased or Originated Credit Impaired (POCI) assets. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's internal credit assessment, the borrower or counterparty is determined to have well-defined credit weaknesses. Significant increase in credit risk is holistically assessed by relying on the results of color coding as well as the number of days past due and collateral status of the borrower. Color coding transitions are being monitored on a timely basis so as to reflect the accurate condition of the credit exposures which further subject to the remedial measures by concerned lending units.

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL. As a general rule, an upgrade or transfer of credit exposure from Stage 3 to Stage 1 is allowed when there is sufficient evidence to support that full collection of principal and interest is probable, consistent with the Bank's definition of curing period.

In identifying the color code of each account, careful assessment was made by the Bank's CRMU to ensure the results of quantitative and qualitative assessment are properly accounted for and is aligned with the definition of staging and classification of accounts set by the standards.

This staging and classification matrix also incorporated the comments and suggestions of the Parent Bank's technical working group handling ECL Model enhancements.

Staging and Classification Matrix:

Color Code	Status	Stage	Classification
GREEN	Current	1	Pass
	Past due performing [1]	2	Especially Mentioned
YELLOW	Current	1	Pass
	Past due performing	2	Especially Mentioned
	Past due non-performing	3	Substandard
AMBER	Current [2]	1	Pass
	Past due performing [3]	2	Especially Mentioned
	Past due non-performing	3	Doubtful
ORANGE	Current	2	Especially Mentioned
	Past due performing	3	Substandard
	Past due non-performing	3	Doubtful
RED	Past due non-performing	3	Doubtful
			Loss

Notes:

[1] *Technical past due accounts - Stage1/Pass*
[2] *Stage 2/EM if account is unmodified, no relief action program/plan availed*
[3] *Stage 3/Substandard if under bucket 61-90 days PD*

For Modified Accounts under Loan Relief Moratorium (LRM), repackage, and restructured programs.

1. Accounts which are *"Current"* upon repackaging/restructuring shall be initially classified to Stage 2 - Especially Mentioned. These accounts may improve to Stage 1 – Pass after maintaining its current status in the next six months, relative to the color classification.

2. Repackaged and restructured accounts with principal maturing at the end of the loan term (Balloon Modified Accounts).

   - Those accounts repackaged and/or restructured only once shall have its ceiling of Stage 2 – Especially mentioned,

   - Those accounts repackaged and/or restructured more than once shall have its ceiling of Stage 3 – Substandard.

3. Asset Quality Review

   Asset Quality Review (AQR) is an additional assessment tool conducted by the CRMU with the purpose of identifying potential credit risk that may arise from the business conditions of the client, collateral valuation and documentations, and compliance to conditions set during the credit evaluation.

   Accounts subject to AQR are those that are considered "current" with exposures amounting to P2.0 million and above, and "past due" with exposures amounting to P1.0 million and above.

   The results of the AQR will be mapped to determine the final staging and account classification following the matrix (refer to the table above).

The Bank assigns loans based on classification into stages of impairment as follows:

Classification	Stages
Unclassified	1
Especially Mentioned	2
Defaulted	3

For purposes of the information disclosed for credit risk exposures, 'defaulted' accounts include those which are classified as Substandard, Doubtful, and Loss.

4.1.3 Definition of Default

The Bank defines a loan instrument as in default, which is aligned with the definition of credit-impaired, based on quantitative information on number of days past due per definition of default and non-performing loans under BSP Manual of Regulations for Banks (MORB) Section 304.

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances and factors that may indicate unlikeliness of the borrower to pay, which may include (a) significant financial difficulty of the borrower; (b) the restructuring of a loan by the Bank, for economic or legal reasons relating to the borrower's financial difficulty, on terms that the Bank would not consider otherwise; or, (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganization. When such events occur, the Bank carefully considers whether the event should result in treating the customer as in default.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

An instrument is considered to be no longer in default or have cured when the borrower is able to repay the instalments in arrears and the account no longer meets any of the default criteria for a consecutive period of 30 days within which the borrower shall make consecutive payments.

These criteria are consistent with the definition of default used for internal credit risk management purposes that is aligned with the default criteria used for regulatory capital purposes.

4.1.4 Expected Credit Loss Measurement Inputs

Integral to the Bank's established policies in measuring and calculating ECL on financial instrument is the use of appropriate model that applies relevant inputs and assumptions, that considers forward-looking information (FLI) as appropriate.

(a) *Key Inputs and Assumptions in the ECL Model*

The ECL is determined by projecting the PD, LGD and EAD for each future month for exposures assessed collectively.

(i) PD represents an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation. PD is computed in a simpler manner focusing on the performance of the accounts. In determining PD, the Bank performed segmentation of its credit exposures stratified based on homogenous characteristics, and developed a systematic PD methodology for each color code classification. The Bank uses the term "Observe Default Frequency" which is calculated as the percentage of defaulted borrowers to total number of borrowers per each color code. To note, during model refresh, CRMU initially computed PD on a per product basis but it was observed that the level of default per product type is relatively low per population count hence it was advised that it be consolidated bank-wide.

(ii) LGD is the estimate of full economic loss in the event of default, expressed as a percentage of EAD. A cash shortfall is a difference between the cash flows that are due to an entity in accordance with cash flows that the entity expects to receive. The Bank, after the suggestions of RCBC ECL TWG and the Bank's independent ECL validator, will use the LGD for Middle Market portfolio as a proxy. The Bank believes it is the closest approximation for the Bank portfolio due to its similarities in clients. However, the Bank has smaller loan tickets than the Middle Market, thus, only accounts with less than P20.0 million were considered in computing the LGD. Separate LGD is considered for secured and unsecured portfolio.

(iii) EAD explains how much exposure the Bank will have to face when a customer fails to pay back the amount at the time of the default. It represents the gross carrying amount of the exposure in the event of default, which include the amortized cost amount of an instrument.

(b) *Overlay of Forward-looking Information*

The Bank incorporates FLI in its assessment of SICR and calculation of ECL. The Bank has performed historical analysis and has identified the key macroeconomic variables (MEVs) impacting credit risk associated with its borrowers and/or counterparties.

The MEVs and their associated impact on the PD, LGD and EAD vary by financial instrument. To project the MEVs for the full remaining life of each financial instrument, a mean reversion approach has been used, which means that MEVs tend to either a long run average rate (e.g., for unemployment) or a long run average lending rate over a period of two to five years. The impact of these economic variables on the PD, LGD and EAD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

The MEVs considered by the Bank include economic data and forecasts published by government bodies (e.g., BSP and Philippine Statistics Authority), international organizations (e.g., International Monetary Fund), and certain reputable private and academic organizations involved in forecasting. Accordingly, the Bank has identified key drivers for credit risk for its loan portfolio, which include among others, unemployment rate, lending rate, inflation rate and gross domestic product rate. Using an analysis of historical data, the Bank has assessed that the above economic factors have no significant impact on the calculation of ECL. Management reviews and monitors the appropriateness of FLIs on a regular basis and additional factors may be incorporated from time to time as deemed appropriate.

4.1.5 Credit Risk Exposures and Allowance for Credit Losses

(a) Maximum Credit Exposures

The table below sets out the gross carrying amounts of the exposures to credit risk on financial assets measured at amortized cost at the end of the reporting period, before taking into consideration the effect of collateral and other credit enhancements.

(Amounts in PHP)	Notes	**2025**	2024
Cash	8	**20,356,791**	19,457,898
Due from BSP	8	**101,058,571**	137,733,981
Due from other banks	8	**85,854,811**	89,536,204
Loans arising from reverse repurchase agreements	8	**125,000,000**	-
Loans and receivables:	9		
Receivable from customers		**1,444,634,900**	1,162,798,310
Unquoted debt securities classified as loans		**12,909,280**	-
Sales contract receivables		**9,640,991**	15,043,317
Accrued interest receivables and others		**18,863,769**	14,625,837
Rental and other deposits	12	**3,760,329**	3,766,997
		1,822,079,442	1,442,962,544

Cash equivalents, which include loans and advances to banks (i.e., Due from BSP, Due from Other Banks and Loans under Reverse Repurchase Agreements) (see Note 8) are held with BSP and financial institutions counterparties that are reputable and with low credit risk. This includes the deposits to the Parent Bank (see Note 21.2).

The information about the credit exposures on the Bank's loans and receivables by stages of impairment as of December 31, 2025 and 2024 is shown at their gross carrying amounts with the corresponding allowance for ECL are shown below.

(i) Receivables from customers

(Amounts in PHP)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Credit Quality				
Unclassified	1,158,038,497	-	-	1,158,038,497
Especially mentioned	-	56,630,570	-	56,630,570
Defaulted	-	-	229,965,833	229,965,833
Gross carrying amount	1,158,038,497	56,630,570	229,965,833	1,444,634,900
Allowance for ECL	(223,330)	(3,992,832)	(109,418,922)	(113,635,084)
Carrying Amount	**1,157,815,167**	**52,637,738**	**120,546,911**	**1,330,999,816**

(Amounts in PHP)	Stage 1	Stage 2	Stage 3	Total
2024				
Credit Quality				
Unclassified	921,160,261	-	-	921,160,261
Especially mentioned	-	30,979,214	-	30,979,214
Defaulted	-	-	210,658,835	210,658,835
Gross carrying amount	921,160,261	30,979,214	210,658,835	1,162,798,310
Allowance for ECL	(267,216)	(898,597)	(91,918,777)	(93,084,590)
Carrying Amount	920,893,045	30,080,617	118,740,058	1,069,713,720

(ii) Accrued interest receivables and others

(Amounts in PHP)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2025				
Credit Quality				
Unclassified	11,361,897	-	-	11,361,897
Especially mentioned	-	1,624,722	-	1,624,722
Defaulted	-	-	5,877,150	5,877,150
Gross carrying amount	11,361,897	1,624,722	5,877,150	18,863,769
Allowance for ECL	-	(877,072)	(1,178,203)	(2,055,275)
Carrying Amount	**11,361,897**	**747,650**	**4,698,947**	**16,808,494**
2024				
Credit Quality				
Unclassified	13,803,393	-	-	13,803,393
Especially mentioned	-	281,378	-	281,378
Defaulted	-	-	541,066	541,066
Gross carrying amount	13,803,393	281,378	541,066	14,625,837
Allowance for ECL	(744,684)	-	-	(744,684)
Carrying Amount	13,058,709	281,378	541,066	13,881,153

(iii) Unquoted debt securities classified as loans

The carrying amount of the Bank's unquoted debt securities classified as loans amounted to P12.91 million as of December 31, 2025 (see Note 9). No ECL was recognized for this account in 2025. There were no similar transactions in 2024.

(iv) Sales contract receivables

The carrying amount of the Bank's sales contract receivables is P9.60 million and P15.04 million as of December 31, 2025 and 2024, respectively. All accounts are in the Stage 1 category and considered current as of December 31, 2024. As of December 31, 2025, one account is considered non-performing amounting to P0.40 million with an ECL of P0.04 million. No ECL was recognized for the Bank's sales contract receivables in 2024.

(b) Allowance for ECL

The table below and in the succeeding page show the reconciliation of the loss allowance for ECL for receivable from customers as of December 31, 2025 and 2024.

(Amounts in PHP)	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at beginning of year	267,216	898,597	91,918,777	93,084,590
Transfers from:				
Stage 1 to Stage 2	(2,319)	2,319	-	-
Stage 2 to Stage 3	-	(482,539)	482,539	-
Stage 3 to Stage 1	323,520	-	(323,520)	-
Stage 3 to Stage 2		316,436	(316,436)	-
Assets derecognized or repaid	(404,635)	(85,176)	(12,563,465)	(13,053,276)
New assets originated:				
Remained in Stage 1	139,006	(65,873)	-	73,133
Moved to Stage 2 and 3	(99,458)	3,409,068	30,221,027	33,530,637
Balance at end of year	**223,330**	**3,992,832**	**109,418,922**	**113,635,084**
2024				
Balance at beginning of year	5,885,975	3,405,675	58,990,797	68,282,447
Transfers from:				
Stage 1 to Stage 2	(4,823,611)	4,823,611	-	-
Stage 2 to Stage 3	-	(17,711,905)	17,711,905	-
Stage 3 to Stage 1	61,068		(61,068)	-
Stage 3 to Stage 2	-	8,986,296	(8,986,296)	-
Assets derecognized or repaid	(3,911,173)	(2,129,731)	(220,517)	(6,261,421)
New assets originated:				
Remained in Stage 1	3,054,957	-	-	3,054,957
Moved to Stage 2 and 3	-	3,524,651	24,483,956	28,008,607
Balance at end of year	267,216	898,597	91,918,777	93,084,590

ECL on cash and cash equivalents and other financial instruments (except for receivable from customers) were assessed by management to be not significant.

The Bank recognized an allowance of P2.06 million and P0.74 million on accrued interest receivables and others in 2025 and 2024, respectively. These financial instruments were in Stage 1 and Stage 2 category and are considered performing as of December 31, 2025, and 2024, respectively.

(c) Significant Changes in Gross Carrying Amounts Affecting Allowance for ECL

The table on succeeding page provides information on how the significant changes in the gross carrying amounts of receivables from customers contributed to the change in the amount of allowance for ECL.

(Amounts in PHP)	Stage 1	Stage 2	Stage 3	Total
2025				
Balance at beginning of year	921,160,261	30,979,214	210,658,835	1,162,798,310
Transfers from:				
Stage 1 to Stage 2	(12,405,199)	12,405,199	-	-
Stage 2 to Stage 3	-	(18,396,693)	18,396,693	-
Stage 3 to Stage 1	2,264,228	-	(2,264,228)	-
Stage 3 to Stage 2	-	834,212	(834,212)	-
Assets derecognized or repaid	(661,041,794)	(14,230,598)	(53,260,648)	(728,533,040)
New assets originated:				
Remained in Stage 1	952,448,268	(755,440)	-	951,692,828
Moved to Stage 2 and 3	(44,387,267)	45,794,676	57,269,393	58,676,802
Balance at end of year	**1,158,038,497**	**56,630,570**	**229,965,833**	**1,444,634,900**
2024				
Balance at beginning of year	1,011,138,764	58,279,458	206,730,158	1,276,148,380
Transfers from:				
Stage 1 to Stage 2	(13,850,084)	13,850,084	-	-
Stage 2 to Stage 3	-	(27,998,429)	27,998,429	-
Stage 3 to Stage 1	1,456,623	-	(1,456,623)	-
Stage 3 to Stage 2	-	7,275,000	(7,275,000)	-
Assets derecognized or repaid	(749,238,087)	(27,977,917)	(48,069,054)	(825,285,058)
New asset originated:				
Remained in Stage 1	671,653,045	-	-	671,653,045
Moved to Stage 2 and 3	-	7,551,018	32,730,925	40,281,943
Balance at end of year	921,160,261	30,979,214	210,658,835	1,162,798,310

4.1.6 Collateral Held as Security and Other Credit Enhancements

The Bank holds collateral against loans and advances to customers in the form of real estate mortgage, chattel mortgage, assignment of receivables, personal guaranty and other forms of security. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated as deemed appropriate (i.e., generally at the time of credit renewal or at foreclosure event).

Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing arrangements.

The fair value of collateral and other security enhancements held against the loan portfolio as of December 31, 2025 and 2024 were classified per stage as follows:

(Amounts in PHP)	Stage 1	Stage 2	Stage 3	Total
2025				
Real properties	3,005,031,845	364,157,880	231,733,111	3,600,922,836
Chattel	283,590,711	13,091,299	79,268,999	375,951,009
Hold-out deposits	65,892,261	1,846,320	9,689,989	77,428,570
	3,354,514,817	**379,095,499**	**320,692,099**	**4,054,302,415**
2024				
Real properties	3,372,035,989	84,487,900	276,156,059	3,732,679,948
Chattel	145,605,205	11,593,433	186,008,696	343,207,334
Hold-out deposits	62,946,025	2,074,125	7,020,575	72,040,725
	3,580,587,219	98,155,458	469,185,330	4,147,928,007

The Bank has recognized certain properties arising from foreclosures in settlement of loan account amounting to P29.95 million and P30.12 million in 2025 and 2024, respectively.

The Bank's manner of disposing the collateral for impaired loans and receivables is normally through sale of these assets after foreclosure proceedings have taken place.

The Bank does not generally use the non-cash collateral for its own operations.

There were no changes in the Bank's collateral policies in 2025 and 2024.

4.1.7 Modifications of Financial Assets

(a) Financial Reliefs Provided by the Bank

In certain cases, the Bank modifies the terms of the loans provided to the borrowers due to commercial renegotiations, or for distressed loans, with a view of maximizing recovery of the contractual amount of obligation that the Bank is owed to. Restructuring policies and practices are based on indicators or criteria which, in the management's judgment, indicate that payment will most likely continue. Such policies are continuously reviewed and updated as necessary. Restructuring is most commonly applied to term or corporate loans.

On July 5, 2021, the Bank's BOD approved to launch RACE in response to client's request for additional loan payment relief measures. Many of the Bank's loan clients continue to suffer due to the impact of the pandemic on their business as well as other adverse situations that put the business in a difficult and challenging financial position. Specifically, the following are the loan relief measures to be offered to clients:

- payment holiday with or without loan term extension;
- loan refinancing/repacking; and,
- loan restructuring.

On top of the government reliefs, the Bank has offered financial relief through its RACE Program, which was approved by the Executive Committee on May 28, 2020, in response to the COVID-19 situation. These relief measures were granted to eligible customers to allow them to get back into the habit of paying loans and included the following:

- payment relief including extension of contractual terms;
- principal and interest relief including lower amortization on extended term with interest payment only on the first year; and,
- extension of balloon repayment terms.

As of December 31, 2025 and 2024, the total outstanding balance of loans modified under the Bank's loan relief measure amounts to P90.9 million and P144.56 million, respectively.

(b) Assessment of SICR

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Bank monitors the performance of the financial asset subsequent to its modification.

The Bank may determine that the credit risk has significantly improved after restructuring (in accordance with the new terms for six consecutive months or more), so that the assets are moved from Stage 3 or Stage 2.

The Bank continues to monitor if there is a subsequent SICR in relation to such modified assets through the use of specific models for modified assets (see also Note 4.1.2).

4.2 Liquidity Risk

Liquidity risk is the risk from inability of the Bank to settle its maturing obligations when they become due because of inability to liquidate assets or obtain adequate funding from other financing sources. In view of this, the Bank ensures that sufficient liquid assets are carefully managed to meet short-term and medium-term funding, and regulatory requirements.

Analysis of maturity profile of the financial assets and financial liabilities of the Bank is shown below.

(Amounts in PHP)	Less than one Month	One to Three Months	Three Months to One Year	More than One Year	Non-Maturity	Total
2025						
Resources:						
Cash	-	-	-	-	20,356,791	20,356,791
Due from BSP	225,000,000	-	-	-	1,058,571	226,058,571
Due from other banks	-	-	-	-	85,854,811	85,854,811
Loans and receivables:						
Receivables from customer	121,744,228	340,003,356	387,620,842	481,631,390	-	1,330,999,816
Unquoted debt securities classified as loans	-	-	-	12,909,280	-	12,909,280
Accrued interest receivables	16,809,494	-	-	-	-	16,809,494
Sales contract receivables	86,007	357,563	-	9,197,421	-	9,640,991
Other resources:						
Rental and other deposits	-	-	-	3,760,319	-	3,760,319
	363,639,729	340,360,919	387,620,842	507,498,410	107,270,173	1,706,390,073
Liabilities:						
Deposits liabilities	340,693,003	391,150,282	157,096,585	415,263	306,541,884	1,195,897,017
Accrued interest and other expenses	-	-	-	-	19,882,743	19,882,743
Bills payable	50,000,000	-	-	-	-	50,000,000
Other liabilities	1,248,235	52,471,546	11,025,082	77,924,828	8,761,809	151,431,500
	391,941,238	443,621,828	168,121,667	78,340,091	335,186,436	1,417,211,260
Net periodic surplus (gap)	(28,301,509)	(103,260,909)	219,499,175	429,158,319	(227,916,263)	289,178,813
Cumulative total surplus	**(28,301,509)**	**(131,562,418)**	**87,936,757**	**517,095,076**	**289,178,813**	**-**
2024						
Resources:						
Cash	19,457,898	-	-	-	-	19,457,898
Due from BSP	137,733,981	-	-	-	-	137,733,981
Due from other banks	89,536,204	-	-	-	-	89,536,204
Loans and receivables:						
Receivables from customer	81,580,246	133,658,132	313,427,121	541,048,221	-	1,069,713,720
Accrued interest receivables	13,881,153	-	-	-	-	13,881,153
Sales contract receivables	444,062	915,581	4,598,100	9,085,574	-	15,043,317
Other resources:						
Rental and other deposits	-	-	-	-	3,766,997	3,766,997
	342,633,544	134,573,713	318,025,221	550,133,795	3,766,997	1,349,133,270
Liabilities:						
Deposits liabilities	227,732,074	209,293,834	208,818,966	1,035,545	297,752,324	944,632,743
Accrued interest and other expenses	-	-	-	-	20,002,130	20,002,130
Other liabilities	10,299,210	3,565,686	10,697,060	66,891,803	-	91,453,759
	238,031,284	212,859,520	219,516,026	67,927,348	317,754,454	1,056,088,632
Net periodic surplus (gap)	102,848,872	(77,189,341)	98,509,195	482,863,369	(313,987,457)	293,044,638
Cumulative total surplus	102,848,872	25,659,531	124,168,726	607,032,095	293,044,638	-

The contractual maturities reflect the gross cash flows (including contractual interest on deposit liabilities) which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

4.3 Market Risk

Interest Rate Risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of a bank in the current interest rate environment and the sensitivity of that value to changes in interest rates.

The Bank closely monitors the movements of interest rates in the market and reviews its interest-bearing financial assets and liabilities structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The following is the maturity profile of the Bank's interest-bearing financial instruments as of December 31, 2025 and 2024:

(Amounts in PHP)	Less than one Month	One to Three Months	Three Months to One Year	More than One Year	Non-Maturity	Total
2025						
Resources:						
Due from BSP	225,000,000	-	-	-	1,058,571	226,058,571
Due from other banks	-	-	-	-	85,854,811	85,854,811
Receivables from customer	121,744,228	340,003,356	387,620,842	481,631,390	-	1,330,999,816
Unquoted debt securities classified as loans	-	-	-	12,909,280	-	12,909,280
Sales contract receivables	86,007	357,563	-	9,197,421	-	9,640,991
	346,830,235	340,360,919	387,620,842	503,738,091	86,913,382	1,665,463,469
Liabilities:						
Deposits liabilities	340,693,003	391,150,282	157,096,585	415,263	306,541,884	1,195,897,017
Bills payable	50,000,000	-	-	-	-	50,000,000
Other liabilities	1,248,235	52,471,546	11,025,082	77,924,828	8,761,809	151,431,500
	391,941,238	443,621,828	168,121,667	78,340,091	315,303,693	1,397,328,517
Net periodic surplus (gap)	(45,111,003)	(103,260,909)	219,499,175	425,398,000	(228,390,311)	268,134,952
Cumulative total surplus	**(45,111,003)**	**(148,371,912)**	**71,127,263**	**496,525,263**	**268,134,952**	**-**
2024						
Resources:						
Due from BSP	137,733,981	-	-	-	-	137,733,981
Due from other banks	89,536,204	-	-	-	-	89,536,204
Receivables from customer	81,580,246	133,658,132	313,427,121	541,048,221	-	1,069,713,720
Sales contract receivables	444,062	915,581	4,598,100	9,085,574	-	15,043,317
	309,294,493	134,573,713	318,025,221	550,133,795	-	1,312,027,222
Liabilities:						
Deposits liabilities	227,732,074	209,293,834	208,818,966	1,035,545	297,752,324	944,632,743
Other liabilities	10,299,210	3,565,686	10,697,060	66,891,803	-	91,453,759
	238,031,284,	212,859,520	219,516,026	67,927,348	297,752,324	1,036,086,502
Net periodic surplus (gap)	71,263,209	(78,285,807)	98,509,195	482,206,447	(297,752,324)	275,940,720
Cumulative total surplus	71,263,209	(7,022,598)	91,486,597	573,693,044	275,940,720	-

5. CAPITAL MANAGEMENT AND BSP REPORTING COMPLIANCE

5.1 Capital Management

It is the Bank's policy to maintain a strong capital base to sustain the development of its business and to meet regulatory capital requirements at all times. It also seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity possible with greater leverage.

5.2 Regulatory Capital

The Bank's lead regulator, the BSP, sets and monitors the capital requirements of the Bank.

In implementing current capital requirements, the BSP requires the Bank to maintain a prescribed ratio of qualifying regulatory capital to total risk-weighted assets including market risk and operational risk computed based on BSP-prescribed formula provided under its relevant circulars.

On January 15, 2013, the BSP issued Circular No. 781, effective on January 1, 2014, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary bank and quasi-banks, in accordance with the Basel III standards.

Prior to 2014, the Bank is required to maintain a capital adequacy ratio (CAR) of 10% of qualifying regulatory capital to total risk-weighted assets including market risk and operational risk.

The BSP has adopted the Basel III risk-based capital adequacy framework effective January 1, 2014, which requires the Bank to maintain:

- Common Equity Tier 1 (CET1) of at least 6.0% of risk-weighted assets;
- Tier 1 Capital of at least 7.5% of risk-weighted assets;
- Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets; and,
- Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital.

In computing for the CAR, the regulatory qualifying capital is analyzed into two tiers which are: (i) Tier 1 Capital comprised of CET1 and Additional Tier 1 (AT1) capital, and, (ii) Tier 2 Capital, each adjusted for prescribed regulatory deductions.

Tier 1 Capital and Tier 2 Capital are defined as follows, subject to deductions as defined in relevant regulations:

(i) CET1 Capital includes the following:

- paid-up common stock;
- common stock dividends distributable;
- additional paid-in capital;
- deposit for common stock subscription;
- retained earnings;
- undivided profits;
- other comprehensive income from net unrealized gains or losses on financial assets at FVOCI and cumulative foreign currency translation; and,
- minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.

(ii) AT1 Capital includes:

- instruments that do not qualify as CET1, but meet the criteria set out in Annex B of BSP Circular 781;
- financial liabilities meeting loss absorbency requirements set out in Annex E of BSP Circular 781;
- financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular 781;
- additional paid-in capital resulting from issuance of AT1 capital;
- deposit for subscription to AT1 instruments; and,
- minority interest in subsidiary banks which are less than wholly-owned, subject to regulatory conditions.
-

(iii) Tier 2 Capital includes:

- instruments issued that are not qualified as Tier 1 capital but meet the criteria set forth in Annex C of BSP Circular 781;
- financial liabilities bearing loss absorbency features at point of non-viability as set out in Annex F of BSP Circular 781;
- deposit for subscription of Tier 2 capital;
- appraisal increment reserve – bank premises, as authorized by the Monetary Board;
- general loan loss provisions; and,
- minority interest in subsidiary banks that are less than wholly-owned, subject to regulatory conditions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans, or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

The Bank's regulatory capital position as reported to the BSP are shown below.

(Amounts in PHP)	**2025**	2024
Tier 1 Capital	**517,319,408**	496,785,474
Tier 2 Capital	**223,330**	267,216
Total regulatory qualifying capital	**517,542,738**	497,052,690
Total risk-weighted assets	**1,887,099,735**	1,608,121,940
Capital ratios:		
Total regulatory capital expressed as percentage of total risk-weighted assets	**27.43%**	30.91%
Total Tier 1 expressed as percentage of total risk-weighted assets	**27.41%**	30.89%

The Bank is in compliance with the minimum capital requirement of the BSP for thrift banks (with head office outside national capital region with 11 to 50 branches) amounting to P400.0 million as of December 31, 2025 and 2024.

5.3 Leverage Ratio

On June 9, 2015, the BSP issued Circular No. 881, *Implementing Guidelines on the Basel III Leverage Ratio Framework*, which provides the implementing guidelines on the leverage ratio framework designed to act as a supplementary measure to the risk-based capital requirements. It sets out a minimum leverage ratio of 5.00% and shall be complied with at all times.

The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure which include on-balance sheet and securities financing transactions exposures and off-balance sheet items.

The Bank's Basel III leverage ratio as reported to the BSP are as follows:

(Amounts in PHP)	**2025**	2024
Tier 1 Capital	**517,319,408**	496,785,474
Exposure Measure	**1,897,488,267**	1,576,532,702
	27.26%	31.51%

5.4 Liquidity Coverage Ratio and Net Stable Funding Ratio

On March 10, 2016, the BSP issued Circular No. 905, *Implementation of Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio and Disclosure Standards*, which provides the implementing guidelines on liquidity coverage ratio (LCR) and disclosure standards that are consistent with the Basel III framework. This Circular requires the Bank to maintain available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflows for a 30-day periods under stress conditions. The Bank has fully complied with the LCR minimum requirement of 100% coverage effective January 1, 2019.

To strengthen the Bank's short-term liquidity position and as a defense against potential onset of liquidity stress, it maintains adequate stock of unencumbered HQLAs that consists of cash or assets that can be freely converted into cash at little or no loss of value in private markets.

The Bank's LCR is analyzed below.

(Amounts in PHP)	**Total Unweighted Value**	**Total Weighted Value**
2025		
Total stock of HQLA	**246,415,361**	**157,191,879**
Expected Net Cash Outflows	**169,175,877**	**107,809,947**
LCR		**145.80%**
2024		
Total stock of HQLA	157,191,879	157,191,879
Expected Net Cash Outflows	857,908,639	107,809,947
LCR		145.80%

Net Stable Funding Ratio (NSFR), as detailed in BSP Circular 1007, *Implementing Guidelines on the Adoption of the Basel III Framework on Liquidity Standards - Net Stable Funding Ratio*, measures the availability of medium and long-term stable funding to support illiquid assets and business activities on an on-going basis. It is an assessment of the level of sustainable funding required to reduce funding risk over a one-year time horizon. The NSFR complements the LCR, which promotes short-term resilience of the Bank's liquidity profile.

To promote long-term resilience against liquidity risk, the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and seeks to meet this objective by limiting over reliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

The Bank's Basel III NSFR is summarized below.

(Amounts in PHP)	**2025**	2024
Available stable funding	**1,657,207,814**	1,361,286,575
Required stable funding	**1,099,712,746**	966,062,066
Basel III NSFR	**1.51**	1.41

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	2025		2024	
(Amounts in PHP)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**332,270,173**	**332,270,173**	246,728,083	246,728,083
Loans and receivables - net	**1,357,449,301**	**1,325,322,698**	1,098,638,190	1,053,602,307
Unquoted debt securities classified as loans	**12,909,280**	**12,200,756**	-	-
Other resources - net	**3,760,329**	**3,760,329**	3,766,997	3,766,997
At fair value -				
Investment securities at FVOCI	**18,369,723**	**18,369,723**	18,369,723	18,369,723
	1,724,758,806	**1,691,923,679**	1,367,502,993	1,322,467,110
Financial Liabilities				
At amortized cost:				
Deposit liabilities	**1,195,897,017**	**1,200,975,391**	944,632,743	949,711,117
Bills payable	**50,000,000**	**50,000,000**	-	-
Accrued interest and other expenses	**19,882,743**	**19,882,743**	20,002,130	20,002,130
Other liabilities	**151,431,500**	**151,431,500**	91,453,759	91,453,759
	1,417,211,260	**1,422,289,634**	1,056,088,632	1,061,167,006

Management considers that the carrying amounts of the Bank's financial instruments which are measured at amortized cost approximate their fair values either because these financial instruments have maturities of one year or less, or the effect of discounting for those with maturities of more than one year is immaterial. The fair value of financial assets at FVOCI is determined using valuation technique disclosed in Note 7.2.

6.2 Offsetting of Financial Assets and Financial Liabilities

Certain financial assets and financial liabilities of the Bank with amounts presented in the statements of financial position as at December 31, 2025 and 2024 are subject to offsetting, enforceable master netting arrangements and similar agreements. However, there were no financial assets and financial liabilities presented at net in the statements of financial position. Presented below is the financial assets and financial liabilities subject to offsetting but the related amounts are not set-off in the statements of financial position.

	December 31, 2025			December 31, 2024		
	Related amounts not set-off in the statement of financial position			Related amounts not set-off in the statement of financial position		
(Amounts in PHP)	**Financial Instruments**	**Collateral received**	**Net amount**	Financial Instruments	Collateral received	Net amount
Financial Assets – Loans and receivables	**1,370,358,581**	**(77,428,570)**	**1,292,930,011**	1,098,638,190	(72,040,725)	1,026,597,465
Financial liabilities – Deposit Liabilities	**1,195,897,017**	**(77,428,570)**	**1,118,468,447**	944,632,743	(72,040,725)	872,592,018

For purposes of presenting the information, the related amounts not set-off in the statements of financial position pertains to hold-out deposit which serves as the Bank's collateral enhancement for certain loans and receivables. The financial instruments that can be set-off are only disclosed to the extent of the amounts of the Bank's counterparties.

For financial assets subject to enforceable master netting arrangements or similar arrangements between the Bank and counterparties allow for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

7. FAIR VALUE MEASUREMENT AND DISCLOSURES

7.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Bank uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

7.2 Financial Instruments Measured at Fair Value

The Bank's financial asset at FVOCI, which consists of investment in unquoted equity securities of a privately-owned company, amounted to P18.37 million as of December 31, 2025 and 2024 (see Note 12.1).

As of December 31, 2025 and 2024, the fair value of the Bank's equity securities categorized under Level 3 of the fair value hierarchy, is estimated and determined through valuation technique using the dividend discounted model. The management assessed that considering the regular dividend payments expected from the investee company in the future, this valuation technique provides appropriate measurement of the fair value of the investment. In discounting the cash flows from dividends, the Bank used a discount rate of 6.69% and 6.87% in 2025 and 2024, respectively.

The reconciliation of the carrying amount of financial assets at FVOCI under Level 3 of the fair value hierarchy is shown below.

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**18,369,723**	17,100,271
Fair value gains	16.3	**-**	1,269,452
Balance at end of year	12	**18,369,723**	18,369,723

7.3 Fair Value of Financial Instruments Measured at Amortized Cost

The fair value hierarchy of cash and cash equivalents is within Level 1, while fair value hierarchy of all other financial assets and financial liabilities measured at amortized cost is within Level 3.

The following are the methods used to determine the fair value of financial assets and financial liabilities not presented in the statements of financial position at their fair values:

(a) Cash and Cash Equivalents

Due from BSP and Due from other banks include items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(b) Loans and Receivables

Loans and receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(c) Deposit Liabilities

The estimated fair value of deposits is the amount repayable on demand.

(d) Other Resources and Other Liabilities

Due to their short duration, the carrying amounts of other resources and liabilities in the statements of financial position are considered to be reasonable approximation of their fair values.

7.4 Fair Value Disclosures for Non-Current Assets Classified as Held for Sale

For purposes of determining the fair value hierarchy, the Bank categorized the fair value disclosed for investment properties within Level 3 wherein the inputs used in the determination of fair value are not based on observable market data or the significant adjustments were made on the observable prices used as reference of fair value.

The fair values disclosed for the Bank's non-current assets held for sale as of December 31, 2025 and 2024 were based on the appraisals performed by the Bank's internal appraisers and independent and qualified appraisers having appropriate and recent experience in the fair value measurement of similar properties in the relevant locations.

To some extent, the valuation process conducted by the appraisers was made in discussion with the Bank's management with respect to the determination of the inputs such as the size, age, and condition of the land, and the comparable prices in the corresponding property location. In estimating the fair values of the investment properties and non-current asset held for sale, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Bank's investment properties is agricultural utilization.

The Level 3 fair value of land was derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties.

The total estimated fair value of the non-current assets held for sale amounted to P149.76 million and P224.66 million in 2025 and 2024, respectively.

8. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents account are as follows:

(Amounts in PHP)	**2025**	2024
Cash	**20,356,791**	19,457,898
Due from BSP	**101,058,571**	137,733,981
Due from other banks	**85,854,811**	89,536,204
Loans arising from reverse repurchase agreements	**125,000,000**	-
	332,270,173	246,728,083

Cash consist of funds in the form of Philippine currency notes and coins in the Bank's vault.

Due from BSP represents the aggregate balance of deposit accounts in local currency maintained with BSP primarily to meet reserve requirements and to serve as a clearing account for interbank claims (see Note 13). The outstanding balance as of December 31, 2024 includes Overnight Deposit Facility with the BSP amounting to P127.00 million, bearing annual interest rates of 5.25%, having a one-day term while none for 2025.

Placements with BSP are all denominated in Philippine peso at the end of each reporting period.

Due from other banks represents regular deposits with local banks with annual interest rates ranging from 0.05% to 0.50% in both 2025 and 2024.

Loans arising from reverse repurchase agreements bear interest at 5.33% and maturity on January 2, 2026. No similar transaction in 2024.

Interest income earned from cash equivalents is as follows:

(Amounts in PHP)	**2025**	2024
Due from BSP	**4,068,155**	2,128,464
Due from other banks	**173,918**	168,966
	4,242,073	2,297,430

9. LOANS AND RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	**2025**	2024
Loans and discounts:		
Receivable from customers	**1,444,634,900**	1,162,798,310
Unquoted debt securities classified as loans	**12,909,280**	-
Other receivables:		
Accrued interest receivables	**16,374,894**	12,127,765
Sales contract receivables	**9,640,991**	15,043,317
Others	**2,488,875**	2,498,072
	1,486,048,940	1,192,467,464
Allowance for impairment	**(115,690,359)**	(93,829,274)
	1,370,358,581	1,098,638,190

Loans and receivables earn an average effective interest at rates ranging from 8.0% to 70.0% per annum, and from 15.8% to 53.6% per annum in 2025 and 2024, respectively. Interest income earned from loans and receivables amounting to P314.59 million and P270.05 million in 2025 and 2024, respectively, and is presented as part of Interest Income in the statements of comprehensive income.

Unquoted debt securities classified as loans consist of subordinated notes bearing interest at 1.0% per annum with a contractual maturity of seven years (7), and a senior loan of seven year bearing interest at 6.5% per annum, which includes a two-year grace period. These financial instruments are unquoted and are measured at amortized cost. Based on management's assessment, no expected credit losses were recognized as of December 31, 2025. There were no similar transactions in 2024.

Sales contract receivables represent the present value of the installment receivable arising from the sale of investment properties and asset held for sale on an installment basis.

Others consist of cash advances to officers and employees subject to liquidation.

The changes in the total amount of allowance for impairment on loans and receivables are summarized below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**93,829,274**	69,027,132
Impairment losses during the year	**34,606,996**	27,674,638
Transfer to other account	**(12,745,911)**	(2,872,496)
Balance at end of year	**115,690,359**	93,829,274

10. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of bank premises, furniture, fixtures and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Transportation Equipment	Right-of-Use Assets	Total
December 31, 2025					
Cost	61,149,826	87,487,967	24,373,601	97,254,995	270,266,389
Accumulated depreciation and amortization	(48,208,905)	(61,994,202)	(11,520,945)	(15,801,036)	(137,525,088)
Net carrying amount	**12,940,921**	**25,493,765**	**12,852,656**	**81,453,959**	**132,741,301**
December 31, 2024					
Cost	57,838,514	85,150,763	24,573,601	80,961,508	248,524,386
Accumulated depreciation and amortization	(45,180,786)	(58,713,537)	(8,879,484)	(15,077,612)	(127,851,419)
Net carrying amount	12,657,728	26,437,226	15,694,117	65,883,896	120,672,967
January 1, 2024					
Cost	51,005,581	84,881,628	24,316,178	92,176,176	252,379,563
Accumulated depreciation and amortization	(42,828,854)	(53,082,144)	(7,848,882)	(14,531,476)	(118,291,356)
Net carrying amount	8,176,727	31,799,484	16,467,296	77,644,700	134,088,207

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Transportation Equipment	Right-of-Use Assets	Total
Balance at January 1, 2025 net of accumulated depreciation and amortization	12,657,728	26,437,226	15,694,117	65,883,896	120,672,967
Additions	5,380,540	5,777,078	778,439	31,371,099	43,307,156
Disposals	(154,325)	(131,421)	(283,335)	-	(569,081)
Depreciation and amortization charges for the year	(4,943,022)	(6,589,118)	(3,336,565)	(15,801,036)	(30,669,741)
Balance at December 31, 2025 net of accumulated depreciation and amortization	**12,940,921**	**25,493,765**	**12,852,656**	**81,453,959**	**132,741,301**
Balance at January 1, 2024 net of accumulated depreciation and amortization	8,176,727	31,799,484	16,467,296	77,644,700	134,088,207
Additions	7,982,334	1,012,570	2,976,250	8,201,196	20,172,350
Disposals	(1,149,400)	(743,435)	(2,718,826)	(936,114)	(5,547,775)
Depreciation and amortization charges for the year	(2,351,933)	(5,631,393)	(1,030,603)	(19,025,886)	(28,039,815)
Balance at December 31, 2024 net of accumulated depreciation and amortization	12,657,728	26,437,226	15,694,117	65,883,896	120,672,967

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of a bank's unimpaired capital. As of December 31, 2025 and 2024, the Bank has satisfactorily complied with this BSP requirement.

The Bank disposed of certain bank premises, furniture, fixtures and equipment amounting to P0.57 million and P5.55 million in 2025 and 2024, respectively. The disposals resulted in a loss of P0.06 million and a gain of P0.60 million in 2025 and 2024, respectively, and are presented as part of Other Operating Income in the statements of comprehensive income (see Note 17).

The cost of fully depreciated assets that are still being used in operation amounts to P85.35 million and P66.72 million as of December 31, 2025 and 2024, respectively. None of the Bank's premises and other property and equipment were used as collateral or security for any liability or commitment as of the end of each reporting period.

The Bank has several leases covering the office space of its branches. Terms of the lease agreements range from two to ten years and include escalation rates ranging from 2.25% to 5.65%. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected as a right-of-use asset under Bank Premises, Furniture, Fixtures and Equipment and the related obligation as Lease liabilities under Other Liabilities (see Note 15) on the statements of financial position. The Bank recognized right-of-use assets with an average remaining term of two to eight years as of December 31, 2025 and 2024.

11. NON-CURRENT ASSETS HELD FOR SALE

A reconciliation of the carrying amounts of non-current assets classified as held for sale at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**Land**	**Buildings**	**Total**
Balance at January 1, 2025	65,115,487	6,136,032	71,251,519
Additions	9,754,599	2,450,445	12,205,044
Disposal	(27,483,486)	(5,265,037)	(32,748,523)
Impairment losses	(7,503,362)	-	(7,503,362)
Balance at December 31, 2025	**39,883,238**	**3,321,440**	**43,204,678**
Balance at January 1, 2024	44,653,386	9,013,071	53,666,457
Reclassification from investment properties	2,708,638	-	2,708,638
Additions	23,816,695	3,598,698	27,415,393
Disposal	(2,000,004)	(2,369,313)	(4,369,317)
Transfer	-	(3,777,423)	(3,777,423)
Impairment losses	(4,063,228)	(329,001)	(4,392,229)
Balance at December 31, 2024	65,115,487	6,136,032	71,251,519

In 2024, following the increase in foreign ownership of the Parent bank and the planned disposal of certain real properties, the Bank reclassified all of its investment properties as non-current assets classified as held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. From that point onward, all real estate properties acquired through foreclosure have likewise been classified as non-current assets held for sale, as management is committed to actively marketing and selling these properties in the ordinary course of business.

As of December 31, 2025 and 2024, the Bank recognized gains on disposal amounting to P11.42 million and P4.95 million, respectively, which are presented as part of Other Operating Income in the statements of comprehensive income (see Note 17).

12. OTHER RESOURCES

This account consists of:

(Amounts in PHP)	Notes	**2025**	2024
Investments at FVOCI	7.2, 12.1	**18,369,723**	18,369,723
Prepaid expense		**4,387,730**	5,491,226
Office supplies		**3,873,407**	3,674,244
Rental and other deposits		**3,760,329**	3,766,997
Computer software - net	12.2	**2,288,616**	2,124,100
Miscellaneous		**3,261,401**	3,245,401
		35,941,206	36,671,691

Miscellaneous resources include, among others, revolving fund and advances relating to the consolidation of titles of certain properties.

12.1 Investments at FVOCI

Investment at FVOCI represents the Bank's investment in equity securities of BancNet, Inc. The fair value of this investment increased by P1.27 million in 2024 which is recognized as an adjustment in other comprehensive income as an item that will not be reclassified to profit or loss. In 2025, no adjustment was made to the Bank's other comprehensive income (see Note 16.3).

No dividend income was received by the Bank on this investment in both 2025 and 2024.

12.2 Computer Software - net

The gross carrying amounts and the accumulated amortization of computer software at the beginning and end of 2025 and 2024 follow:

(Amounts in PHP)	**December 31, 2025**	December 31, 2024	January 1, 2024
Cost	**16,138,432**	15,074,365	14,075,282
Accumulated amortization	**(13,849,816)**	(12,950,265)	(12,384,663)
Net carrying amount	**2,288,616**	2,124,100	1,690,619

A reconciliation of the carrying amounts of computer software at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at January 1, net of accumulated amortization		**2,124,100**	1,690,619
Additions		**1,130,562**	999,083
Amortization charges for the year	18	**(966,046)**	(565,602)
Net carrying amount		**2,288,616**	2,124,100

13. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities:

(Amounts in PHP)	**2025**	2024
Current	**32,770,384**	25,104,594
Savings	**273,771,500**	272,647,730
Time	**889,355,133**	646,880,419
	1,195,897,017	944,632,743

Interest rates per annum on deposit liabilities range from 0.25% to 6.00% in 2025 and from 0.25% to 6.50% in 2024.

In 2024, BSP Circular No. 1201, Reduction in Reserve Requirements was released further reducing the required reserves to 1% effective October 25, 2024. In 2025, BSP Circular No. 1211 was issued, further reducing the reserve requirement to 0% effective Reserve week starting March 28, 2025. The Bank is compliant with these BSP regulations as of the end of each reporting period.

In 2025 and 2024, the Bank incurred interest expense on deposit liabilities amounting to P37.53 million and P38.85 million, respectively, which are presented as part of Interest Expense in the statements of comprehensive income.

The available reserves consist of the demand deposit account with the BSP amounting to P101.06 million and P137.73 million as of December 31, 2025 and 2024, respectively (see Note 8).

14. ACCRUED INTEREST AND OTHER EXPENSES

This account consists of:

(Amounts in PHP)	**2025**	2024
Accrued interest	**8,761,809**	9,355,938
Accrued gross receipt tax	**5,304,434**	4,092,380
Accrued insurance – Philippine Deposit Insurance Corporation	**1,183,753**	926,626
Accrued other expenses	**9,937,181**	9,719,566
	25,187,177	24,094,510

Accrued other expenses include mainly accruals for utilities, janitorial, security and professional services.

15. BILLS PAYABLE AND OTHER LIABILITIES

The breakdown of this account is shown below.

(Amounts in PHP)	Note	**2025**	2024
Bills payable		**50,000,000**	-
Other liabilities:			
Lease liabilities		**92,669,691**	77,083,121
Retirement benefit obligation	19.2	**15,034,356**	4,071,428
Accounts payable		**9,788,048**	8,525,306
Withholding taxes payable		**1,038,120**	958,740
Income tax payable		**44,506**	1,159,710
Miscellaneous		**2,003,635**	1,773,905
		120,578,356	93,572,210

Bills payable pertain to the Bank's external borrowing from Land Bank of the Philippines for additional funding obtained in 2025, bearing a prevailing interest rate of 6.5% and a term of one year. In 2024, the Bank settled the outstanding borrowed funds from 2023 with RCBC, parent bank, amounting to P40.00 million for additional funds with a prevailing interest rate of 6.58% and a term of five days (see Note 21). The Bank recognized interest expense in 2025 and 2024 amounting to P2.65 million and P0.20 million, which is presented as part of Others under Interest Expense in the statements of comprehensive income.

Accounts payable includes notarial fees, payable to insurance companies and resigned employees, cash bond of the loan account specialists and unliquidated documentary stamp taxes related to time deposit transactions initially paid by the depositors.

The movements in the lease liabilities recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2025**	2024
Balance at January 1	**77,083,121**	88,865,476
Additions	**27,233,036**	2,480,391
Payments of lease liabilities	**(16,185,342)**	(19,278,218)
Interest	**4,538,876**	5,015,472
Balance at December 31	**92,669,691**	77,083,121

The lease liabilities are secured by the related underlying assets (see Note 10). The undiscounted maturity analysis of lease liabilities is as follows:

(Amounts in PHP)	**Within 1 Year**	**Within 2 Years**	**Within 3 Years**	**Within 4 Years**	**Within 5 Years**	**More than 5 Years**	**Total**
December 31, 2025							
Lease payments	21,128,314	20,541,708	17,016,112	15,524,971	15,006,307	23,157,587	112,374,999
Finance charges	(5,383,451)	(4,437,778)	(3,442,701)	(2,619,374)	(1,785,982)	(2,036,022)	(19,705,308)
Net present value	**15,744,863**	**16,103,930**	**13,573,411**	**12,905,597**	**13,220,325**	**21,121,565**	**92,669,691**
December 31, 2024							
Lease payments	18,513,970	14,967,690	14,621,725	10,658,964	8,754,159	26,038,640	93,555,148
Finance charges	(4,251,224)	(3,406,269)	(2,728,783)	(2,085,871)	(1,631,631)	(2,368,249)	(16,472,027)
Net present value	14,262,746	11,561,421	11,892,942	8,573,093	7,122,528	23,670,391	77,083,121

The Bank has elected not to recognize lease liabilities for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

As at December 31, 2025 and 2024, the Bank has no committed leases yet to commence, except for the renewal of the lease over its Makati Head Office, which is scheduled to commence on January 1, 2026 (see Note 21).

The expenses relating to short-term leases and leases of low value assets amounted to P4.34 million in 2025 and P2.42 million in 2024 and is presented as Occupancy under Other Operating Expenses in the statements of comprehensive income (see Note 18).

16. EQUITY

16.1 Capital Stock

The Bank's capital stock is composed of 20,000,000 authorized shares with a par value of P100 per share. As of December 31, 2025 and 2024, there are 11,263,580 shares issued and outstanding at P100 par value or P1.13 billion.

As of December 31, 2025 and 2024, the Bank has only one stockholder owning 100 or more shares of the Bank's capital stock.

16.2 Appropriation of General Loan Loss Reserves

Pursuant to the requirements of the BSP under Circular No. 1011, the Bank shall recognize general loan loss provisions equivalent to one percent of all outstanding loans as of the end of the reporting period, except for accounts considered as credit risk-free under the existing BSP regulations. In cases where the computed allowance for ECL on those exposures is less than the required one percent general loan loss provisions required, the deficiency is recognized through appropriation from the Bank's available surplus. As of December 31, 2025 and 2024, the accumulated amount of appropriation to the General Loan Loss Reserves for the general loan portfolio amounted to P10.20 million and P9.27 million, respectively.

16.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity of the Bank under Revaluation Reserves account are shown below.

(Amounts in PHP)	**Retirement Benefit Plan** (see Notes 15 and 19.2)	**Investments at FVOCI** (see Note 12.1)	**Total**
Balance as of January 1, 2025	1,586,464	12,292,222	13,878,686
Remeasurements of retirement benefit plan	(5,846,140)	-	(5,846,140)
Balance at December 31, 2025	**(4,259,676)**	**12,292,222**	**8,032,546**
Balance as of January 1, 2024	5,717,893	11,022,770	16,740,663
Remeasurements of retirement benefit plan	(4,131,429)	-	(4,131,429)
Fair value gains on financial assets at FVOCI	-	1,269,452	1,269,452
Balance at December 31, 2024	1,586,464	12,292,222	13,878,686

17. OTHER OPERATING INCOME

This account consists of the following:

(Amounts in PHP)	Notes	**2025**	2024
Service fees and commissions		**29,781,155**	27,121,554
Gain on sale of assets held for sale	11	**11,418,727**	4,954,726
Rent income		**94,500**	9,000
Gain (loss) on disposal of property and equipment	10	**(56,561)**	592,286
Other income		**15,462,565**	15,240,149
		56,700,386	47,917,715

Other income includes notarial fees, penalties, holding fees, establishment fees charged to customers and pre-termination fees.

18. OTHER OPERATING EXPENSES

The details of this account are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Salaries and employee benefits	19.1	**129,489,274**	115,393,792
Depreciation and amortization	10, 12.2	**31,635,787**	28,605,417
Taxes and licenses		**28,134,593**	24,550,187
Messengerial, janitorial and security	21.3	**16,982,807**	14,922,417
Management and other professional fees		**10,716,723**	6,476,707
Transportation and travel		**7,595,048**	6,458,490
Insurance		**6,816,946**	5,224,288
Postage and utilities		**4,932,959**	4,759,157
Information technology		**4,442,089**	3,523,327
Occupancy	15, 21.3	**4,336,465**	2,419,493
Power, light and water	21.3	**3,938,858**	3,739,440
Repairs and maintenance		**2,965,813**	2,589,687
Stationery and supplies		**2,821,416**	3,350,139
Fuel and lubricants		**2,291,885**	2,173,688
Advertising and publicity		**679,402**	1,127,432
Supervision fees		**527,569**	535,004
Fines, penalties and other charges		**430,531**	1,249,473
Miscellaneous		**5,630,109**	7,461,461
		264,368,274	234,559,599

19. EMPLOYEE BENEFITS

19.1 Salaries and Employee Benefits

Expenses recognized for employee benefits are presented below.

(Amounts in PHP)	Note	**2025**	2024
Short-term employee benefits		**124,719,022**	111,366,731
Post-employment defined benefit	19.2	**4,795,864**	4,027,061
		129,514,886	115,393,792

19.2 Retirement Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Bank maintains a partially-funded, tax-qualified, non-contributory defined retirement benefit plan that is being administered by a trustee bank covering all regular full-time employees (see Note 21.4). The trustee bank managed the fund under the supervision of the Corporate Governance Committee of the Bank who acts in the best interest of the plan assets and is responsible for setting the investment policies.

The normal retirement age is 60 with a minimum of 10 years of credited service. The plan also provides for an early retirement upon attainment of age 50 and completion of at least 10 years of credited service subject to the approval of the BOD. Normal retirement benefit is an amount equivalent to 125% of employee's final covered compensation for every year of credited service.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2025 and 2024.

The amount of retirement benefit obligation recognized in the statements of financial position and presented as part of Other Liabilities account is determined as follows (see Note 15):

(Amounts in PHP)	**2025**	2024
Fair value of plan assets	**31,773,767**	32,661,784
Present value of the obligation	**(46,808,123)**	(36,733,212)
	(15,034,356)	(4,071,428)

The movements in the present value of the retirement benefit obligation are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**36,733,212**	32,853,335
Current service cost	**4,795,864**	4,027,061
Interest cost	**2,233,379**	2,299,733
Remeasurement – actuarial gains (losses) arising from:		
Changes in financial assumptions	**4,789,881**	4,837,217
Experience adjustments	**669,635**	(481,860)
Benefits paid	**(2,413,848)**	(6,802,274)
Balance at end of year	**46,808,123**	36,733,212

The movements in the fair value of plan assets are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**32,661,784**	35,690,240
Interest income	**1,912,455**	2,310,564
Contributions	**-**	1,437,909
Return on plan assets (excluding amounts included in net interest)	**(386,624)**	25,345
Benefits paid	**(2,413,848)**	(6,802,274)
Balance at end of year	**31,773,767**	32,661,784

The composition of the fair value of plan assets at the end of the reporting period for each category and risk characteristics is shown below.

(Amounts in PHP)	**2025**	2024
Due from other banks	**1,661,768**	1,326,068
Philippine government bonds	**29,752,955**	31,090,752
Others - net	**359,044**	244,964
	31,773,767	32,661,784

The fair values of the Philippine government bonds are determined based on the Bloomberg Valuation Services (BVAL). The plan assets earned a net gain of P1.52 million in 2025 and P2.34 million in 2024.

Plan assets do not comprise any of the Bank's own financial instruments or assets held and owned by its related parties.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are presented in the succeeding page.

(Amounts in PHP)	**2025**	2024
Recognized in profit or loss		
Current service cost	**4,795,864**	4,027,061
Net interest	**320,924**	2,160
	5,116,788	4,029,221
Recognized in other comprehensive loss (income)		
Actuarial gains (losses) arising from:		
Financial assumptions	**4,789,881**	4,837,217
Experience adjustments	**669,635**	(481,860)
Return on plan assets (excluding amounts included in net interest)	**386,624**	(25,345)
Effect on asset ceiling	**-**	(198,583)
	5,846,140	4,131,429

Current service cost and the past service cost arising from the plan amendment is included as part of Salaries and employee benefits under Other Operating Expenses account in the statements of comprehensive income (see Notes 18 and 19.1).

Past service costs arise from the decrease in expected rate of salary increase during the year.

The net interest expense is presented as part of Others under Interest Expense account in the statements comprehensive income.

Amounts recognized in other comprehensive loss will not be reclassified subsequently to profit or loss. In determining the amounts of the retirement obligation, the following significant actuarial assumptions were used:

	2025	2024
Discount rate	**6.41%**	6.08%
Expected rate of salary increases	**5.00%**	4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 27 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Bank to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Currently, the plan is heavily invested in government bonds and due from other banks which are generally considered to be less risky than equity investments.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Bank's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31, 2025 and 2024:

	Impact on Post-employment Defined Benefit Obligation		
(Amounts in PHP)	**Changes in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2025:			
Discount rate	**+/-1%**	**(8,269,992)**	**6,733,934**
Salary growth rate	**+/-1%**	**8,305,461**	**(6,874,468)**
December 31, 2024:			
Discount rate	+/-1%	(6,403,538)	5,217,164
Salary growth rate	+/-1%	6,476,595	(5,357,654)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Bank ensures that the investment positions are managed in accordance with its asset-liability matching strategy which is to ensure that investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in less risky investments (placements with BSP and government bonds).

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P15.03 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about five to 10 years' time when the total expected benefit payments would have exhausted the assets currently in the fund.

The maturity profile of undiscounted expected benefit payments within 10 years as of December 31 from the plan follows:

(Amounts in PHP)	**2025**	2024
More than one year to five years	**7,915,559**	2,904,272
More than five years to ten years	**18,234,832**	22,400,935
	26,150,391	25,305,207

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years.

20. INCOME TAXES

20.1 Current and Deferred Taxes

The components of tax expense relating to profit or loss follow:

(Amounts in PHP)	**2025**	2024
Current tax expense		
Regular corporate income tax (RCIT) of 25%	**3,235,216**	-
Excess of minimum corporate income tax (MCIT) over RCIT	**2,084,122**	4,416,661
Final tax at 20% and 15%	**1,649,089**	1,003,441
	6,968,427	5,420,102

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss follows:

(Amounts in PHP)	**2025**	2024
Tax on pre-tax profit at 25%	**6,001,242**	2,392,695
Adjustment for income subjected to lower tax rates	**(588,066)**	(261,349)
Tax effects of:		
Excess MCIT over regular corporate income tax (RCIT)	**2,084,122**	4,416,661
Utilization of NOLCO	**(9,242,112)**	(8,821,079)
Unrecognized deferred tax assets	**7,326,153**	7,267,796
Non-deductible expenses	**1,406,507**	1,017,410
Non-taxable income	**(19,419)**	(592,032)
Tax expense	**6,968,427**	5,420,102

In 2025 and 2024, the Bank is subject to the MCIT, which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher. The Bank applied NOLCO against the taxable income amounting to P36.97 million in 2025 and is in a net taxable loss position in 2024, thus, being liable for MCIT in both years.

The details of excess MCIT over RCIT which can be applied against RCIT due within three consecutive years from the year the MCIT was incurred. The details of excess MCIT over RCIT with its corresponding validity are shown below.

Year Incurred	Amounts *(in PHP)*	Expired	Applied	Remaining Balance	Expiry Year
2025	2,084,122	-	-	2,084,122	2028
2024	4,416,661	-	-	4,416,661	2027
2023	2,654,718	-	-	2,654,718	2026
2022	1,642,575	(1,642,575)	-	-	2025
	10,798,076	**(1,642,575)**	**-**	**9,155,501**	

Pursuant to Section 4(bbb) of R.A. No. 11494, *Bayanihan II*, the NOLCO for taxable years 2020 and 2021 can be claimed as deduction within five consecutive years immediately following the year of such loss. The breakdown of NOLCO which can be applied against taxable income within five consecutive years from the year the loss was incurred is shown below. In 2022 onwards, NOLCO period reverted to three years.

Year Incurred	**Original Amount (*in PHP*)**	**Expired**	**Applied**	**Remaining Balance**	**Valid Until**
2023	1,882,278	-	(1,882,278)	-	2026
2022	39,472,854	-	(39,472,854)	-	2025
2021	6,608,986	-	(6,608,986)	-	2026
	47,964,118	**-**	**(47,964,118)**	**-**	

In 2025 and 2024, the Bank claimed itemized deductions in computing its income tax due.

The Bank has not recognized the net deferred tax assets related to the following temporary differences because management believes that the Bank may not be able to generate sufficient taxable profit in the future against which the benefits of these net deferred tax assets can be utilized:

	2025		2024	
(Amounts in PHP)	**Amount**	**Tax Effect**	Amount	Tax Effect
Allowance for impairment	**115,690,359**	**28,922,590**	93,829,274	23,457,318
Right-of-use assets	**(81,453,969)**	**(20,363,492)**	(66,998,050)	(16,749,513)
Lease liabilities	**92,669,691**	**23,167,423**	76,636,571	19,159,143
NOLCO	**-**	**-**	36,968,448	9,242,112
Past service cost	**11,090,406**	**2,772,602**	11,090,406	2,772,602
Excess MCIT over RCIT	**9,155,501**	**9,155,501**	8,713,954	8,713,954
Retirement benefit obligation	**(15,034,356)**	**(3,758,589)**	(4,071,428)	(1,017,857)
	132,117,632	**39,896,035**	156,169,175	45,577,759

20.2 Supplementary Information Required under Revenue Regulations (RR) No. 15-2010

The BIR issued RR No. 15-2010 which requires certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information is, however, not a required disclosure under the PFRS Accounting Standards and SEC rules and regulations covering the form and content of financial statements under the Revised Securities Regulation Code Rule 68.

The Bank presented this tax information required by the BIR as a supplementary schedule filed separately from the basic financial statements.

21. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank has transactions with the Parent Bank and other related parties as defined below. These transactions include regular banking transactions, outside services and lease of office space. The summary of the Bank's transactions and outstanding balances with the Parent Bank and other related parties as of and for the years ended December 31, 2025 and 2024 is as follows:

Related Party Category	Notes	2025		2024	
(Amounts in PHP)		**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Parent Bank					
Cash deposits	8, 21.1, 21.2	**111,444,387**	**74,961,680**	16,559,364	79,885,625
Right-of-use assets	10, 21.3	**18,161,059**	**18,161,059**	2,770,316	-
Bills payable	15	**-**	**-**	(40,000,000)	-
Lease Liability	15, 21.3	**(18,468,873)**	**(18,468,873)**	(3,555,128)	-
Interest income on deposits	21.2	**169,222**	**-**	135,562	-
Rent income	17	**94,500**	**-**	9,000	-
Expenses:					
Occupancy	18, 21.3	**497,970**	**-**	3,873,806	-
Messengerial, janitorial and security	18, 21.3	**484,364**	**-**	333,178	-
Power, light and water	18, 21.3	**43,600**	**-**	88,785	-
Other related parties:					
Key management personnel compensation	21.5	**28,939,272**	**-**	29,829,626	-
Retirement plan	19, 21.4	**(888,017)**	**31,773,767**	(3,028,456)	32,661,784

21.1 Directors, Officers, Stockholders and other Related Interests (DOSRI)

In the ordinary course of business, the Bank may have loans and other transactions with certain DOSRI. Under the Bank's policy, these deposits and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks.

As of December 31, 2025 and 2024, the Bank has DOSRI loans amounted to P27.14 million and P16.51 million, respectively, and is in compliance with these regulatory requirements.

21.2 Bank Deposits

As of December 31, 2025 and 2024, the Bank has deposit accounts with RCBC, parent bank, amounting to P74.96 million and P79.89 million, respectively, which are presented as part of Due from Other Banks account in the statements of financial position. These bank accounts are interest-bearing and subject to normal banking terms and conditions applied by RCBC to ordinary depositors (see Note 8).

The Bank declared its deposit accounts with related parties as DOSRI credit accommodation as of December 31, 2025 and 2024, which are secured by the related parties' investments in government securities.

21.3 Messengerial, Janitorial and Security and Occupancy, Power, Light and Water

The Bank, as a lessee, entered into a sublease agreement with RCBC for its office space for a period of five years. Incidental to the sublease agreement, RCBC paid expenses on behalf of the Bank, including messengerial, janitorial and security, and power, light and water which are presented under Other Operating Expenses account in the statements of comprehensive income (see Note 18).

The Bank recognized a lease liability and a corresponding right-of-use asset effective January 1, 2026 in accordance with PFRS 16 – Leases. As of December 31, 2025, the outstanding lease liability and right-of-use asset amounted to P18.46 million and P18.16 million, respectively. There are no outstanding payables relating to these transactions as of December 31, 2024.

21.4 Transactions with the Retirement Fund

The Bank's retirement fund for its defined benefit post-employment plan is administered and managed by RCBC Trust Corporation, an associate of the parent bank The fair value and the composition of the plan assets as of December 31, 2025 and 2024 amounted to P31.7 million and P32.6 million, respectively (see Note 19).

The retirement fund neither provides any guarantee or surety for any obligation of the Bank nor its investments covered by any restriction or liens.

21.5 Key Management Personnel Compensation

Short-term benefits paid to key management employees amounted to P28.9 million and P29.83 million in 2025 and 2024, respectively.

22. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Bank:

22.1 Capital Commitments

As of December 31, 2025 and 2024, the Bank has no contractual commitments for the acquisition of Bank premises, furniture, fixtures and equipment (see Notes 10).

22.2 Others

In the normal course of business, the Bank makes various commitments, including undrawn loan commitment to customer, and incurs certain contingent liabilities that are not given recognition in the financial statements. As of December 31, 2025 and 2024, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

23. MATURITY ANALYSIS OF RESOURCES AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

		2025			2024		
(Amounts in PHP)	Notes	**Within One Year**	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Resources							
Cash	8	**20,356,791**	**-**	**20,356,791**	19,457,898	-	19,457,898
Due from BSP	8	**101,058,571**	**-**	**101,058,571**	137,733,981	-	137,733,981
Due from other banks	8	**85,854,811**	**-**	**85,854,811**	89,536,204	-	89,536,204
Loans arising from reverse repurchase agreements	8	**125,000,000**	**-**	**125,000,000**	-	-	-
Loans and receivables - net	9	**880,533,541**	**489,825,040**	**1,370,358,581**	548,504,395	550,133,795	1,098,638,190
Bank premises, furniture, fixtures and equipment - net	10	**-**	**132,741,301**	**132,741,301**	-	120,672,967	120,672,967
Non-current assets classified as held for sale	11	**43,204,678**	**-**	**43,204,678**	71,251,519	-	71,251,519
Other resources - net	12	**11,522,538**	**24,418,668**	**35,941,206**	11,035,660	25,636,031	36,671,691
		1,267,530,930	**646,985,009**	**1,914,515,939**	877,519,657	696,442,793	1,573,962,450
Liabilities							
Deposit Liabilities	13	**1,195,481,754**	**415,263**	**1,195,897,017**	943,597,198	1,035,545	944,632,743
Accrued interest and other expenses	14	**25,187,177**	**-**	**25,187,177**	24,094,510	-	24,094,510
Bills Payable	15	**50,000,000**	**-**	**50,000,000**	-	-	-
Other liabilities	15	**28,619,172**	**91,959,184**	**120,578,356**	26,680,407	66,891,803	93,572,210
		1,299,288,103	**92,374,447**	**1,391,662,550**	994,372,115	67,927,348	1,062,299,463

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BANGKO SENTRAL NG PILIPINAS

Presented below and in the succeeding pages are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP Manual of Regulations for Banks to be disclosed as part of the notes to financial statements based on BSP Circular 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Selected Financial Performance Indicators

The following basic indicators and ratios measure the financial performance of the Bank:

	2025	2024
Return on average equity		
$\dfrac{\text{Net income}}{\text{Average total equity}}$	**3.29%**	0.80%
Return on average resources		
$\dfrac{\text{Net income}}{\text{Average total equity}}$	**0.98%**	0.25%
Net interest margin		
$\dfrac{\text{Net interest income}}{\text{Average interest earning resources}}$	**16.27%**	16.37%

(b) *Capital Instruments Issued*

As of December 31, 2025, the Bank has no capital instruments considered in the computation of the Bank's regulatory and qualifying capital in accordance with Circular 781, *Basel III Implementing Guidelines on Minimum Capital Requirements, which may include*, instruments recorded as part of equity or a financial liability qualifying as Tier 2 capital.

(c) *Significant Credit Exposures for Loans*

The Bank's concentration of credit as to industry for its receivables from customers' portfolio (gross of allowance for ECL) as presented below.

	2025		2024	
(Amounts in PHP)	**Amount**	**Share**	Amount	Share
Wholesale and retail trade, repair of motor vehicles motorcycles, personal household goods	**858,534,050**	**59%**	680,489,560	58%
Real estate, renting and business activities	**122,640,622**	**8%**	102,494,051	9%
Hotels and restaurants	**108,966,942**	**8%**	78,537,275	7%
Manufacturing	**94,219,094**	**6%**	69,386,619	6%
Agriculture, forestry and fishing	**85,433,861**	**6%**	98,722,054	8%
Transportation, storage and communication	**70,399,589**	**5%**	69,217,928	6%
Construction	**22,000,001**	**2%**	30,860,306	3%
Private households with employed persons	**22,137,152**	**2%**	17,505,433	2%
Electricity, gas and water supply	**8,058,887**	**0%**	11,427,642	1%
Mining and quarrying	**647,979**	**0%**	958,221	0%
Others	**51,596,723**	**4%**	3,199,221	0%
	1,444,634,900	**100%**	1,162,798,310	100%

The BSP considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceed 30% of total loan portfolio plus the outstanding interbank loans receivable or 10% of Tier 1 capital.

As of December 31, 2025 and 2024, 10% of Tier 1 capital amounted to P51.73 million and P49.68 million, respectively, and the table in the succeeding page shows the industry groups exceeding this level.

(Amounts in PHP)	**2025**	2024
Wholesale and retail trade, repair of motor vehicles motorcycles, personal household goods	**858,534,050**	680,489,560
Real estate, renting and business activities	**122,640,622**	102,494,051
Hotels and restaurants	**108,966,942**	78,537,275
Manufacturing	**94,219,094**	69,386,619
Agriculture, forestry and fishing	**85,433,861**	98,722,054
Transportation, storage and communication	**70,399,589**	69,217,928

Others consists of loans granted to industries under health and social work, and wellness centers.

(d) *Credit Status of Loans*

The breakdown of total loans (receivable from customers) as to status is shown below.

(Amounts in PHP)	**Performing**	**Non-performing**	**Total Loan Portfolio**
2025			
Gross carrying amount:			
Micro enterprise	200,470,776	67,208,532	267,679,308
Agricultural loan	160,872,002	2,540,311	163,412,313
SME	732,319,349	56,024,048	788,343,397
Salary	2,282,358	-	2,282,358
Other	179,268,853	43,648,671	222,917,524
	1,275,213,338	169,421,562	1,444,634,900
Allowance for ECL	(22,802,298)	(90,832,786)	(113,635,084)
Net carrying amount	**1,252,411,040**	**78,588,776**	**1,330,999,816**
2024			
Gross carrying amount:			
Micro enterprise	202,463,516	45,439,956	247,903,472
Agricultural loan	35,971,021	2,666,701	38,637,722
SME	743,705,815	43,742,865	787,448,680
Salary	2,305,422	-	2,305,422
Other	42,854,342	43,648,672	86,503,014
	1,027,300,116	135,498,194	1,162,798,310
Allowance for ECL	(1,156,602)	(91,927,988)	(93,084,590)
Net carrying amount	1,026,143,514	43,570,206	1,069,713,720

Non-performing loans (NPLs) included in the total loan portfolio of the Bank as of December 31, 2025 and 2024 are presented below, net of allowance for ECL.

(Amounts in PHP)	**2025**	2024
Gross NPLs	**169,421,562**	135,498,194
Allowance for impairment	**(90,832,786)**	(91,927,988)
Net carrying amount	**78,588,776**	43,570,206

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least 6 months; or (b) written off.

Restructured loans amount to P90.95 million and P104.58 million as of December 31, 2025 and 2024, respectively. The related allowance for credit loss of such loans amounted to P19.68 million and P16.98 million as of December 31, 2025 and 2024, respectively.

Interest income recognized on impaired loans and receivables amounted to P4.27 million and P3.41 million in 2025 and 2024, respectively.

(e) *Analysis of Loan Portfolio as to Type of Security*

The breakdown of total loans (receivable from customers, net of unearned interests or discounts) as to security follows:

(Amounts in PHP)	**2025**	2024
Secured:		
Real estate mortgage	**695,874,785**	633,016,178
Chattel mortgage	**11,582,049**	23,445,364
Hold-out deposit	**-**	1,605,653
Others	**1,478,875**	-
	708,935,709	658,067,195
Unsecured	**735,699,191**	504,731,115
	1,444,634,900	1,162,798,310

(f) *Information on Related Party Loans*

In the ordinary course of business, the Bank has loan transactions with its other affiliates, and with certain DOSRI. Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

Under the current BSP regulations, the amount of individual loans to a DOSRI, 70% of which must be secured, should not exceed the amount of the encumbered deposit and book value of the investment in the Bank and/or any of its lending and nonbank financial subsidiaries. In the aggregate, loans to DOSRIs, generally, should not exceed the total equity or 15% of the total loan portfolio of the Bank. However, non-risk loans are excluded in both individual and aggregate ceiling computation.

The table below shows the information relating to the loans, credit accommodations and guarantees to DOSRI, excluding loans granted as fringe benefits to officers which are excluded from the individual ceiling as of December 31, 2025 and 2024 in accordance with BSP reporting guidelines.

	DOSRI Loans		**Related Party Loans (inclusive of DOSRI)**	
(Amounts in PHP)	**2025**	2024	**2025**	2024
Total outstanding loans	**27,331,682**	-	**27,331,682**	-
% of loans to total loan portfolio	**1.89%**	0%	**1.89%**	-
% of unsecured loans to total DOSRI/related party loans	**8.35%**	0%	**8.35%**	-
% of past due loans to total DOSRI/related party loans	**0%**	0%	**0%**	-
% of non-performing loans to total DOSRI/related party loans	**0%**	0%	**0%**	-

(g) *Secured Liabilities and Assets Pledged as Security*

As of December 31, 2025 and 2024, the Bank has no assets pledged as security for liabilities.

(h) *Contingencies and Commitments Arising from Off-balance Sheet Items*

The Bank has no commitments and contingent accounts as of December 31, 2025 and 2024.

SMALL BUSINESS LOANS

SMALL BIZ REGULAR LOAN

The Small Biz Regular Loan is an individual loan product designed to cater the financial needs of businessmen who wish to further improve their business operations. It aims to make available affordable and easily accessible credit to entrepreneurs to help them finance and/or expand their present business operations and increase their incomes.

Loan amount from more than ₱1,000,000.00 up to ₱5,000,000.00 subject to client's capacity to pay. Loan increases are subject to repayment behavior and capacity evaluation.

SMALL BIZ LITE

This product aims to provide financial capital to micro and small entrepreneurs who are capable to borrow at least ₱100,000.00 with the intention of improving their business operations. Such access to credit will enable these clients to expand their business and consequently increase their income. The product primarily targets entrepreneurs who generate daily, weekly, semi-monthly or monthly income, have adequate financial records (whether these are formalized through an audited financial statement) and have been operating for at least three years.

Loan amount ranges between ₱100,000.00 to ₱1 Million subject to client's capacity to pay. Loan increases are subject to repayment behavior and cash flow evaluation.

SMALL BIZ REVOLVING CREDIT LINE (RCL)

The Small Biz Revolving Credit Line (RCL) Facility is a flexible, standby, individual loan product of Rizal MicroBank.

The Small Biz RCL allows a borrower to borrow money from the Bank without the hassle of applying for a loan every time the need for funds arises. It is a reusable source of funds that can readily be tapped at the borrower's discretion subject to approved credit line limit and term set by the Bank.

The line will be available for one year. During this allotted period of time, the facility will allow the borrower to take out, repay, and take the loan out again, and allow the borrower to use as much of the credit as is available and only pay interest on what has been used.

Up to ₱20,000,000.00 subject to client's capacity to pay. Loan increases are subject to repayment behavior and capacity evaluation.

VALUE CHAIN FINANCING LOANS

Value Chain Financing is a loan facility program that offers different business solutions to bank partners addressing the financing gap within their value chain.

PURCHASE ORDER FINANCING

Extend additional working capital to your suppliers via a term loan or credit line facility where the maximum loan is based on the resources needed to finance your orders.

PAYABLES FINANCING

Spend your capital in a more efficient manner by paying for your purchases within 30-90 days but still allow your suppliers to receive their payments within 1-2 days.

DISTRIBUTOR FINANCING

Grow your revenues by enabling your distributors/clients to procure more goods from your company, with the loans given to enact this (increased) purchase.

DEPOSIT PRODUCTS

ORDINARY SAVINGS (PASSBOOK-BASED)

A regular passbook-evidenced and interest-bearing deposit product that has a fixed interest rate and can be withdrawn anytime. Interest rates shall be reviewed periodically and is subject to change considering changes in market rates.

BASIC DEPOSIT ACCOUNT

A basic, interest-bearing account targeted towards the unbanked and underserved markets in the Philippines.

CHECKING ACCOUNT

A low-interest bearing deposit product that allows individuals or institutions to access a wide range of financial services, with ease of payment as a primary objective, using bank checks.

CONTRACTUAL SAVINGS (LOAN-BASED)

A regular passbook-evidenced and interest-bearing deposit product that is a component of the bank's loan products. All clients who avail themselves of the Bank's loan products are required to save an amount equivalent to at least 10% of the loan amount for microenterprise loan, and as agreed with the client, for regular loan. The contractual savings are deposited throughout the term of the loan. Interest-bearing Interest Rate shall be based on prevailing market rate as jointly.

TIME DEPOSIT (CERTIFICATE)

A deposit product which is evidenced by a certificate of time deposit issued by the Bank with a fixed maturity date and earning an interest rate as specifically agreed upon by the Bank and the depositor. Interest rate should be reviewed periodically and is subject to change considering changes in market rates.

RMB DIRECTORY

CORPORATE BANKING OFFICE

DAVAO HEAD OFFICE
3/F, Anda Rizal Center Bldg., Cor. Anda & Rizal Streets, Brgy. 3-A, Poblacion District, Davao City
Contact Nos.: (082) 236 3031, (02) 8 894 9000 local 5698 / 5702

LUZON AREA OFFICE
Bensar Bldg. cor F. Manalo St. Gen. Malvar Ave. Poblacion 3, Sto. Tomas, Batangas
Contact Nos.: (043) 783 9885, (02) 8 894 9000 local 1886

MAKATI CORPORATE OFFICE
9/F, Tower 1 RCBC Plaza, 6819 Ayala Avenue, Makati City
Contact No.: (02) 8 894 9000 local 1290

MINDANAO BANKING OFFICE

BUTUAN BRANCH
Door 1 & 2, CJU Building, Langihan Road, Purok 12, Brgy. Limaha, Butuan City
Contact Nos.: (085) 225 0298, (02) 8 894 9000 local 5718
Michael M. Gonzales

CAGAYAN DE ORO BRANCH
Ground Floor, GRC Building, Limketkai Drive, Brgy. 35, Cagayan De Oro City
Contact Nos.: (088) 880 3115, (02) 8 894 9000 local 5712
Jowee A. Sablayan

CALINAN BRANCH-LITE UNIT
Door #4, 2nd Floor, LTH Building, P-16 National Highway, Calinan, Davao City
Contact Nos.: (082) 221 2305, (02) 8 894 9000 local 5712
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