

AUDITED FINANCIAL STATEMENTS

PART 2

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

BSP Circular No. 856, *Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks under Basel III*, covers the implementing guidelines on the framework for dealing with domestic systemically important banks (D-SIBs) in accordance with the Basel III standards. Banks identified as D-SIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019.

The Group and Parent Company's regulatory capital position based on the Basel III risk-based capital adequacy framework as reported to the BSP follows:

<i>(Amounts in PHP)</i>	<u>Group</u>	<u>Parent Company</u>
2025:		
Tier 1 Capital		
CET 1	125,435	121,657
AT1	3	3
	<u>125,438</u>	<u>121,660</u>
Tier 2 Capital	8,279	8,189
	<u>133,717</u>	<u>129,849</u>
Total Qualifying Capital	<u>133,717</u>	<u>129,849</u>
Total Risk – Weighted Assets	<u>924,720</u>	<u>912,640</u>
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk-weighted assets	14.46%	14.23%
Tier 1 Capital Ratio	13.56%	13.33%
Total CET 1 Ratio	13.56%	13.33%
2024:		
Tier 1 Capital		
CET 1	118,685	114,963
AT1	14,465	14,465
	<u>133,150</u>	<u>129,428</u>
Tier 2 Capital	7,921	7,830
	<u>141,071</u>	<u>137,258</u>
Total Qualifying Capital	<u>141,071</u>	<u>137,258</u>
Total Risk – Weighted Assets	<u>877,395</u>	<u>865,397</u>
2024:		
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk-weighted assets	16.08%	15.86%
Tier 1 Capital Ratio	15.18%	14.96%
Total CET 1 Ratio	13.53%	13.28%

5.2 Internal Capital Adequacy Assessment and Pillar 2 Risk-Weighted Assets

In January 2009, the BSP issued Circular No. 639 on the ICAAP and Supervisory Review Process covering universal and commercial banks on a group-wide basis. As a supplement to BSP Circular No. 538 on the Risk-Based Capital Adequacy Framework, ICAAP sets out the following principles:

- (a) Banks must have a process for assessing capital adequacy relative to their risk profile, operating environment, and strategic/business plans;
- (b) The Bank's ICAAP is the responsibility of the BOD, must be properly documented and approved and with policies and methodologies integrated into banking operations;
- (c) The Bank's ICAAP should address other material risks – Pillar 2 risks – in addition to those covered by Pillar 1, with risk measurement methodologies linked to the assessment of corresponding capital requirement both on a BAU and stressed scenario;
- (d) The minimum CAR prescribed by the BSP after accounting for Pillar 1 and other risks is retained at 10%; and,
- (e) The Bank's ICAAP document must be submitted to the BSP every March 31 of each year.

The Group identified the following Pillar 2 risks as material to its operations, and consequently set out methodologies to quantify the level of capital that it must hold.

- (a) *Credit Risk Concentration* – The Group has so far limited its analysis to credit risk concentration arising from the uneven sector distribution of the Group's credit exposures. Aside from using a simplified application of the HHI, concentration is estimated using the CCI. The capital charge is estimated by calculating the change in the Economic Capital (EC) requirement of the credit portfolio as an effect of credit deterioration in the largest industry exposure.
- (b) *IRRBB* – It is the current and prospective negative impact on earnings and capital arising from interest rate shifts. The Group IRRBB estimates as its NII-at-risk, and accordingly deducts the same from regulatory qualifying capital. Stressed IRRBB is calculated by applying the highest observed market volatilities over a determined timeframe.
- (c) *Liquidity Risk* – The Group estimates its liquidity risk under BAU scenario using standard gap analysis. Stressed liquidity risk on the other hand assumes a repeat of a historical liquidity stress, and estimates the impact if the Group were to partially defend its deposits and partially pay-off by drawing from its reserve of liquid assets.
- (d) *IT Risk* – It is the current and prospective negative impact to earnings arising from failure of IT systems and realization of cyber security threats. The Group treats this risk as forming part of Operational Risk.

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- (e) *Compliance Risk* – It is the current and prospective negative impact on earnings and capital arising from violation of laws, regulations, ethical standards, and the like. For BAU scenario, the Group estimates compliance risk charge from historical fines and penalties as the worst-case loss determined via a frequency-severity analysis of each penalty type. The resulting compliance risk charge calculation is likewise directly deducted from earnings.
- (f) *Strategic Business Risk* – It is the current and prospective negative impact on earnings and capital arising from adverse business decisions, improper implementation, and failure to respond to industry changes. The Group treats strategic business risk as a catch-all risk, and expresses its estimate as a cap on additional risk-weighted assets given other risks and the desired level of capital adequacy. The Group maintains that the assessment of strategic risk is embedded in the budget of the Group. Its capital impact therefore on a BAU case is already expressed in the amount of risk projected to be taken on in the forecast years. However, the Group does recognize the need to set up processes that would enable to put a number to the risk incurred by going into specific strategies.
- (g) *Reputation Risk* – From the adoption of a theoretical measure, the Group amended its approach to reputation risk in 2011 by adopting instead a reputation risk monitoring and reporting process, run primarily by its Marketing Committee. The measurement of reputation risk under stress is folded into the Group's assessment of stressed liquidity risk.

5.3 Basel III Leverage Ratio

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% on a solo and consolidated basis and shall be complied with at all times. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 per BSP Circular No. 990, *Amendments to the Basel III Leverage Ratio Framework*, issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III leverage ratio intends to restrict the build-up of leverage to avoid destabilizing deleveraging processes which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based “backstop” measure. The Basel III leverage ratio is defined as the ratio of capital measure (Tier 1 Capital) and the exposure measure. Exposure measure includes on-balance sheet exposures, securities financing transactions exposures and off-balance sheet.

The Group and Parent Company's Basel III leverage ratio as reported to the BSP are as follows:

<i>(Amounts in PHP)</i>	<u>Group</u>	<u>Parent Company</u>
2025:		
Tier 1 Capital	125,438	121,660
Exposure measure	<u>1,615,520</u>	<u>1,603,772</u>
	<u>7.76%</u>	<u>7.59%</u>

<i>(Amounts in PHP)</i>	<u>Group</u>	<u>Parent Company</u>
2024:		
Tier 1 Capital	133,150	129,428
Exposure measure	<u>1,492,891</u>	<u>1,481,740</u>
	<u>8.92%</u>	<u>8.73%</u>

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. The LCR is the ratio of high-quality liquid assets to total net cash outflows, which should not be lower than 100.00%.

To promote the short-term resilience of the liquidity risk profile, the Bank maintains adequate stock of unencumbered high-quality liquid assets (HQLAs) that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed conditions. The stock of liquid assets should enable the Bank to withstand significant liquidity shocks for at least 30 calendar days, which would give time for corrective actions to be taken by the Bank management and/or the BSP. Details of the Group's and Parent Company's LCR are summarized below.

<i>(Amounts in PHP)</i>	<u>Group</u>		<u>Parent Company</u>	
	<u>Total Unweighted Value</u>	<u>Total Weighted Value</u>	<u>Total Unweighted Value</u>	<u>Total Weighted Value</u>
<u>December 31, 2025</u>				
Total stock of HQLA	391,541	387,609	387,677	384,052
Expected Net Cash Outflows*	1,878,441	<u>252,409</u>	1,878,720	<u>252,856</u>
Liquidity Coverage Ratio		<u>153.56%</u>		<u>151.89%</u>
<u>December 31, 2024</u>				
Total stock of HQLA	447,599	440,035	444,607	437,289
Expected Net Cash Outflows*	1,859,531	<u>267,132</u>	1,860,122	<u>267,655</u>
Liquidity Coverage Ratio		<u>164.73%</u>		<u>163.38%</u>

*Includes Restricted Term Deposits and Deposits pledged as collateral or under hold-out arrangements

Net Stable Funding Ratio (NSFR), as detailed in BSP Circular No. 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 Group's liquidity profile.

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To promote long-term resilience against liquidity risk, the Group 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 overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts.

Details of the Group's and Parent Company's Basel III NSFR are summarized below.

<i>(Amounts in PHP)</i>	Group		Parent Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
December 31, 2025				
Available stable funding	914,869		909,805	
Required stable funding	727,884		730,741	
Basel III NSFR	125.69%		124.50%	
December 31, 2024				
Available stable funding	879,877		875,392	
Required stable funding	662,046		664,648	
Basel III NSFR	132.90%		131.71%	

6. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Carrying Amounts and Fair Values by Category

The following tables summarize the carrying amounts and corresponding fair values of financial assets and financial liabilities presented in the statements of financial position.

<i>(Amounts in PHP)</i>	Group			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	181,837	181,837	185,369	185,369
Investment securities - net	253,713	237,525	260,222	237,102
Loans and receivables - net	761,877	782,068	709,930	732,498
Other resources - net	1,567	1,567	1,688	1,688
	<u>1,198,994</u>	<u>1,202,997</u>	<u>1,157,209</u>	<u>1,156,657</u>
At fair value:				
Investment securities at FVTPL	12,975	12,975	10,234	10,234
Investment securities at FVOCI	108,193	108,193	158,630	158,630
	<u>121,168</u>	<u>121,168</u>	<u>168,864</u>	<u>168,864</u>
	<u>1,320,162</u>	<u>1,324,165</u>	<u>1,326,073</u>	<u>1,325,521</u>
Financial Liabilities				
At amortized cost:				
Deposit liabilities	1,025,455	1,024,236	1,022,794	1,020,115
Bills payable	69,631	69,631	86,616	86,616
Bonds payable	60,322	62,070	26,935	27,086
Accrued interest and other expenses	11,916	11,916	10,366	10,366
Other liabilities	26,183	26,183	46,677	46,677
	<u>1,193,507</u>	<u>1,194,036</u>	<u>1,193,388</u>	<u>1,190,860</u>
At fair value:				
Derivative financial liabilities	6,015	6,015	3,635	3,635
	<u>1,199,522</u>	<u>1,200,051</u>	<u>1,197,023</u>	<u>1,194,495</u>

<i>(Amounts in PHP)</i>	Parent Company			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	178,240	178,240	182,670	182,670
Investment securities - net	252,619	236,429	259,387	235,429
Loans and receivables - net	756,363	767,522	703,964	725,037
Other resources - net	1,546	1,546	1,669	1,669
	<u>1,188,768</u>	<u>1,183,737</u>	<u>1,147,690</u>	<u>1,144,805</u>
At fair value:				
Investment securities at FVTPL	12,370	12,370	9,525	9,525
Investment securities at FVOCI	107,559	107,559	157,954	157,954
	<u>119,929</u>	<u>119,929</u>	<u>167,479</u>	<u>167,479</u>
	<u>1,308,697</u>	<u>1,303,666</u>	<u>1,315,169</u>	<u>1,312,284</u>
Financial Liabilities				
At amortized cost:				
Deposit liabilities	1,025,483	1,023,690	1,022,737	1,020,060
Bills payable	63,194	63,194	80,928	80,928
Bonds payable	60,322	62,070	26,935	27,086
Accrued interest and other expenses	12,088	12,088	11,312	11,312
Other liabilities	25,352	25,352	45,802	45,802
	<u>1,186,439</u>	<u>1,186,394</u>	<u>1,187,714</u>	<u>1,185,188</u>
At fair value -				
Derivative financial liabilities	6,015	6,015	3,635	3,635
	<u>1,192,454</u>	<u>1,192,409</u>	<u>1,191,349</u>	<u>1,188,823</u>

Except for investment securities at amortized cost, deposit liabilities, loans and receivables, and bonds payable with fair value disclosed different from their carrying amounts, management considers that the carrying amounts of other financial assets and financial liabilities presented above which are measured at amortized cost, approximate the fair values either because those instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material. The fair value information disclosed for the Group and Parent Company's investment securities at amortized cost and other financial assets and liabilities measured at fair value on a recurring basis are determined based on the procedures and methodologies discussed in Note 7.3.

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6.2 Offsetting Financial Assets and Financial Liabilities

The following financial assets presented in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar arrangements:

<i>(Amount in PHP)</i>	Notes	Group			Net amount
		Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position		
			Financial instruments	Collateral received	
December 31, 2025					
Loans and receivables – Receivable from customers	11	761,237	(15,464)	-	745,773
Trading and investment securities – Investment securities at amortized cost	10	253,713	(79,819)	-	173,894
Due from other banks – Margin deposits	9	9,050	(1,261)	-	7,789
Other resources – Margin deposits	15	232	-	(232)	-
December 31, 2024					
Loans and receivables – Receivable from customers	11	710,634	(15,089)	-	695,545
Trading and investment securities – Investment securities at amortized cost	10	260,222	(80,523)	-	179,699
Due from other banks – Margin deposits	9	14,569	(1,587)	-	12,982
Other resources – Margin deposits	15	214	-	(214)	-
<i>(Amounts in PHP)</i>	Notes	Parent Company			Net amount
		Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position		
			Financial instruments	Collateral received	
December 31, 2025					
Loans and receivables – Receivable from customers	11	755,538	(15,464)	-	740,074
Trading and investment securities – Investment securities at amortized cost	10	252,619	(79,819)	-	172,800
Due from other banks – Margin deposits	9	8,916	(1,181)	-	7,735
Other resources – Margin deposits	15	232	-	(232)	-
December 31, 2024					
Loans and receivables – Receivable from customers	11	704,411	(15,089)	-	689,322
Trading and investment securities – Investment securities at amortized cost	10	259,387	(80,523)	-	178,864
Due from other banks – Margin deposits	9	14,433	(1,587)	-	12,846
Other resources – Margin deposits	15	214	-	(214)	-

The following financial liabilities table in the statements of financial position at gross amounts are covered by enforceable master netting arrangements and similar agreements:

<i>(Amounts in PHP)</i>	Notes	Group			
		Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position		Net amount
			Financial instruments	Collateral received	
December 31, 2025					
Deposit liabilities	17	1,025,455	(15,464)	-	1,009,991
Bills payable	18	69,631	(63,785)	-	5,846
Other liabilities – Derivative financial liabilities	21	6,015	-	(232)	5,783
December 31, 2024					
Deposit liabilities	17	1,022,794	(15,089)	-	1,007,705
Bills payable	18	86,616	(67,238)	-	19,378
Other liabilities – Derivative financial liabilities	21	3,635	-	(214)	3,421
<i>(Amounts in PHP)</i>	Notes	Parent Company			
		Gross amounts recognized in the statements of financial position	Related amounts not set off in the statements of financial position		Net amount
			Financial instruments	Collateral received	
December 31, 2025					
Deposit liabilities	17	1,025,483	(15,464)	-	1,010,019
Bills payable	18	63,194	(63,194)	-	-
Other liabilities – Derivative financial liabilities	21	6,015	-	(232)	5,783
December 31, 2024					
Deposit liabilities	17	1,022,737	(15,089)	-	1,007,648
Bills payable	18	80,928	(66,056)	-	14,872
Other liabilities – Derivative financial liabilities	21	3,635	-	(214)	3,421

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and its counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an 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.

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For purposes of presenting the above information, the related amounts not set off in the statements of financial position pertains to: (a) hold-out deposits and equity securities which serve as the Group's collateral enhancement for certain loans and receivables; (b) collateralized bills payable under sale and repurchase agreements; and, (c) margin deposits which serve as security for outstanding financial market transactions and other liabilities. The financial instruments that can be set off are only disclosed to the extent of the amounts of the Group's obligations to counterparties.

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 Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make 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. Changes in assumptions could also affect the reported fair value of the financial instruments. The Group uses judgment to select a variety of valuation techniques and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

7.2 Financial Instruments Measured at Fair Value

The following table shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of December 31, 2025 and 2024.

(Amounts in PHP)	Group			
	Level 1	Level 2	Level 3	Total
2025				
Financial assets at FVTPL:				
Government securities	9,439	1,155	-	10,594
Equity securities	600	-	-	600
Corporate debt securities	4	100	-	104
Derivative assets	11	1,666	-	1,677
	10,054	2,921	-	12,975
Financial assets at FVOCI:				
Government securities	65,507	23,608	-	89,115
Corporate debt securities	948	13,942	-	14,890
Equity securities	1,340	-	2,848	4,188
	67,795	37,550	2,848	108,193
Total Resources at Fair Value	77,849	40,471	2,848	121,168
Derivative liabilities	-	6,015	-	6,015
2024				
Financial assets at FVTPL:				
Government securities	4,952	2,305	-	7,257
Equity securities	778	-	-	778
Corporate debt securities	16	116	-	132
Derivative assets	13	2,054	-	2,067
	5,759	4,475	-	10,234
Financial assets at FVOCI:				
Equity securities	680	871	2,591	4,142
Government securities	66,830	73,567	-	140,397
Corporate debt securities	1,906	12,185	-	14,091
	69,416	86,623	2,591	158,630
Total Resources at Fair Value	75,175	91,098	2,591	168,864
Derivative liabilities	-	3,635	-	3,635

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(Amounts in PHP)	Parent Company			Total
	Level 1	Level 2	Level 3	
2025				
Financial assets at FVTPL:				
Government securities	9,434	1,155	-	10,589
Corporate debt securities	4	100	-	104
Derivative assets	11	1,666	-	1,677
	9,449	2,921	-	12,370
Financial assets at FVOCI:				
Equity securities	850	-	2,819	3,669
Government securities	65,507	23,608	-	89,115
Corporate debt securities	833	13,942	-	14,775
	67,190	37,550	2,819	107,559
Total Resources at Fair Value	76,639	40,471	2,819	119,929
Derivative liabilities	-	6,015	-	6,015
2024				
Financial assets at FVTPL:				
Government securities	4,947	2,305	-	7,252
Corporate debt securities	16	116	-	132
Equity securities	74	-	-	74
Derivative assets	13	2,054	-	2,067
	5,050	4,475	-	9,525
Financial assets at FVOCI:				
Equity securities	299	711	2,568	3,578
Government securities	66,830	73,567	-	140,397
Corporate debt securities	1,794	12,185	-	13,979
	68,923	86,463	2,568	157,954
Total Resources at Fair Value	73,973	90,938	2,568	167,479
Derivative liabilities	-	3,635	-	3,635

Described below and in the succeeding pages are the information about how the fair values of the Group's classes of financial assets and financial liabilities were determined.

(a) Government and Corporate Debt Securities

The fair value of the Group's government and corporate debt securities are categorized within Level 1 and Level 2 of the fair value hierarchy.

Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables; hence, categorized as Level 1 or 2.

Fair values of actively traded corporate debt securities are determined based on their market prices quoted in the Philippine Dealing Holdings System or based on the direct reference price per Bloomberg or observed comparables at the end of each reporting period; hence, categorized within Level 1 or Level 2.

(b) Equity Securities

The fair values of certain equity securities classified as financial assets at FVTPL and at FVOCI as of December 31, 2025 and 2024 were valued based on their market prices quoted in the PSE at the end of each reporting period; hence, categorized within Level 1.

Level 2 category includes the Group's investments in proprietary club shares as their prices are not derived from a market considered as active due to lack of trading activities among market participants at the end of each reporting period.

For equity securities which are not traded in an active market and with fair value categorized within Level 3, their fair value is determined through valuation techniques such as net asset value method, or market-based approach (price-to-book value method) using current market values of comparable listed entities.

The price-to-book value method used to value a certain equity security of the Parent Company uses the price-to-book ratio of comparable listed entities as multiple in determining the fair value adjusted by a certain valuation discount. The price-to-book ratio used in the fair value measurement as of December 31, 2025 and 2024 ranges from 0.28:1 to 2.89:1 and from 0.41:1 to 3.55:1, respectively. Increase or decrease in the price-to-book ratio and net asset value would result in higher or lower fair values, all else equal.

For a certain preferred equity security, the Group has used the discounted cash flow applying a discount rate of 6.7% and 6.9%, which is based on the latest available weighted cost of capital of the investee company, in 2025 and 2024, respectively, to determine the present value of future cash flows from dividends or redemption expected to be received from the instrument.

A reconciliation of the carrying amounts of Level 3 FVOCI equity securities at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	2,591	2,480	2,568	2,402
Fair value gains - net	257	111	251	166
Balance at end of year	2,848	2,591	2,819	2,568

There were neither transfers between the levels of the fair value hierarchy nor gains or losses recognized in the statements of profit or loss for Level 3 financial assets in 2025 and 2024.

(c) Derivative Assets and Liabilities

The fair value of the Group's derivative assets categorized within Level 1 is determined be the current mid-price based on the last trading transaction as defined by third-party market makers.

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On the other hand, the fair values of certain derivative financial assets and liabilities categorized within Level 2 were determined through valuation techniques using net present value computation which makes use of the streams of cash flows related to the derivative financial instruments such as interest rate swaps and currency swaps.

7.3 Financial Instruments Measured at Amortized Cost for Which Fair Value is Disclosed

The table below and in the succeeding page summarizes the fair value hierarchy of the Group and Parent Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

(Amount in PHP)	Group			
	Level 1	Level 2	Level 3	Total
2025				
Financial Assets:				
Cash and other cash items	23,656	-	-	23,656
Due from BSP	86,955	-	-	86,955
Due from other banks	9,050	-	-	9,050
Loans arising from reverse repurchase agreements	20,641	-	-	20,641
Interbank loans	41,535	-	-	41,535
Investment securities at amortized cost	209,280	27,149	1,096	237,525
Loans and receivables	-	-	782,068	782,068
Other resources - net	-	-	1,567	1,567
	391,117	27,149	784,731	1,202,997
Financial Liabilities:				
Deposit liabilities	-	-	1,024,236	1,024,236
Bills payable	-	-	69,631	69,631
Bonds payable	-	62,070	-	62,070
Accrued interest and other expense	-	-	11,916	11,916
Other liabilities	-	-	26,183	26,183
	-	62,070	1,131,966	1,194,036
2024				
Financial Assets:				
Cash and other cash items	23,003	-	-	23,003
Due from BSP	115,230	-	-	115,230
Due from other banks	14,569	-	-	14,569
Interbank loans	32,567	-	-	32,567
Investment securities at amortized cost	43,938	191,491	1,673	237,102
Loans and receivables	-	-	732,498	732,498
Other resources - net	-	-	1,688	1,688
	229,307	191,491	735,859	1,156,657
Financial Liabilities:				
Deposit liabilities	-	-	1,020,115	1,020,115
Bills payable	-	-	86,616	86,616
Bonds payable	-	27,086	-	27,086
Accrued interest and other expense	-	-	10,366	10,366
Other liabilities	-	-	46,677	46,677
	-	27,086	1,163,774	1,190,860

(Amounts in PHP)	Parent Company			
	Level 1	Level 2	Level 3	Total
2025				
Financial Assets:				
Cash and other cash items	23,417	-	-	23,417
Due from BSP	84,372	-	-	84,372
Due from other banks	8,916	-	-	8,916
Interbank loans	41,535	-	-	41,535
Investment securities at amortized cost	209,280	27,149	-	236,429
Loans and receivables	-	-	767,522	767,522
Loans and receivables arising from reverse repurchase agreement	20,000	-	-	20,000
Other resources - net	-	-	1,546	1,546
	387,520	27,149	769,068	1,183,737
Financial Liabilities:				
Deposit liabilities	-	-	1,023,690	1,023,690
Bills payable	-	-	63,194	63,194
Bonds payable	-	62,070	-	62,070
Accrued interest and other expense	-	-	12,088	12,088
Other liabilities	-	-	25,352	25,352
	-	62,070	1,124,324	1,186,394
2024				
Financial Assets:				
Cash and other cash items	22,907	-	-	22,907
Due from BSP	112,763	-	-	112,763
Due from other banks	14,433	-	-	14,433
Interbank loans	32,567	-	-	32,567
Investment securities at amortized cost	43,938	191,491	-	235,429
Loans and receivables	-	-	725,037	725,037
Other resources - net	-	-	1,669	1,669
	226,608	191,491	726,706	1,144,805
Financial Liabilities:				
Deposit liabilities	-	-	1,020,060	1,020,060
Bills payable	-	-	80,928	80,928
Bonds payable	-	27,086	-	27,086
Accrued interest and other expense	-	-	11,312	11,312
Other liabilities	-	-	45,802	45,802
	-	27,086	1,158,102	1,185,188

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) Due from BSP and Other Banks, and Loans and Receivables Arising from Reverse Repurchase Agreements

Due from BSP pertains to deposits made to the BSP for clearing and reserve requirements, overnight and term deposit facilities, while loans and receivables arising from reverse repurchase agreements pertain to loans and receivables from BSP arising from overnight lending from excess liquidity. Due from other banks includes items

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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 the discounted cash flows using prevailing money market interest rates for debt with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(b) *Investment Securities at Amortized Cost*

The fair value of investment securities at amortized cost consisting of government securities and corporate debt securities is determined based on reference prices appearing in Bloomberg. The fair value of these securities are categorized within Level 1 and Level 2 of the fair value hierarchy using BVAL reference rates, which are derived using an approach based on a combined sequence of algorithms of direct observations and/or observed comparables, hence, categorized as Level 1 or 2.

(c) *Deposits Liabilities and Borrowings*

The estimated fair value of demand deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The Level 2 fair value of bonds payable and subordinated debt is determined based on the average of ask and bid prices as appearing on Bloomberg. For bills payable categorized within Level 3, fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values.

(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 Investment Properties Carried at Cost*

The fair values of the Group and Parent Company's investment properties were determined based on the following approaches:

(a) *Fair Value Measurement for Land*

The fair value of the Group's and the Parent Company's land are categorized within Level 3 of the fair value hierarchy, as the observable and recent prices of the reference properties are adjusted for differences in key attributes such as property size, location and zoning, and accessibility, or any physical or legal restrictions on the use of the property. The most significant input into this valuation approach is the price per square feet, hence, the higher the price per square feet, the higher the fair value.

The fair value of the Group's and the Parent Company's land amounted to nil as of December 31, 2025 and 2024, respectively.

(b) *Fair Value Measurement for Buildings and Improvements*

The Level 3 fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

The fair value of building improvements of the Group and Parent Company amounted to P2,174 and P1,833 as of December 31, 2025 and 2024, respectively.

There has been no change in the valuation techniques for investment properties in both years.

8. SEGMENT INFORMATION

8.1 *Business Segments*

The Group's operating businesses are managed separately according to the nature of services provided (primary segments) and the different geographical markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

- (a) *Retail* – principally handles the branches offering a wide range of consumer banking products and services. Products offered include individual customer's deposits, credit cards, home and mortgage loans, auto, personal, salary, and microfinance loans, overdraft facilities, payment remittances and foreign exchange transactions. It also upsells bank products [unit investment trust funds (UITFs), etc.] and cross-sells bancassurance products. The segment includes portfolios of RCBC Microbank.
- (b) *Corporate* – principally handles distinct customer segments: (i) conglomerates; (ii) large corporations; (iii) emerging corporates, which focus on large middle accounts often referred to as the "Next 500 Corporations"; (iv) Japanese multinationals with a strong presence in the country; (v) Filipino-Chinese businesses; and, (vi) Korean businesses. This segment includes the portfolio of RCBC LFC.
- (c) *Small and Medium Enterprises (SME)* – principally handles the financial needs of the country's small businesses or the SMEs and the Commercial Middle Market segments. The SME Banking Group provides a holistic approach serving both the financial (e.g., loans, deposits, investments, insurance, etc.) and non-financial needs (e.g., networking, financial literacy trainings, etc.) of client to help them grow their business. Clients are the entrepreneurs located in different parts of the country and spread in various industry sectors such as manufacturing, wholesale and retail trade, construction, hotels, agriculture, and healthcare, among others.

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(d) *Treasury* – principally provides money market, trading and treasury services, as well as the management of the Group’s funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale banking.

(e) *Others* – consists of the Parent Company’s other business groups and subsidiaries except for RCBC Microbank which is presented as part of Retail, and RCBC LFC which is presented under Corporate.

These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise the operations and financial control groups. Transactions between segments are conducted at estimated market rates on an arm’s length basis.

Segment revenues and expenses that are directly attributable to primary business segment and the relevant portions of the Group’s revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

For secondary segments, revenues and expenses are attributed to geographic areas based on the location of the resources producing the revenues, and in which location the expenses are incurred.

There were no changes in the Group’s operating segments in 2025 and 2024. However, in 2025, the Group updated the composition of the groups included in each segment for segment reporting purposes to better reflect its core operations in the retail and commercial segments. These changes involved reclassifying certain segments from retail to others, as well as transferring the portion of corporate to other segments. Comparative figures for each segment have been restated in accordance with PFRS 8, *Operating Segments*.

8.2 Analysis of Primary Segment Information

Primary segment information (by business segment) on a consolidated basis as of and for the years ended December 31, 2025, 2024 and 2023 follow:

(Amounts in PHP)	Retail	Corporate	SME	Treasury	Others	Total
2025:						
Revenues						
From external customers						
Interest income	75,696	35,380	11,230	20,614	17,384	160,304
Interest expense	(32,531)	(25,112)	(9,289)	(14,900)	(6,170)	(88,002)
Net interest income	43,165	10,268	1,941	5,714	11,214	72,302
Non-interest income	10,017	1,283	343	1,879	6,332	19,854
	53,182	11,551	2,284	7,593	17,546	92,156
Intersegment revenues						
Interest income	(4,876)	6	4,877	(6)	39	40
Non-interest income	-	1	-	(2)	1,023	1,022
	(4,876)	7	4,877	(8)	1,062	1,062
Total Revenues	48,306	11,558	7,161	7,585	18,608	93,218
Expenses						
Operating expenses excluding impairment, depreciation and amortization	17,833	3,442	1,417	912	7,082	30,686
Impairment losses – net	11,224	551	2,856	9	4	14,644
Depreciation and amortization	1,525	435	51	29	403	2,443
	30,582	4,428	4,324	950	7,489	47,773
Segment operating income	17,724	7,130	2,837	6,635	11,119	45,445
Total resources	1,113,659	296,453	109,618	471,369	22,158	2,013,257
Total liabilities	690,484	326,028	167,538	56,970	366,727	1,607,747

(Amounts in PHP)	Retail	Corporate	SME	Treasury	Others	Total
2024:						
Revenues						
From external customers						
Interest income	71,774	39,661	12,423	21,452	19,054	164,364
Interest expense	(34,088)	(28,969)	(11,221)	(17,366)	(7,276)	(98,920)
Net interest income	37,686	10,692	1,202	4,086	11,778	65,444
Non-interest income	8,524	1,783	322	3,344	5,557	19,530
	46,210	12,475	1,524	7,430	17,335	84,974
Intersegment revenues						
Interest income	(4,958)	6	4,959	(6)	26	27
Non-interest income	-	4	-	(5)	909	909
	4,958	10	4,959	(11)	935	936
Total Revenues	41,252	12,486	6,482	7,419	18,270	85,909
Expenses						
Operating expenses excluding impairment, depreciation and amortization	15,804	3,396	1,489	1,275	6,487	28,451
Impairment losses – net	7,438	(120)	588	-	1	7,907
Depreciation and amortization	1,495	505	61	25	376	2,462
	24,737	3,781	2,138	1,300	6,864	38,820
Segment operating income	16,515	8,704	4,345	6,119	11,406	47,089
Total resources	928,106	299,507	116,725	466,451	20,555	1,831,344
Total liabilities	347,470	353,080	147,739	39,645	343,231	1,231,165
2023:						
Revenues						
From external customers						
Interest income	58,157	36,729	10,457	20,894	17,426	143,663
Interest expense	(30,092)	(24,205)	(9,867)	(16,450)	(7,311)	(87,925)
Net interest income	28,065	12,524	590	4,444	10,115	55,738
Non-interest income	7,000	4,901	285	935	4,697	17,818
	35,065	17,425	875	5,379	14,812	73,556
Intersegment revenues						
Interest income	(4,386)	4	4,386	(4)	28	28
Non-interest income	-	3	-	(3)	742	742
	(4,386)	7	4,386	(7)	770	770
Total Revenues	30,679	17,432	5,261	5,372	15,582	74,326
Expenses						
Operating expenses excluding impairment, depreciation and amortization	14,026	3,311	1,363	1,493	5,618	25,811
Impairment losses – net	5,014	1,022	692	11	(1)	6,738
Depreciation and amortization	1,180	598	76	23	243	2,120
	20,220	4,931	2,131	1,527	5,860	34,669
Segment operating income	10,459	12,501	3,130	3,845	9,722	39,657
Total resources	766,846	296,688	104,513	468,411	23,806	1,660,264
Total liabilities	583,839	321,394	128,867	90,495	297,612	1,422,207

8.3 Reconciliation

Presented below is a reconciliation of the Group’s segment information to the key financial information presented in its consolidated financial statements.

(Amounts in PHP)	2025	2024	2023
Revenues			
Total segment revenues	93,218	85,909	74,326
Elimination of intersegment	(29,941)	(32,501)	(24,329)
Net revenues as reported in profit or loss	63,277	53,408	49,997

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<i>(Amounts in PHP)</i>	2025	2024	2023
Profit or loss			
Total segment operating income	45,445	47,089	39,657
Elimination of intersegment	(34,887)	(37,569)	(27,440)
Group net profit as reported in profit or loss	<u>10,558</u>	<u>9,520</u>	<u>12,217</u>
Resources			
Total segment resources	2,013,257	1,831,344	1,660,264
Unallocated resources (elimination of intersegment resources)	(656,821)	(471,191)	(421,932)
Total resources	<u>1,356,436</u>	<u>1,360,153</u>	<u>1,238,332</u>
Liabilities			
Total segment liabilities	1,607,747	1,231,165	1,422,207
Unallocated liabilities (elimination of intersegment liabilities)	(402,480)	(29,503)	(336,150)
Total liabilities	<u>1,205,267</u>	<u>1,201,662</u>	<u>1,086,057</u>

8.4 Analysis of Secondary Segment Information

Secondary information (by geographical locations) as of and for the years ended December 31, 2025, 2024 and 2023 follow:

<i>(Amounts in PHP)</i>	Philippines	Asia*	Total
2025			
Statement of profit or loss			
Total income	93,192	8	93,200
Total expense	82,619	23	82,642
Net profit (loss)	<u>10,573</u>	<u>(15)</u>	<u>10,558</u>
Statement of financial position			
Total resources	<u>1,356,356</u>	<u>80</u>	<u>1,356,436</u>
Total liabilities	<u>1,205,265</u>	<u>2</u>	<u>1,205,267</u>
Other segment information			
Depreciation and amortization	<u>3,636</u>	<u>-</u>	<u>3,636</u>
2024			
Statement of profit or loss			
Total income	89,978	12	89,990
Total expense	80,447	23	80,470
Net profit (loss)	<u>9,531</u>	<u>(11)</u>	<u>9,520</u>
Statement of financial position			
Total resources	<u>1,360,057</u>	<u>96</u>	<u>1,360,153</u>
Total liabilities	<u>1,201,659</u>	<u>3</u>	<u>1,201,662</u>
Other segment information			
Depreciation and amortization	<u>3,379</u>	<u>-</u>	<u>3,379</u>

<i>(Amounts in PHP)</i>	Philippines	Asia*	Total
2023			
Statement of profit or loss			
Total income	82,643	14	82,657
Total expense	70,418	22	70,440
Net profit (loss)	<u>12,225</u>	<u>(8)</u>	<u>12,217</u>
Statement of financial position			
Total resources	<u>1,238,229</u>	<u>103</u>	<u>1,238,332</u>
Total liabilities	<u>1,086,053</u>	<u>4</u>	<u>1,086,057</u>
Other segment information			
Depreciation and amortization	<u>3,365</u>	<u>-</u>	<u>3,365</u>

*Excluding Philippines

9. CASH AND CASH EQUIVALENTS

The components of Cash and Cash Equivalents follow:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Cash and other cash items	23,656	23,003	23,417	22,907
Due from BSP	86,955	115,230	84,372	112,763
Due from other banks	9,050	14,569	8,916	14,433
Interbank loans receivables (see Note 11)	41,535	32,567	41,535	32,567
Loans arising from reverse repurchase agreements	20,641	-	20,000	-
	<u>181,837</u>	<u>185,369</u>	<u>178,240</u>	<u>182,670</u>

Cash consists primarily of funds in the form of Philippine currency notes and coins, and includes foreign currencies acceptable to form part of the international reserves in the Group's vault and those in the possession of tellers, including ATMs. Other cash items include cash items other than currency and coins on hand, such as checks drawn on other banks or other branches after the clearing cut-off time until the close of the regular banking hours.

Due from BSP represents the aggregate balance of deposit accounts maintained with the BSP primarily to meet reserve requirements (see Note 17), to serve as clearing account for interbank claims and to comply with existing trust regulations.

Loans arising from repurchase agreements, which normally mature within 30 days, represent overnight placements with private entities where the underlying securities cannot be sold or repledged to parties other than the contracting party.

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Due from BSP includes:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Overnight deposit	50,901	25,927	50,699	25,800
Demand deposit and secured settlement accounts	34,454	57,303	33,673	54,963
Term deposit	1,600	32,000	-	32,000
	86,955	115,230	84,372	112,763

The balance of Due from other banks account represents regular deposits with the following:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Foreign banks	7,862	13,575	7,784	13,502
Local banks	1,188	994	1,132	931
	9,050	14,569	8,916	14,433

Interest on placements with BSP and other banks, which is presented as Interest Income on Due from BSP and other banks in the statements of profit or loss, consist of:

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
BSP	891	1,622	3,256
Other banks	275	445	387
	1,166	2,067	3,643

<i>(Amounts in PHP)</i>	Parent Company		
	2025	2024	2023
BSP	819	1,617	3,248
Other banks	262	364	296
	1,081	1,981	3,544

The Group's deposits in other banks and in BSP other than mandatory reserves earn annual interest of 0.00% to 5.60% and 0.00% to 6.00% in 2025, 0.00% to 6.25% and 0.00% to 6.60% in 2024, 0.00% to 6.30% and 0.00% to 6.68% in 2023, respectively.

10. TRADING AND INVESTMENT SECURITIES

This account is comprised of:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Financial assets at FVTPL	12,975	10,234	12,370	9,525
Financial assets at FVOCI	108,193	158,630	107,559	157,954
Investment securities at amortized cost	253,713	260,222	252,619	259,387
	374,881	429,086	372,548	426,866

10.1 Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL is composed of the following:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Government securities	10,594	7,257	10,589	7,252
Derivative financial assets	1,677	2,067	1,677	2,067
Equity securities	600	778	-	74
Corporate debt securities	104	132	104	132
	12,975	10,234	12,370	9,525

The carrying amounts of financial assets at FVTPL are classified as follows:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Held-for-trading	10,698	7,389	10,693	7,384
Derivative financial assets	1,677	2,067	1,677	2,067
Designated as FVTPL	600	778	-	74
	12,975	10,234	12,370	9,525

Equity securities are composed of listed shares of stock traded at the PSE. Dividend income earned on these equity securities amounted to P2 in 2025, P3 in 2024, and P19 in 2023 for the Group which are included as part of Miscellaneous income under the Other Operating Income account in the statements of profit or loss (see Note 24.1). There were no similar transactions for the Parent Company.

Treasury bills and other debt securities issued by the government and other private corporations earn annual interest as follows:

	2025	2024	2023
Peso denominated	0.00% - 9.25%	0.00% - 9.13%	0.00% - 12.38%
Foreign currency denominated	1.38% - 9.63%	0.00% - 10.63%	0.00% - 9.63%

Derivative instruments used by the Group include foreign currency short-term forwards, cross-currency swaps, debt warrants and options. The Group enters into derivative contracts mainly to cover hedging of currency risk, liquidity management and funding, and arbitrage and market positioning strategies. These instruments offer opportunities for market participants to manage interest rates or currency pricing between markets thereby optimizing the Bank's funding costs and enhancing returns. Foreign currency forwards represent commitments to purchase/sell on a future date at a specific exchange rate. Foreign currency short-term swaps are simultaneous foreign currency spot and forward deals with tenor of one year.

Debt warrants attached to the bonds and other debt securities allows the Group to purchase additional debt securities from the same contracting issuer at the same price and yield as the initial purchased security. Option is a derivative financial instrument that specifies a contract between two parties for a future transaction on an asset at a reference price.

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The aggregate contractual or notional amount of derivative financial instruments and the aggregative fair values of derivative financial assets and financial liabilities as of December 31 both in the Group and Parent Company's financial statements are shown below and in the succeeding page.

<i>(Amounts in PHP)</i>	Notional Amount	Fair Values	
		Assets	Liabilities
2025			
Currency swaps and forwards	469,046	1,201	5,648
Interest rate swaps and futures	20,569	357	82
Debt warrants	6,184	11	-
Options	8,437	108	116
Credit default swap	1,999	-	169
	506,235	1,677	6,015
2024			
Currency swaps and forwards	284,673	2,017	3,187
Interest rate swaps and futures	15,862	25	210
Debt warrants	6,084	11	-
Options	3,425	14	28
Credit default swap	1,967	-	210
	312,011	2,067	3,635

Derivative liabilities are shown as Derivative financial liabilities as part of Other Liabilities account in the statements of financial position (see Note 21). The significant portion of such derivative liabilities have maturity periods of less than a year.

Other information about the fair value measurement of the Group and Parent Company's financial assets at FVTPL are presented in Note 7.2.

10.2 Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at FVOCI as of December 31 consist of:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Government debt securities	89,115	140,397	89,115	140,397
Corporate debt securities	14,890	14,091	14,775	13,979
Unquoted equity securities	2,848	2,591	2,819	2,568
Quoted equity securities	1,340	1,551	850	1,010
	108,193	158,630	107,559	157,954

The reconciliation of the carrying amounts of these financial assets are as follows:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at the beginning of year	158,630	82,437	157,954	81,757
Additions	234,682	391,742	234,443	391,718
Disposals and maturities	(287,260)	(315,409)	(287,126)	(315,386)
Fair value gains (losses) - net	2,141	(140)	2,288	(135)
Balance at end of year	108,193	158,630	107,559	157,954

Unquoted equity securities include investments in non-marketable equity securities of private companies. The fair value of the Group's unquoted equity securities as of December 31, 2025 and 2024 is determined using the net asset value method, or a market-based approach (price-to-book value method); hence, categorized under Level 3 of the fair value hierarchy (see Note 7.2).

In 2025, 2024 and 2023, dividends recognized on equity securities amounting to P326, P319 and P299 by the Group and P279, P273 and P252 by the Parent Company, respectively, which are included as part of Miscellaneous income under the Other Operating Income account in the statements of profit or loss (see Note 24.1).

10.3 Investment Securities at Amortized Cost

Investment securities at amortized cost as of December 31 consist of:

<i>(Amounts in PHP)</i>	Note	Group		Parent Company	
		2025	2024	2025	2024
Government securities		223,883	229,377	223,883	229,377
Corporate debt securities		29,963	30,967	28,777	30,042
		253,846	260,344	252,660	259,419
Allowance for impairment	16	(133)	(122)	(41)	(32)
		253,713	260,222	252,619	259,387

Interest rates per annum on government securities and corporate debt securities range from the following:

	2025	2024	2023
Peso denominated securities	2.63% - 9.13%	2.63% - 8.13%	2.63% - 8.75%
Foreign currency-denominated	0.70% - 9.63%	0.70% - 10.63%	0.28% - 10.63%

There is no disposal of HTC investment in 2025 and 2024. The decrease in the HTC portfolio is attributable to maturities in both years.

As of December 31, 2025 and 2024, certain investment securities of both the Group and Parent Company were pledged as collateral for bills payable under repurchase agreements (see Note 18).

10.4 Interest Income from Trading and Investment Securities

Interest income from trading and investment securities recognized by the Group and Parent Company in 2025, 2024 and 2023 are shown below.

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
Financial assets at FVTPL	378	396	227
Debt securities at FVOCI	4,863	5,603	4,375
Investment securities at amortized cost	9,871	9,966	8,637
	15,112	15,965	13,239

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(Amounts in PHP)	Parent Company		
	2025	2024	2023
Financial assets at FVTPL	378	396	227
Debt securities at FVOCI	4,857	5,596	4,369
Investment securities at amortized cost	9,808	9,912	8,575
	15,043	15,904	13,171

10.5 Trading and Securities Gains (Losses)

The Group and the Parent Company recognized trading and securities gains (losses) in its trading or disposals of investment securities, including their fair value changes, in 2025, 2024, and 2023 are as follows:

(Amounts in PHP)	Group		
	2025	2024	2023
Profit or loss:			
Financial assets at FVTPL	255	179	306
Debt securities at FVOCI	344	1,316	138
	599	1,495	444
Other comprehensive income (loss):			
Equity securities at FVOCI	172	232	263
Debt securities at FVOCI	2,013	(372)	1,432
	2,185	(140)	1,695

(Amounts in PHP)	Parent Company		
	2025	2024	2023
Profit or loss:			
Financial assets at FVTPL	320	217	306
Debt securities at FVOCI	344	1,316	123
	664	1,533	429
Other comprehensive income (loss):			
Equity securities at FVOCI	143	238	276
Debt securities at FVOCI	2,015	(373)	1,432
	2,158	(135)	1,708

10.6 Hedging Transactions

On January 28, 2025, the Group entered into interest rate swap agreements with an aggregate notional amount of USD115 million to hedge the benchmark interest rate risk (fair value risk) of a portion of the Group's newly issued USD fixed-rate bonds maturing on January 29, 2030 (see Note 19). The IRS are designated as a fair value hedge of the hedged portion of the bonds. Under the IRS, the Group pays a fixed rate between 5.54%, and 5.61% and receives floating interest based on compounded, on the same notional amount, with cash settlements occurring semi-annually.

On January 17, 2024, the Group entered into interest rate swap agreements, with a notional amount of USD200 million to hedge its exposure to changes in fair value arising from changes in benchmark interest rate on bonds payable due to mature on January 18, 2029 (see Note 19). Under this agreement, the Group, on a semi-annual basis, receive floating interest based on the USD notional amount and will pay 5.50% fixed interest based on the same USD notional amount every interest payment date.

There are economic relationships between the hedged items and the hedging instruments as the terms of the fixed rate bonds match the terms of the interest rate swaps. The Group has established a hedge ratio of 100.14% for the hedging relationships as the underlying risk of the interest rate swaps is identical to the hedged risk component.

The identified source of ineffectiveness is credit valuation adjustment (CVA) and debit valuation adjustment (DVA) which is the incorporation of counterparty credit risk and own credit risk in measuring the fair value of the interest rate swap contract as required by PFRS 13. Hedge ineffectiveness arises because the change in credit risk affecting the fair value of the interest rate swap contract would not be replicated in the hedged item. Moreover, any subsequent changes in the contractual terms of the hedged item or hedging instrument may create potential source of ineffectiveness.

Since there is a source of ineffectiveness in the hedge due to mismatch, the Group uses the hypothetical derivative method to test the hedge effectiveness and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The table below summarizes the derivatives designated as hedging instruments in qualifying fair value hedge relationships as at December 31, 2025 and 2024.

	Nominal amount of the hedging instrument (in millions USD)	Carrying amount of the hedging instrument (in millions PHP)		Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities	

2025

Fair value hedges
Interest rate risk
Interest rate swaps
(5-year term)

315 - 156 -

2024

Fair value hedges
Interest rate risk
Interest rate swaps
(5-year term)

200 - 204 -

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The hedged items are presented under Bonds Payable in the Group's and Parent Company's statement of financial position as at December 31, 2025 and 2024 (see Note 19). The amounts relating to items designated as hedged items in fair value hedge relationships to manage the Group's exposure to interest rate as at December 31, 2025, and 2024 are as follows:

	Nominal amount of the hedging instrument (in millions USD)	Carrying amount of the hedging instrument (in millions PHP)		Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities	
2025				
Fair value hedges				
Interest rate risk				
Bonds payable	315	156	-	-
2024				
Fair value hedges				
Interest rate risk				
Bonds payable	200	204	-	-

11. LOANS AND RECEIVABLES

This account consists of the following:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Receivables from customers:				
Loans and discounts	597,233	578,945	593,517	574,814
Credit card receivables	145,797	110,453	145,797	110,453
Customers' liabilities on acceptances, import bills and trust receipts	14,735	16,535	14,735	16,535
Bills purchased	1,783	2,786	1,783	2,786
Lease contract receivables	2,276	2,401	-	-
Receivables financed	49	98	-	-
	<u>761,873</u>	<u>711,218</u>	<u>755,832</u>	<u>704,588</u>
Unearned discount	(636)	(584)	(294)	(177)
	<u>761,237</u>	<u>710,634</u>	<u>755,538</u>	<u>704,411</u>
Other receivables:				
Interbank loans receivables (see Note 9)	41,535	32,567	41,535	32,567
Accrued interest receivables	11,156	10,258	10,884	10,044
Accounts receivables (see Note 27)	11,282	6,627	10,623	5,742
Sales contract receivables	1,099	2,541	1,059	2,497
UDSCL	159	-	116	-
	<u>65,231</u>	<u>51,993</u>	<u>64,217</u>	<u>50,850</u>
	<u>826,468</u>	<u>762,627</u>	<u>819,755</u>	<u>755,261</u>
Allowance for impairment (see Notes 4.4.8 and 16)	(23,056)	(20,130)	(21,857)	(18,730)
	<u>803,412</u>	<u>742,497</u>	<u>797,898</u>	<u>736,531</u>

Receivables from customers' portfolio earn average annual interest or range of interest as follows:

	2025	2024	2023
Loans and discounts:			
Philippine peso	9.89%	9.60%	8.35%
Foreign currencies	6.14%	6.23%	6.25%
Credit card receivables	17.43% - 19.16%	17.86% - 19.89%	16.10%-21.15%
Lease contract receivables	9.00% - 26.00%	9.00%-26.00%	8.00%-26.00%
Receivables financed	10.00% - 18.00%	10.00%-24.00%	11.00%-16.00%

Also included in the Parent Company's accounts receivables is the amount due from RCBC JPL which was acquired from RCBC Microbank in 2015 amounting to P222. As of December 31, 2025 and 2024, the outstanding balance amounted to P81 and P87, respectively. The receivable is unsecured, noninterest-bearing and payable in cash on demand (see Note 27). The receivable has been appropriately provided with allowance for ECL.

Interest income earned by the Bank from its loans and other receivables is broken down as follows:

(Amounts in PHP)	Group		
	2025	2024	2023
Loans and discounts	44,087	41,043	35,088
Credit card receivables	21,476	16,140	11,072
Finance lease receivables [see Note 28.2 (a)]	163	226	323
Others	4,067	3,642	2,924
	<u>69,793</u>	<u>61,051</u>	<u>49,407</u>

(Amounts in PHP)	Parent Company		
	2025	2024	2023
Loans and discounts	43,538	40,714	34,861
Credit card receivables	21,476	16,140	11,072
Others	4,033	3,416	2,636
	<u>69,047</u>	<u>60,270</u>	<u>48,569</u>

The breakdown of the receivables from customers' portfolio as to secured and unsecured follows:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Secured:				
Real estate mortgage	202,636	203,996	201,797	203,103
Chattel mortgage	83,796	63,435	81,889	61,266
Hold-out deposits	15,464	15,089	15,464	15,089
Other securities	7,798	11,553	5,593	8,908
	<u>309,694</u>	<u>294,073</u>	<u>304,743</u>	<u>288,366</u>
Unsecured	451,543	416,561	450,795	416,045
	<u>761,237</u>	<u>710,634</u>	<u>755,538</u>	<u>704,411</u>

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A reconciliation of the allowance for impairment on loans and receivables at the beginning and end of 2025 and 2024 is shown below (see Note 16).

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	20,130	17,395	18,730	16,021
Impairment losses during the year	14,846	8,281	14,509	8,231
Accounts written off and others	(11,920)	(5,546)	(11,382)	(5,522)
Balance at end of year	23,056	20,130	21,857	18,730

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The components of the carrying values of investments in and advances to subsidiaries and associates are as follows (refer to Note 1.2 for the effective percentage of ownership, line of business, and country of incorporation of subsidiaries and associates):

<i>(Amounts in PHP)</i>	Group and Parent Company	
	2025	2024
Acquisition costs of associates:		
HCPI	91	91
LIPC	56	56
RTC	40	40
YCS	5	5
	192	192
Accumulated equity in changes in net assets:		
Balance at beginning of year	408	317
Share in net earnings for the year	195	85
Share in actuarial gains (losses) on defined benefit plan	(42)	7
Cash dividends	(73)	-
Others	65	(1)
Balance at end of year	553	408
Investments in associates	745	600

<i>(Amounts in PHP)</i>	Parent Company	
	2025	2024
Acquisition costs of subsidiaries:		
RCBC Capital	2,231	2,231
RCBC LFC	1,987	1,987
RCBC Microbank	1,253	1,253
RCBC JPL	403	403
RCBC Forex	150	150
RCBC IFL	58	58
Total acquisition costs	6,082	6,082
Accumulated equity in changes in net assets:		
Balance at beginning of year	38	(262)
Share in net earnings (losses) for the year	(73)	406
Cash dividends	(289)	(167)
Share in actuarial gains (losses) on defined benefit plan	(48)	6
Share in fair value gains (losses) on financial assets at FVOCI	22	(4)
Others	-	59
Balance at end of year	(350)	38
Investments in subsidiaries	5,732	6,120
Investments in subsidiaries	5,732	6,120
Investments in associates	745	600
	6,477	6,720

In 2023, the Parent Company sold its 100% interests in NPHI and Cajel to Filinvest Land, Inc. upon board approval in March 27, 2023 and July 14, 2023 for P544 and P89, respectively. The entities own land in Bacoor, Cavite under JDAs with FLI for the Princeton Heights project. The sale generated a P243 gain recognized as part of Other Operating Income under the Group's 2023 statement profit or loss.

At the end of each reporting period, the Group has no material interest in unconsolidated structured entities. Also, the Parent Company and its subsidiaries did not enter in any contractual arrangements to provide financial support to any entities under the Group.

As of December 31, 2025 and 2024, dividends receivable from subsidiaries amounted to P279 and P160, respectively.

12.1 Information About Investments in Associates

The Parent Company, under a shareholder's agreement, agreed with another stockholder of HCPI to commit and undertake to vote, as a unit, the shares of stock thereof, which they proportionately own and hold, and to regulate the conduct of the voting and the relationship between them with respect to their exercise of their voting rights. As a result of this agreement, the Parent Company is able to exercise significant influence over the operating and financial policies of HCPI. Thus, HCPI has been considered by the Parent Company as an associate despite holding only 12.88% ownership interest.

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The investments in LIPC, RTC and YCS have an aggregate carrying value of P101 as of December 31, 2025 and 2024, which are insignificant to the Group.

The table in the succeeding page presents the summary of the unaudited financial information of HCPI as of and for the years ended December 31, 2025 and 2024. HCPI uses a fiscal year ending March 31 as its reporting period.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Financial position:		
Current assets	6,405	5,941
Noncurrent assets	816	1,067
Current liabilities	2,528	2,604
Noncurrent liabilities	88	267
Financial performance:		
Revenues	18,405	18,731
Gross income	1,354	1,620
Operating income	713	639
Net income	1,036	467
Other comprehensive loss	-	-
Total comprehensive income	1,036	467
Cash flows:		
Net cash from (used in):		
Operating activities	2,866*	(3,677)*
Investing activities	(190)*	(13)*
Financing activities	(3,076)*	3,219*
Effect of exchange rate	(61)*	24*
Cash at the beginning	562*	1,009*
Cash at the end	101*	562*

*Based on the audited financial statements of HCPI for the fiscal year ended March 31, 2025

The table presented below summarizes the reconciliation of equity interest to HCPI as of December 31, 2025 and 2024.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Net assets of HCPI	4,605	4,137
Proportion of interest	12.88%	12.88%
	593	533
Nominal goodwill in equity ownership	2	2
Carrying amount of investment	595	535

13. 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.

<i>(Amounts in PHP)</i>	Group			
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of- Use Assets	Total
December 31, 2025				
Cost	8,658	3,191	9,141	20,990
Accumulated depreciation and amortization	(5,678)	(2,116)	(4,967)	(12,761)
Net carrying amount	2,980	1,075	4,174	8,229
December 31, 2024				
Cost	9,023	2,833	6,866	18,722
Accumulated depreciation and amortization	(5,764)	(1,630)	(3,295)	(10,689)
Net carrying amount	3,259	1,203	3,571	8,033
January 1, 2024				
Cost	12,948	2,381	6,970	22,299
Accumulated depreciation and amortization	(9,407)	(1,209)	(2,554)	(13,170)
Net carrying amount	3,541	1,172	4,416	9,129
<i>(Amounts in PHP)</i>	Parent Company			
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-Use Assets	Total
December 31, 2025				
Cost	7,762	3,010	9,109	19,881
Accumulated depreciation and amortization	(5,547)	(1,965)	(4,866)	(12,378)
Net carrying amount	2,215	1,045	4,243	7,503
December 31, 2024				
Cost	7,746	2,660	6,875	17,281
Accumulated depreciation and amortization	(5,650)	(1,487)	(3,084)	(10,221)
Net carrying amount	2,096	1,173	3,791	7,060
January 1, 2024				
Cost	7,997	2,212	7,008	17,217
Accumulated depreciation and amortization	(6,107)	(1,073)	(2,232)	(9,412)
Net carrying amount	1,890	1,139	4,776	7,805

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2025 and 2024 is shown in the succeeding page.

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	Group			
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-Use Assets	Total
<i>(Amounts in PHP)</i>				
Balance at January 1, 2025, net of accumulated depreciation and amortization	3,259	1,203	3,571	8,033
Additions	756	1,161	2,150	4,067
Disposals	(131)	(803)	(17)	(951)
Depreciation and amortization charges for the year	(904)	(486)	(1,530)	(2,920)
Balance at December 31, 2025, net of accumulated depreciation and amortization	<u>2,980</u>	<u>1,075</u>	<u>4,174</u>	<u>8,229</u>
Balance at January 1, 2024, net of accumulated depreciation and amortization	3,541	1,172	4,416	9,129
Additions	877	510	618	2,005
Disposals	(256)	(57)	-	(313)
Depreciation and amortization charges for the year	(903)	(422)	(1,463)	(2,788)
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u>3,259</u>	<u>1,203</u>	<u>3,571</u>	<u>8,033</u>
	Parent Company			
	Furniture, Fixtures and Equipment	Leasehold Rights and Improvements	Right-of-Use Assets	Total
<i>(Amounts in PHP)</i>				
Balance at January 1, 2025, net of accumulated depreciation and amortization	2,096	1,173	3,791	7,060
Additions	685	1,153	2,092	3,930
Disposals	(5)	(803)	-	(808)
Depreciation and amortization charges for the year	(561)	(478)	(1,640)	(2,679)
Balance at December 31, 2025, net of accumulated depreciation and amortization	<u>2,215</u>	<u>1,045</u>	<u>4,243</u>	<u>7,503</u>
Balance at January 1, 2024, net of accumulated depreciation and amortization	1,890	1,139	4,776	7,805
Additions	786	505	589	1,880
Disposals	(46)	(57)	-	(103)
Depreciation and amortization charges for the year	(534)	(414)	(1,574)	(2,522)
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u>2,096</u>	<u>1,173</u>	<u>3,791</u>	<u>7,060</u>

Under BSP rules, investments in bank premises, furniture, fixtures and equipment should not exceed 50% of the respective unimpaired capital of the Parent Company and its bank subsidiaries. As of December 31, 2025 and 2024, the Parent Company and its bank subsidiary have satisfactorily complied with this BSP requirement.

The cost of the Group and the Parent Company's fully depreciated bank premises, furniture, fixtures and equipment, including software (Note 15.3) that are still in use in operations is P9,620 and P8,998, respectively, as of December 31, 2025, and P8,637 and P8,169, respectively, as of December 31, 2024. Moreover, no impairment losses were recognized for the Group and the Parent Company's Bank Premises, Furniture, Fixtures and Equipment in 2025, 2024 and 2023, respectively.

On March 16, 2023, the Bank transferred and leased back certain real estate properties with total net book value of P1,796 to Frame Properties, Inc. in exchange for 100% ownership in the latter, which was subsequently transferred to the post-employment defined benefit plan as contribution to the plan assets (Notes 23.2 and 27.5). The total fair value of shares received amounted to P6,208 resulting in a gain of P3,051 presented as part of Gain on assets sold – net under Other Operating Income in the 2023 statement of profit or loss. The sale qualified as a sale and leaseback and was accounted under the applicable financial reporting standard. Right-of-use asset and lease liability recognized amounted to P554 and P1,915, respectively.

The Group has leases for certain offices and branches. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected as a right-of-use asset and a lease liability as part of Bank Premises, Furniture, Fixtures and Equipment and Other Liabilities, respectively. The total short-term leases and leases of low value entered into contract by the Parent Company amounted to P163 and P169 in 2025 and 2024, respectively. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The table below describes the nature of the Company's leasing activities at December 31, 2025 and 2024:

	Number of right-of-use assets leased		Range of remaining lease terms (in years)		Average remaining lease terms (in years)	
	2025	2024	2025	2024	2025	2024
Buildings	7	10	1 to 5	1 to 3	3	2
Warehouses	9	12	1 to 3	1 to 3	2	2
ATM batches	21	21	1 to 3	1 to 4	2	2
Offsites	51	68	1 to 9	1 to 7	5	2
Branches	514	505	1 to 12	1 to 3	3	2

The lease liabilities are secured by the related underlying assets and are presented as part of Other Liabilities in the statements of financial position (see Note 21). The undiscounted maturity analysis of lease liabilities at December 31, 2025 and 2024 are found below.

<i>(Amounts in PHP)</i>	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	More than 5 Years	Total
2025:							
Group:							
Lease payments	2,144	1,677	811	675	550	449	6,306
Finance charges	(283)	(177)	(112)	(74)	(41)	(189)	(876)
Net present value	<u>1,861</u>	<u>1,500</u>	<u>699</u>	<u>601</u>	<u>509</u>	<u>260</u>	<u>5,430</u>

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<i>(Amounts in PHP)</i>	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	More than 5 Years	Total
Parent Company:							
Lease payments	2,114	1,641	788	657	547	431	6,178
Finance charges	(273)	(170)	(107)	(71)	(39)	(39)	(699)
Net present value	1,841	1,471	681	586	508	392	5,479
2024:							
Group:							
Lease payments	2,163	1,591	1,192	360	227	471	6,004
Finance charges	(274)	(174)	(89)	(45)	(31)	(49)	(662)
Net present value	1,889	1,417	1,103	315	196	422	5,342
Parent Company:							
Lease payments	2,287	1,666	1,202	353	218	447	6,173
Finance charges	(264)	(167)	(84)	(43)	(29)	(45)	(632)
Net present value	2,023	1,499	1,118	310	189	402	5,541

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over branches and offices, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

On November 20, 2025, the Parent Company and RCBC Realty Corporation renewed the terms for the lease of RCBC Plaza's several floors. The amendments in the terms include a new rental rate and extended term of five years, beginning January 1, 2026 to December 31, 2030. In addition, the Parent Company has also entered a five-year lease agreement with ATYCI in October 2022 which is effective until September 30, 2027 [see Note 27.7(a)].

The total cash outflow in respect of leases in 2025, 2024 and 2023 amounted to P2,497, P2,366 and P2,131, respectively, for the Group, and P2,409, P2,283 and P2,044, respectively, for the Parent Company. Interest expense in relation to lease liabilities in 2025, 2024 and 2023 amounted to P281, P364 and P335, respectively, for the Group, and P291, P351 and P362, respectively, for the Parent Company and is presented as part of Interest Expense in the statements of profit or loss.

14. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation and impairment losses of investment properties at the beginning and end of 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
December 31, 2025						
Cost	-	1,247	1,247	-	1,247	1,247
Accumulated depreciation	-	(474)	(474)	-	(474)	(474)
Accumulated impairment (see Note 16)	-	(5)	(5)	-	(5)	(5)
Net carrying amount	-	768	768	-	768	768
December 31, 2024						
Cost	-	1,063	1,063	-	1,063	1,063
Accumulated depreciation	-	(366)	(366)	-	(366)	(366)
Accumulated impairment (see Note 16)	-	(2)	(2)	-	(2)	(2)
Net carrying amount	-	695	695	-	695	695
January 1, 2024						
Cost	13	828	841	12	828	840
Accumulated depreciation	-	(294)	(294)	-	(294)	(294)
Accumulated impairment (see Note 16)	(4)	-	(4)	(3)	-	(3)
Net carrying amount	9	534	543	9	534	543

The reconciliations of the carrying amounts of investment properties at the beginning and end of 2025 and 2024 follow:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at January 1, net of accumulated depreciation and impairment	695	543	695	543
Additions	222	255	220	251
Disposals	(24)	(16)	(24)	(16)
Reclassification	-	(3)	-	-
Depreciation charges for the year	(123)	(83)	(123)	(83)
Impairment losses (Note 16)	(2)	(1)	-	-
Balance at December 31, net of accumulated depreciation and impairment	768	695	768	695

As of December 31, 2025 and 2024, there is no restriction on the realizability of investment properties or the remittance of income and proceeds of disposal therefrom.

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14.1 Additions, Disposals and Reclassification of Investment Properties

The Group and the Parent Company both foreclosed real and other properties totaling P222 and P220 in 2025, and P255 and P252, respectively, in 2024, in settlement of certain loan accounts (see Note 30).

As of December 31, 2025, and 2024, foreclosed investment properties still subject to redemption period by the borrowers amounted to P885 and P757, respectively, for the Group and P873 and P734, respectively, for the Parent Company.

The total gain recognized by the Group and the Parent Company from disposals of investment properties amounted to P258 and P252, respectively, in 2025, and P438 and P436, respectively, in 2024, and P664 and P660, respectively, in 2023, which is presented as part of Gain on assets sold under Other Operating Income account in the statements of profit or loss.

14.2 Income and Expenses from Investment Properties Held for Rental

The Group and Parent Company earned rental income from investment properties amounting to P2 in 2025, nil in 2024 and P12 in 2023, and are presented as part of Rentals under Miscellaneous Income account in the statements of profit or loss [see Notes 24.1 and 27.7(b)]. Expenses incurred by the Group and Parent Company in relation to the investment properties include taxes and licenses amounting to P105 in 2025, P97 in 2024 and P98 in 2023.

15. OTHER RESOURCES

Other resources consist of the following:

<i>(Amounts in PHP)</i>	Notes	Group		Parent Company	
		2025	2024	2025	2024
Creditable withholding taxes		5,419	4,512	5,387	4,482
Assets held-for-sale and disposal group	15.1	4,553	3,910	4,189	3,459
Net defined benefit asset	23.2, 27.5	2,384	2,745	2,384	2,746
Prepaid expenses	15.2	2,183	1,762	1,931	1,533
Software – net	15.3	1,282	1,248	1,274	1,245
Deferred charges		1,214	949	1,214	949
Branch licenses	15.4	1,000	1,000	1,000	1,000
Refundable and other deposits		999	1,198	978	1,179
Unused stationery and supplies		733	646	727	637
Goodwill	15.5	426	426	269	269
Returned checks and other cash items		295	235	295	235
Margin deposits	15.6	232	214	232	214
Other assets held in trust for electronic money issuers (EMI)	15.7	115	576	115	576
Miscellaneous	15.8	1,163	1,452	1,203	1,402
		21,998	20,873	21,198	19,926
Allowance for impairment	15.1, 15.5, 16	(230)	(485)	(70)	(327)
		21,768	20,388	21,128	19,599

15.1 Assets Held-for-Sale and Disposal Group

Assets held-for-sale represents assets that are approved by management to be immediately sold in its present condition and management believes that the sale is highly probable at the time of reclassification. Asset held-for-sale and disposal group consists of the following:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Foreclosed real properties	3,220	2,702	3,120	2,558
Foreclosed automobiles	1,333	689	1,069	382
Equity securities	-	519	-	519
	4,553	3,910	4,189	3,459
Allowance for impairment	(73)	(454)	(70)	(450)
	4,480	3,456	4,119	3,009

On May 29, 2023, the Bank's BOD approved the sale of its consolidated ROPA, recognized as part of Investment properties. The program consists of three phases of execution, namely; (a) the sale of high-end properties; (b) the sale of a property in Tarlac, and (c) the sale of consolidated ROPA nationwide, which includes properties of both the Bank and its subsidiaries. The carrying values of these investment properties which were reclassified to assets held for sale amounted to P831, while the related appraised values amounted to P5,131. Further reclassification of investment properties with carrying value of P1,394 and appraised value of P3,103 was made during the last quarter of 2023 as part of the commitment of the Bank to dispose of the properties to comply with the constitutional requirements on land ownership of the Bank after additional investment of SMBC (see Notes 1.1 and 22.3).

During 2023, the Bank partially disposed of aforementioned properties with a total carrying value of P427 for a gross consideration of P3,236, resulting in a gain amounting to P2,809, which was presented as part of Gain on assets sold – net under Other Operating Income in the 2023 statement of profit or loss.

In February 2025, the Bank disposed of the remaining consolidated ROPA with a total carrying amount of P615 for a gross consideration of P495. Accordingly, the carrying amount of the related assets was reduced to the recoverable amount based on the above selling price and recognized loss of P106 in the 2024 profit or loss of the Group.

15.1.1 HHIC Equity Securities

In 2023, the Parent Company recognized impairment of the Hanjin Shipping Co., Ltd. (HJSC) equity securities amounting to P160, which are included as part of Impairment Losses in the statements of profit or loss. No impairment losses were recognized in 2024.

During 2024, the Bank has sold its 4,871 HJSC shares with carrying amount of P505. These batches of sale resulted to a gain of P355 which are included as part of Gain on assets sold in the statement of profit or loss.

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In January 2025, the remaining 2,229 shares with carrying amount of P223 were sold by the Bank for a total selling price of P617. The sale of shares resulted in a net gain of P386 which are included as part of Gain on assets sold in the Group's 2025 statement of profit or loss.

15.2 Prepaid Expenses

Prepaid expenses include prepayments for insurance, taxes and licenses, and software maintenance.

15.3 Software

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

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	1,248	1,237	1,245	1,235
Additions	632	519	606	518
Amortization	(598)	(508)	(577)	(508)
Balance at end of year	1,282	1,248	1,274	1,245

Amortization charges for software are included as part of Depreciation and Amortization account in the statements of profit or loss.

15.4 Branch Licenses

Branch licenses represent the rights granted by the BSP to the Parent Company in 2015 to establish a certain number of branches in the restricted areas in the country. Branch licenses are annually tested for impairment either individually or at the CGU level, as appropriate when circumstances indicate that the intangible asset may be impaired.

Branch licenses is subject to annual impairment testing and whenever is an indication of impairment. The recoverable amount used to determine impairment on the branch licenses was based on Value-in-Use (VIU) calculation computed through discounting the five-year cash flow projections from financial budgets approved by the Parent Company's senior management covering a five-year period. The recoverable amount was computed by determining the excess of the projected interest income from the projected interest expense. The Group also considered key assumptions in determining cash flow projections which includes discount rates and growth rates. Future cash flows and growth rates were based on experience, strategies developed, and prospects. The discount rate applied to cash flow projections is 11.24% and 10.95% in 2025 and 2024, respectively, while the growth rate used to extrapolate cash flows covering a five-year period is 5.41% and 5.81%, in 2025 and 2024, respectively.

15.5 Goodwill

The Parent Company recognized goodwill amounting to P269 which arose from its acquisition of the net assets of another bank in 1998 from which it had expected future economic benefits and synergies that will result from combining the operations of the acquired bank.

Goodwill is subject to annual impairment testing and whenever there is an indication of impairment. In 2025 and 2024, the Parent Company engaged a third party consultant to perform an independent impairment testing of goodwill. The recoverable amount of the CGU has been based on VIU calculation using the cash flow projections from financial budgets approved by the Parent Company's senior management covering a five-year period.

The Group also considered key assumptions in determining cash flow projections which includes discount rates and growth rates. Future cash flows and growth rates were based on experience, strategies developed, and prospects.

The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities within the industry. In 2025 and 2024, the discount rate applied to cash flow projections is 11.24% and 10.95%, respectively, while the growth rate used to extrapolate cash flows beyond five-year period is 5.41% and 5.81% for 2025 and 2024, respectively. On the basis of the report of the third-party consultant dated February 2, 2026 and February 14, 2025 with valuation date as of the end of 2025 and 2024, respectively, the Group has assessed that the recoverable amount of the goodwill is higher than its carrying value. Accordingly, no impairment loss is required to be recognized in the statements of profit or loss.

In addition, the goodwill pertaining to the acquisition of RCBC Microbank amounting to P157 was fully provided with impairment in 2011.

15.6 Margin Deposits

Margin deposits serve as security for outstanding financial market transactions and other liabilities. These are designed to provide additional credit risk protection for counterparty exposures.

15.7 Other Assets Held in Trust for EMIs

Other assets held in trust account includes government securities, specifically treasury bills maintained in compliance with the liquidity requirements prescribed under BSP Circular No. 1166, series of 2023, *Amendments to the Regulations on Electronic Money and the operations of Electronic Money Issuers in the Philippines*.

15.8 Miscellaneous

Miscellaneous account includes various deposits, advance rentals, service provider fund, trading right and other assets.

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16. ALLOWANCE FOR EXPECTED CREDIT LOSS AND IMPAIRMENT

Changes in the amounts of allowance for impairment are summarized below.

(Amounts in PHP)	Notes	Group		Parent Company	
		2025	2024	2025	2024
Balance at beginning of year					
Loans and receivables	11	20,130	17,395	18,730	16,021
Investment securities at amortized cost	10.3	122	161	32	71
Loan commitments	4.4, 21	370	304	370	304
Investment properties	14	2	4	2	3
Other resources - net	15	485	1,068	327	890
		<u>21,109</u>	<u>18,932</u>	<u>19,461</u>	<u>17,289</u>
Impairment losses – net:					
Loans and receivables	11	14,846	8,281	14,509	8,231
Investment securities at amortized cost	10.3	11	(10)	9	(10)
Loan commitments	4.4, 21	94	66	94	66
Investment properties	14	2	1	-	-
Other resources - net	15	47	281	30	277
		<u>15,000</u>	<u>8,619</u>	<u>14,642</u>	<u>8,564</u>
Charge-offs and other adjustments during the year		<u>(12,221)</u>	<u>(6,442)</u>	<u>(11,666)</u>	<u>(6,392)</u>
Balance at end of year					
Loans and receivables	11	23,056	20,130	21,857	18,730
Investment securities at amortized cost	10.3	133	122	41	32
Loan commitments	4.4	464	370	464	370
Investment properties	14	5	2	5	2
Other resources - net	15	230	485	70	327
		<u>23,888</u>	<u>21,109</u>	<u>22,437</u>	<u>19,461</u>

17. DEPOSIT LIABILITIES

The following is the breakdown of deposit liabilities (see also Note 27.3):

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Demand	225,512	224,988	225,702	225,028
Savings	312,001	313,478	312,098	313,567
Time	487,942	484,328	487,683	484,142
	<u>1,025,455</u>	<u>1,022,794</u>	<u>1,025,483</u>	<u>1,022,737</u>

The Group's deposit liabilities bear annual interest as follows:

	2025	2024	2023
Demand, Savings and Time deposits	0.04% - 5.59%	0.10% - 9.65%	0.10% - 6.50%

The total interest expense incurred by the Group and the Parent Company on deposit liabilities are as follows:

(Amounts in PHP)	Group		
	2025	2024	2023
Time	17,498	23,824	22,389
Savings	3,563	4,933	3,388
Demand	2,090	2,302	2,044
LTNCD	-	49	214
	<u>23,151</u>	<u>31,108</u>	<u>28,035</u>
(Amounts in PHP)	Parent Company		
	2025	2024	2023
Time	17,491	23,809	22,402
Savings	3,571	4,941	3,392
Demand	2,091	2,305	2,048
LTNCD	-	49	214
	<u>23,153</u>	<u>31,104</u>	<u>28,056</u>

As at December 31, 2023, the Parent Company's outstanding LTNCD amounted to P3,580. Such LTNCD had a coupon interest rate of 5.50% and matured on March 28, 2024. This was used in the expansion of its term deposit base to support long-term asset growth and for other general funding purposes.

The reserve requirement ratio for the Parent Company is at 5% and 7% while 0% and 1% for RCBC Microbank in 2025 and 2024, respectively.

Peso-denominated LTNCDs of the Parent Company are subject to reserve requirement equivalent of 4% in both years. As of December 31, 2025 and 2024, the Group is in compliance with such regulatory reserve requirements.

Effective March 28, 2025, under BSP Circular No. 1211, *Reduction in Reserve Requirements*, cash in vault and regular reserve deposit accounts with BSP are excluded as eligible forms of compliance for the reserve requirements. The required reserve shall only be kept in the form of demand deposit accounts with the BSP. Available reserves consist of Due from BSP amounting to P34,454, P57,303, and P83,701 for the Group and P33,673, P54,963, and P82,771 for the Parent Company as of December 31, 2025, 2024 and 2023, respectively (see Note 9).

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18. BILLS PAYABLE

This account consists of borrowings from:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Foreign banks	56,999	79,466	56,999	79,466
Local banks	12,582	7,150	6,195	1,462
Others	50	-	-	-
	69,631	86,616	63,194	80,928

Borrowings from foreign and local banks are subject to annual fixed interest rates as follows:

Group	2025	2024	2023
Peso denominated	2.50% - 6.95%	2.50% - 8.50%	3.00% - 8.00%
Foreign currency denominated	0.58% - 5.39%	0.40% - 6.43%	2.50% - 6.42%
Parent Company			
Peso denominated	4.66%-6.00%	5.30%-6.34%	6.31%
Foreign currency denominated	0.58%-5.39%	0.40%-6.43%	2.50% - 6.42%

The total interest expense incurred by the Group on the bills payable amounted to P3,304 in 2025, P2,951 in 2024 and P2,449 in 2023. The total interest expense incurred by the Parent Company on the bills payable amounted to P2,899 in 2025, P2,552 in 2024 and P2,042 in 2023.

As of December 31, 2025 and 2024, bills payable availed under repurchase agreements amounting to P63,785 and P67,238 for the Group, and P63,194 and P66,056 for the Parent Company, respectively, are secured by investment securities (see Note 10.3). The investment securities used as collateral for these bills payable are government securities and corporate debt securities measured at amortized cost. The average interest rate is 3.98% in 2025, 2.53% in 2024 and 2.80% in 2023 for government securities, and 4.53% in 2025 and 3.81% in 2024 for corporate debt securities. Average remaining terms before maturity of these investment securities as of 2025, 2024, and 2023 is 13 years, 9 years, and 13 years, respectively, for government securities, and 6 years for corporate debt securities in 2025 and 2024. There are no corporate debt securities collaterals in 2023.

19. BONDS PAYABLE

The composition of this account for the Group and the Parent Company follows:

Issuance Date	Maturity Date	Coupon Interest	Face Value (in millions)	Outstanding Balance (Amounts in PHP)	
				2025	2024
July 17, 2025	January 17, 2028	6.00%	P12,213	12,213	-
January 28, 2025	January 29, 2030	5.38%	\$350	20,461	-
January 7, 2024	January 18, 2029	5.50%	\$400	23,518	22,805
March 31, 2021	June 30, 2026	4.18%	P4,130	4,130	4,130
				60,322	26,935

On July 17, 2025, the Group issued P12,212.5, 6.00% Series F ASEAN Sustainability Bonds due 2028 under its Bond and Commercial Paper Program. Proceeds will be used to finance or refinance eligible green and social projects under the Group's Sustainable Finance Framework.

On January 28, 2025, the Group issued USD350 5.375% 5-year and one-day Senior Unsecured Fixed Rate Sustainability Notes due 2030 via a drawdown under its USD4,000 Medium Term Note Program. Net proceeds will support and finance eligible green and social projects under the Group's Sustainable Finance Framework.

Out of the USD350 senior notes issued on January 28, 2025, USD115 million are designated as liability under fair value hedge accounting (see Note 3). As of December 31, 2025, the Group has two outstanding interest rate swaps designated as fair value hedges of the interest rate risk on this portion of the notes.

On January 17, 2024, the Group issued a USD400 5-year Senior Unsecured Fixed Rate Sustainability Bonds via a drawdown under its USD3,000 Medium Term Note Program. The net proceeds from the issue of the Notes will be applied by the Group to support and finance its loans to customers or its own operating activities in eligible green and social categories as defined in the Group's Sustainable Finance Framework.

Out of the USD400 senior notes issued on January 17, 2024, USD200 are designated as liability under fair value hedge accounting (see Note 3). As of December 31, 2025, the Group has four outstanding interest rate swaps designated as fair value hedges of the interest rate risk arising from 50% of the Group's USD400 fixed rate bonds payable.

On March 31, 2021, the Parent Company issued unsecured Peso-denominated Senior Notes with outstanding balance as of December 31, 2023 of P4,130 bearing an interest of 4.18% per annum, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The senior notes will mature on June 30, 2026.

The debt issue cost incurred in 2025 and 2024 is P142 and P41, respectively. The unamortized debt issue cost as of December 31, 2025 and 2024 amounted to P153 and P129, respectively. The related amortization of unamortized debt issue cost is recorded as part of Interest Expense in the statements of profit or loss.

The interest expense incurred on these bonds payable amounted to P2,773 in 2025, P1,957 in 2024, and P1,768 in 2023. The Group and Parent Company recognized foreign currency exchange gains related to these bonds payable amounting to P711 and P718 in 2025 and 2024, respectively, while P450 foreign currency exchange losses in 2023. Foreign currency exchange losses are netted against foreign exchange gains presented under Other Operating Income account in the statements of profit or loss.

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20. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

The composition of this account follows:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Accrued expenses	5,680	5,222	5,492	4,931
Accrued interest	5,775	5,144	5,766	5,135
Taxes payable	881	1,301	830	1,253
	12,336	11,667	12,088	11,319

Accrued expenses represent mainly the accruals for utilities, employee benefits and other operating expenses. Accrued interest primarily includes unpaid interest on deposit liabilities, bills payable and bonds payable at the end of each reporting period.

21. OTHER LIABILITIES

Other liabilities consist of the following:

(Amounts in PHP)	Notes	Group		Parent Company	
		2025	2024	2025	2024
Accounts payable	27.7 (b)	13,060	33,687	12,611	33,202
Derivative financial liabilities	10.1	6,015	3,635	6,015	3,635
Lease liabilities	13	5,430	5,342	5,479	5,541
Manager's checks		2,118	2,147	2,118	2,147
Rewards liability	3.1	1,561	1,393	1,561	1,393
Due to local bank		1,428	1	1,428	1
Bills purchased – contra		1,342	1,868	1,342	1,868
Withholding taxes payable		1,182	1,107	1,178	1,105
Unearned income		899	730	875	723
Unclaimed balances-deposit		798	900	798	900
Other credits		737	400	737	400
Payment orders payable		628	130	628	130
Sundry credits		469	403	469	403
ECL provisions on loan commitments	4.4.8 (c)	464	370	464	370
Deposit on lease contracts		440	596	9	9
Guaranty deposits		-	204	-	204
Miscellaneous		952	737	846	720
		37,523	53,650	36,558	52,751

Accounts payable is mainly composed of settlement billing from credit card operations and the Group's expenditure purchases which are to be settled within the next reporting period. Miscellaneous liabilities include due to treasury, government-related contributions, and other miscellaneous liabilities.

Interest expense incurred on other liabilities for 2025, 2024 and 2023 amounted to P215, P137 and P80, respectively, for the Group and Parent Company and is presented as part of Interest expense in the statement of profit or loss.

22. EQUITY

22.1 Capital Stock

Preferred and common stock represent the nominal value of shares of stock that have been issued (see Notes 22.2 and 22.3).

Capital paid in excess of par includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares of stock are deducted from capital paid in excess of par, net of any related income tax benefits (see Note 22.2).

The movements in the outstanding capital stock of the Parent Company are as follows:

	Number of Shares		
	2025	2024	2023
Preferred stock – voting, non-cumulative non-redeemable, participating, convertible into common stock – P10 par value			
Authorized – 200,000,000 shares			
Issued and outstanding			
Balance at beginning of year	266,194	267,410	267,410
Conversion of preferred stock	(866)	(1,216)	-
Balance at end of year	265,328	266,194	267,410
Common stock – P10 par value			
Authorized:			
Balance at beginning and end of year	2,600,000,000	2,600,000,000	2,600,000,000
Issued and outstanding:			
Balance at beginning of year	2,419,536,359	2,419,536,120	2,037,478,896
Conversion of preferred stock	171	239	-
Issuance of new shares	-	-	168,619,976
Reissuance of shares during the year	-	-	213,437,248
Balance at end of year	2,419,536,530	2,419,536,359	2,419,536,120

As of December 31, 2025, and 2024, there are 742 holders of the Parent Company's listed shares holding an equivalent of 93.00% of the Parent Company's total issued and outstanding shares, respectively. Such listed shares closed at P25.95 and P24.85 per share for years December 31, 2025 and 2024, respectively.

In 1986, the Parent Company listed its common shares with the PSE. The historical information on the Parent Company's issuance of common shares arising from the initial and subsequent public offerings, including private placements is presented in the succeeding page.

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Issuance	Subscriber	Issuance Date	Number of Shares Issued	Price per Share
		November 1986		
Initial public offering	Various	1986	1,410,579	P10.00
Stock rights offering	Various	April 1997	44,492,908	P39.50
Stock rights offering	Various	July 1997	5,308,721	P40.30
Stock rights offering	Various	August 1997	830,345	P40.30
Stock rights offering	Various	January 2002	167,035,982	P10.00
Stock rights offering	Various	June 2002	32,964,018	P10.00
Follow-on offering	Various	March 2007	210,000,000	P27.00
Private placement	International Finance Corporation (IFC)	March 2011	73,448,275	P29.00
Private placement	Hexagon Investments B.V.	September 2011	126,551,725	P29.00
Private placement	PMMIC	March 2013	63,650,000	P64.00
Private placement	IFC Capitalization Fund	April 2013	71,151,505	P58.00
Private placement	Cathay	April 2015	124,242,272	P64.00
Stock rights offering	Various	July 2018	535,710,378	P28.00
Private placement	SMBC	July 2021	101,850,000	P44.00
Private placement	SMBC	July 2023	382,057,224	P71.00

On May 29, 2006, the Parent Company's stockholders approved the issuance of up to 200,000,000 convertible preferred shares with a par value of P10 per share, subject to the approval, among others, by the PSE. The purpose of the issuance of the convertible preferred shares is to raise the Tier 1 capital pursuant to BSP regulations, thereby strengthening the capital base of the Parent Company and allowing it to expand its operations. On February 13, 2007, the PSE approved the listing application of the underlying common shares for the 105,000 convertible preferred shares, subject to the compliance of certain conditions of the PSE.

In 2025, certain holders exercised the conversion feature of the preferred shares, resulting in the conversion of 866 preferred shares into 171 common shares (see Note 33.2).

Preferred shares have the following features:

- Entitled to dividends at floating rate equivalent to the three-month LIBOR plus a spread of 2.0% per annum, calculated quarterly;
- Preferred shareholders shall have the right to convert the Preferred Shares into common shares (the "Conversion Shares") of the Bank at any time after the Issue Date at a conversion price using the adjusted net book value per share of the Parent Company based on the latest available financial statements prepared in accordance with PFRS Accounting Standards, adjusted by local regulations;
- Non-redeemable; and,
- Participating as to dividends on a pro rata basis with the common stockholders in the surplus of the Parent Company after dividend payments had been made to the preferred shareholders.

On June 28, 2010, the Parent Company's stockholders owning or representing more than two-thirds of the outstanding capital stock confirmed and ratified the approval by the majority of the BOD on their Executive Session held on May 21, 2010, the proposed increase in Parent Company's authorized capital stock and removal of pre-emptive rights from holders of capital stock, whether common or preferred, to subscribe for or to purchase any shares of stock of any class, by amending the Parent Company's Articles of Incorporation.

The proposed P16,000 authorized capital stock is divided into the following classes of stocks:

- 1,400,000,000 common shares with a par value of ten pesos (P10.00) per share.
- 200,000,000 preferred shares with a par value of ten pesos (P10.00) per share.

The removal of pre-emptive rights was approved by the BSP and SEC on October 20, 2010 and November 4, 2010, respectively. On the other hand, the increase in authorized capital stock of the Parent Company was approved by the BSP and SEC on August 24, 2011 and September 16, 2011, respectively.

On June 27, 2022, the Bank amended its AOI to delete Articles four and seven of the AOI stating the term of existence of the Bank and transfer of voting stocks to foreign nationals, respectively to allow foreign ownership of the bank to exceed 40% and to be consistent with R.A. No. 11232, which grants perpetual corporate terms. The amendment of AOI was approved by BSP and SEC on August 26, 2022 and September 30, 2022, respectively (see Note 1.1).

On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share for a total consideration amounting to P27,125. The additional capital infusion was made on July 31, 2023 [see Notes 22.2 and 27.7(d)].

On December 22, 2025, SMBC, increased its shareholding in RCBC from 20% to 24.46% after its additional acquisition of 4.46% through an existing shareholder on December 22, 2025 (see Note 1.1).

22.2 Issuance of Common Shares

The capital infusion from SMBC on July 31, 2023 involved issuance of common shares amounting to P1,686 and reissuance of the treasury at cost amounting to P9,287 [see Notes 22.3 and 27.7(d)]. This resulted in a net increase of the additional paid in capital account of the Bank amounting to P15,735, coming from the excess of the consideration received over the par value of common stock and cost of treasury shares amounting to P16,152 and directly attributable transaction costs amounting to P417.

On July 22, 2019, the effective date of merger, the Parent Company issued 315,287,248 common shares in exchange of the transfer of net assets of RCBC Savings Bank (RSB) at carrying value. The Parent Company recognized P10,507 as additional paid-in capital, which pertains to the difference between the par value of the shares issued and the carrying value of the net assets of RSB.

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On November 27, 2017, the BOD of the Parent Company approved the increase in the Parent Company's authorized capital through the increase in the authorized common stock from 1,400,000,000 shares to 2,600,000,000 shares at P10 par value per share or for a total capital stock of P14,000 to P26,000. The BOD also approved the amendment of the Parent Company's Articles of Incorporation for the principal purpose of reflecting the said increase in authorized capital. These resolutions were approved by the Parent Company's stockholders representing at least two-thirds of its outstanding capital stock in a special meeting held on January 29, 2018. In the same meeting, the Parent Company's BOD approved the stock rights offering (Rights Offer) to be subscribed out of the increase in the authorized capital. The increase in authorized capital stock and the Rights Offer were approved by the BSP and SEC on June 29, 2018 and July 4, 2018, respectively. The offering of the stock rights representing 535,710,378 common shares (with equivalent amount of P5,357) occurred from June 25 to June 29, 2018 and the shares were listed at the PSE on July 16, 2018. The Rights Offer and issuance generated P15,000 proceeds, reduced by P217 issue costs; hence, resulting in P9,426 excess of consideration received over par value recognized in Capital Paid in Excess of Par account.

In 2015, the Parent Company issued common shares to Cathay at P64 per share for a total issue price of P7,951. This issuance resulted in the recognition of Capital Paid in Excess of Par amounting to P6,709 reduced by the total issuance cost of P222. The acquisition involves Cathay: (i) acquiring from Hexagon Investments B.V., an entity controlled by funds managed by CVC Asia Pacific Limited, 118,935,590 secondary shares at P64 per share, pursuant to a Sale and Purchase Agreement; (ii) acquiring 36,724,138 secondary common shares from IFC Capitalization Fund also at P64 per share, pursuant to a Sale and Purchase Agreement; and, (iii) entering into a shareholders agreement with PMMIC and the Parent Company.

In 2013, the Parent Company issued common shares to PMMIC and IFC Capitalization Fund at P64 and P58 per share for a total issue price of P4,074 and P4,127, respectively. These issuances resulted in the recognition of Capital Paid in Excess of Par amounting to P3,437 and P3,415, respectively, reduced by total issuance costs of P101.

22.3 Treasury Shares

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Parent Company's equity holder until the shares are cancelled, reissued or disposed of.

On July 31, 2023, as a result of the capital infusion of SMBC, the Bank reissued 213,437,248 treasury shares at cost of P43.51 per share or P9,287 (see Notes 22.1 and 22.2).

On July 23, 2021, the Parent Company sold 101,850,000 shares to SMBC at P44.00 per share. This came from the treasury shares resulting from the merger of Parent Company and RSB. The sale of shares held by the Parent Company in treasury is equivalent to 4.999% of the total outstanding Common Stock. The issuance resulted in a recognition of additional Capital Paid in Excess of Par amounting to P50. In 2021, the Parent Company incurred expenses related to the issuance amounting to P113 which was charged to equity resulting in a P63 net decrease in the Capital Paid in Excess of Par. In 2022, the Parent Company incurred additional expenses amounting to P12 in relation to this treasury shares reissuance and this was charged against the 2022 Capital Paid in Excess of Par account.

In 2019, subsequent to the effective date of the merger, the Parent Company acquired the 315,287,248 common shares issued in exchange of the net assets of RSB equal to the Parent Company's investment in RSB as at December 31, 2018.

On September 23, 2011, the Parent Company issued 5,821,548 common shares (equivalent of 18,082,311 preferred shares and with total par value of P58) from the treasury account reissuance (with total cost of P182) and an additional 120,730,177 common stock (with total par value of P1,207) from unissued portion of the increase in authorized capital stock on September 23, 2011 to Hexagon Investments B.V. that is equivalent to approximately 15.00% of the outstanding common shares. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P2,264.

On March 17, 2011, the Parent Company issued 73,448,275 common shares, comprising of 50,427,931 treasury shares reissuance (with total cost of P771) and 23,020,344 unissued stock (with total par value of P230), to IFC Capitalization Fund for a total consideration of P2,130 representing 7.20% ownership interest. The issuance resulted in the recognition of additional Capital Paid in Excess of Par amounting to P1,078.

22.4 Hybrid Perpetual Securities

Hybrid perpetual securities are non-cumulative, unsecured, subordinated capital securities which qualify as AT1 capital under Basel III standards.

On August 27, 2020, the Parent Company issued USD300 non-cumulative, unsecured, subordinated capital securities which qualify as AT1 capital under Basel III standards. As of December 31, 2024 and 2023, the hybrid perpetual securities amounted to P14,463, net of issuance costs.

The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

The proceeds of the hybrid perpetual securities are used to support and finance medium-term to long-term asset growth, loans to customers, other general corporate purposes and to maintain sufficient buffers above the minimum capital thresholds required by BSP.

In 2025, these securities were redeemed at P17,130, and the difference from its book value amounting to P2,667 was recognized as a reduction in the Group's surplus.

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22.5 Surplus and Dividend Declarations

The details of the cash dividend distributions follow:

Date Declared/ BOD Approval	Dividend Per Share	Total Amount	Record date	Date Paid/Payable
January 30, 2023*	-	534.98	February 27, 2023	February 27, 2023
February 27, 2023	0.1685	0.05	March 21, 2023	March 23, 2023
March 27, 2023	1.0800	2,200.48	April 13, 2023	April 27, 2023
March 27, 2023	1.0800	0.29	April 13, 2023	April 27, 2023
May 29, 2023	0.1789	0.05	June 21, 2023	June 26, 2023
July 31, 2023*	-	553.41	August 27, 2023	August 27, 2023
August 29, 2023	0.1920	0.05	September 21, 2023	September 25, 2023
November 29, 2023	0.1870	0.05	December 21, 2023	December 29, 2023
January 29, 2024*	-	546.53	February 27, 2024	February 27, 2024
February 26, 2024	0.1864	0.05	March 21, 2024	March 21, 2024
March 25, 2024	1.0140	2,453.11	April 13, 2024	April 26, 2024
March 25, 2024	1.0140	0.27	April 13, 2024	April 26, 2024
May 27, 2024	0.1854	0.05	June 21, 2024	June 26, 2024
July 29, 2024*	-	548.24	August 26, 2024	August 26, 2024
August 29, 2024	0.1857	0.05	September 21, 2024	September 25, 2024
November 25, 2024	0.1707	0.05	December 21, 2024	December 26, 2024
January 27, 2025	-	568.23	February 27, 2025	February 27, 2025
February 24, 2025	0.1584	0.04	March 21, 2025	March 26, 2025
March 31, 2025	0.7000	1,693.68	April 16, 2025	May 5, 2025
March 31, 2025	0.7000	0.19	April 16, 2025	May 5, 2025
May 26, 2025	0.1594	0.04	June 21, 2025	June 25, 2025
July 30, 2025	-	561.41	August 26, 2025	August 27, 2025
August 26, 2025	0.1599	0.04	September 21, 2025	September 23, 2025
November 24, 2025	0.1518	0.04	December 21, 2025	December 23, 2025

*Dividends for Hybrid Perpetual Securities

In 2015, the BSP, through the MB, approved the liberalized rules for banks and quasi-banks on dividend declaration. The policy requires that dividend declaration be immediately recognized as a liability upon the approval of the BOD and that it be disclosed in the statement of changes in equity.

A portion of the Parent Company's surplus corresponding to the equity in net earnings of certain subsidiaries and associates totaling P5,925 and P5,975 as of December 31, 2025 and 2024, respectively, is not currently available for distribution as dividends.

22.6 Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity of the Group at their aggregate amount under Revaluation Reserves account are shown below.

(Amounts in PHP)	Revaluation of Financial Assets at FVOCI	Accumulated Translation Adjustments on Foreign Operations	Actuarial Gains (Losses) on Defined Benefit Plan	Total
Balance as of January 1, 2025	(3,306)	60	(2,552)	(5,798)
Actuarial loss on defined benefit plan	-	-	(131)	(131)
Fair value gain on financial assets at FVOCI	2,141	-	-	2,141
Translation adjustment	-	11	-	11
Other comprehensive income (loss)	2,141	11	(131)	2,021
Balance as of December 31, 2025	(1,165)	71	(2,683)	(3,777)
Balance as of January 1, 2024	(3,168)	54	(2,930)	(6,044)
Actuarial loss on defined benefit plan	-	-	378	378
Fair value loss on financial assets at FVOCI	(140)	-	-	(140)
Translation adjustment	-	6	-	6
Other comprehensive income (loss)	(140)	6	378	244
Transfers of fair value gain on financial assets at FVOCI to surplus	2	-	-	2
Balance as of December 31, 2024	(3,306)	60	(2,552)	(5,798)
Balance as of January 1, 2023	(4,866)	54	(1,580)	(6,392)
Actuarial gains on defined benefit plan	-	-	(1,350)	(1,350)
Fair value gain on financial assets at FVOCI	1,695	-	-	1,695
Other comprehensive income (loss)	1,695	-	(1,350)	345
Transfers of fair value gain on financial assets at FVOCI to surplus	3	-	-	3
Balance as of December 31, 2023	(3,168)	54	(2,930)	(6,044)

22.7 Appropriation for General Loan Loss Reserves

Pursuant to the requirements of the BSP under Circular No. 1011, the Group 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 when the computed allowance for ECL on those exposures is less than one percent of the general loan loss provisions required, the deficiency is recognized through appropriation from the Group's available Surplus. Such appropriation is considered as Tier 2 capital subject to the limit provided under the CAR framework. The outstanding balance of appropriation for General Loan Loss Reserves as of December 31, 2025 and 2024 amounted to P6,979 and P5,564 for the Group, and P6,951 and P5,537 for the Parent Company, respectively. The additional appropriations made in 2025 amounted to P1,415 and P1,414 and in 2024 amounted to P965 and P948 respectively, for the Group and Parent Company, respectively.

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22.8 Reserve for Trust Business

Reserve for trust business represents the accumulated amount set aside by the Group under existing regulations requiring the Parent Company to appropriate and transfer to surplus 10% of its net profits accruing from their trust business until the surplus shall amount to 20% of the regulatory capital. The reserve shall not be paid out in dividends, but losses accruing in the course of the trust business may be charged against this account.

In 2024, the reserves for trust business was reclassified to Surplus account under Equity as a result of the spin-off of the trust operations of the Group into RTC (see Note 1.1).

22.9 Other Reserves

Other reserves refer to the amount attributable to the Parent Company arising from the changes in the ownership of the Non-controlling Interest (NCI) in the Group.

As of December 31, 2025, the other reserves account of the Parent Company amounts to P86 and no transaction has occurred since 2022.

23. EMPLOYEE BENEFITS

23.1 Short-Term Employee Benefits

Expenses recognized for salaries and other employee benefits are shown below.

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
Short-term employee benefits	8,588	7,559	6,732
Post-employment defined benefits	470	500	418
	9,058	8,059	7,150

<i>(Amounts in PHP)</i>	Parent Company		
	2025	2024	2023
Short-term employee benefits	7,505	6,604	5,938
Post-employment defined benefits	423	457	383
	7,928	7,061	6,321

23.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Parent Company and certain subsidiaries maintain a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by RTC, an associate of the Group, covering all regular full-time employees. RTC manages the fund in coordination with the Parent Company's Retirement Plan Committee (RPC) and the respective committees of the subsidiaries which act in the best interest of the plan assets and are responsible for setting the investment policies.

The normal retirement age of the Group's employees ranges between 55 to 60 but the plan also provides for an early retirement at age 50 to 55 with a minimum of 10 to 20 years of credited service. The maximum retirement benefit is the lump sum equivalent to two months pay per year of continuous employment based on the employees' salary at retirement. Any fraction of a year shall be computed proportionately.

(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 are based on the actuarial valuation reports obtained from independent actuaries in 2025 and 2024.

The amounts of post-employment benefit assets recognized in the financial statements are determined as follows:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Present value of the obligation	(6,593)	(6,004)	(6,183)	(5,645)
Fair value of plan assets	9,377	9,511	9,009	9,151
Effect of asset ceiling test	(400)	(762)	(442)	(760)
Excess of plan assets	2,384	2,745	2,384	2,746

The Group and Parent Company's post-employment defined benefit plan is included under Other Resources as of December 31, 2025 and 2024 (see Note 15).

The movements in the present value of the defined benefit obligation follow:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	6,004	5,932	5,645	5,603
Current and past service cost	470	500	423	457
Interest expense	366	407	344	386
Remeasurements – actuarial				
Gains arising from changes in:				
– demographic assumptions	4	(543)	8	(535)
– financial assumptions	(115)	284	(111)	276
– experience adjustments	283	97	277	93
Benefits paid by the plan	(419)	(673)	(403)	(635)
Balance at end of year	6,593	6,004	6,183	5,645

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The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	9,511	9,697	9,151	9,407
Interest income	565	643	545	625
Loss on plan assets (excluding amounts included in net interest)	(292)	(249)	(284)	(246)
Contributions paid into the plan	12	93	-	-
Benefits paid by the plan	(419)	(673)	(403)	(635)
Balance at end of year	9,377	9,511	9,009	9,151

On March 16, 2023, the Bank transferred and leased back certain real estate properties to Frame Properties, Inc. for a 100% ownership in the latter, which was subsequently transferred to the post-employment defined benefit plan as contribution to the plan assets (see Notes 13 and 27.5).

On April 8, 2024, the Bank executed a Deed of Donation and Acceptance where the Bank donated and transferred ownership of 36,612,373 Preferred C shares representing 19.41% of the outstanding capital of RCBC JPL to RCBC Retirement Fund which is managed by RTC. Subsequent to the donation, the Bank's ownership interest over RCBC JPL is now reduced to 80% (see Note 1.1).

The composition of the fair value of plan assets at the end of each reporting period by category and risk characteristics is shown below.

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Cash and cash equivalents	80	68	49	26
Debt securities:				
Corporate debt securities	107	488	72	369
Government bonds	514	236	425	185
Quoted equity securities:				
Transportation and communication	547	562	547	562
Financial intermediaries	475	421	436	418
Diversified holding companies	170	235	167	234
Electricity, gas and water	97	100	97	100
Others	168	141	-	-
Unquoted long-term equity investments	6,918	6,961	6,918	6,961
UITF	279	276	279	276
Investment properties	10	10	10	10
Loans and receivables	9	10	9	10
Others	3	3	-	-
	9,377	9,511	9,009	9,151

The fair values of the above debt securities and quoted equity securities are determined based on market prices in active markets. Long-term equity investments represent investment in corporations not listed in active and organized markets. Fair values are determined based on the book value per share based on latest audited financial statements of the investee company. The fair value of the UITF is determined based on the net asset value per unit of investment held in the fund.

The fair value of the plan assets is at Level 1 in the fair value hierarchy except for UITF which are at Level 2 and unquoted long-term equity investments, loans and receivables, investment properties and other investments which are at Level 3.

The net gains on plan assets are as follows:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Interest income	565	643	545	625
Fair value losses - net	(292)	(249)	(284)	(246)
Actual gains - net	273	394	261	379

The amounts of post-employment benefit expense recognized in the profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are determined below as follows:

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
<i>Reported in profit or loss:</i>			
Current and past service cost	470	500	418
Net interest income	(199)	(236)	(69)
Interest on the effect of asset ceiling	46	80	-
	317	344	349
<i>Reported in other comprehensive income:</i>			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	(283)	(97)	(201)
– Financial assumptions	115	(284)	(301)
– Demographic assumptions	(4)	543	1
Effect of asset ceiling test	375	458	(1,140)
Gains on plan assets (excluding amounts included in net interest)	(292)	(249)	275
	(89)	371	(1,366)

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(Amounts in PHP)	Parent Company		
	2025	2024	2023
<i>Reported in profit or loss:</i>			
Current and past service cost	423	457	383
Net interest income	(201)	(239)	(69)
Interest on the effect of asset ceiling	46	78	-
	<u>268</u>	<u>296</u>	<u>314</u>
<i>Reported in other comprehensive income:</i>			
Actuarial gains (losses) arising from changes in:			
– Experience adjustments	(277)	(93)	(207)
– Financial assumptions	111	(276)	(271)
– Demographic assumptions	(8)	535	-
Effect of asset ceiling test	365	457	(1,139)
Gains on plan assets (excluding amounts included in net interest)	(284)	(246)	293
	<u>(93)</u>	<u>377</u>	<u>(1,324)</u>

Current service costs, including the effect of curtailment and past service cost, form part of Employee Benefits under the Other Operating Expenses account, while net interest income is presented as part of Interest Income on Due from BSP and other Banks in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of post-employment obligation, the following ranges of actuarial assumptions were used:

	2025	2024	2023
<u>Group</u>			
Discount rates	6.17% - 6.41%	6.06% - 6.13%	6.28% - 7.00%
Expected rate of salary increases	3.00% - 5.33%	3.50% - 6.00%	4.00% - 8.00%
<u>Parent Company</u>			
Discount rates	6.37%	6.09%	6.88%
Expected rate of salary increases	5.00%	5.00%	5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at the Group's normal retiring age of 60 is based on the 2017 Philippine Intercompany Mortality table. 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 zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment 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 Group and Parent Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate 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 assets of the Group and Parent Company are significantly invested in equity and debt securities, while the Group and Parent Company also invests in cash and cash equivalents and other investments. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group and Parent Company's long-term strategy to manage the plan efficiently.

(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 Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the post-employment plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2025 and 2024:

(Amounts in PHP)	Group		
	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2025:			
Discount rate	+/-1 %	(406)	458
Salary growth rate	+/-1 %	459	(415)
2024:			
Discount rate	+/-1 %	(379)	427
Salary growth rate	+/-1 %	428	(385)

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<i>(Amounts in PHP)</i>	Parent Company		
	Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2025:			
Discount rate	+/-1 %	(370)	415
Salary growth rate	+/-1 %	417	(378)
2024:			
Discount rate	+/-1 %	(346)	388
Salary growth rate	+/-1 %	388	(352)

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 sensitivity analysis, the present value of the defined benefit obligation at the end of each reporting period has been calculated using the projected unit credit method, 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 Parent Company through its RPC in coordination with the fund manager or RTC, ensures that the investment positions are managed considering the computed retirement obligations under the retirement plan. This strategy aims to match the plan assets to the retirement obligations due by investing in assets that are easy to liquidate (i.e., government securities, corporate bonds, equities with high value turnover).

As the Group's retirement obligations are in Philippine peso, all assets are invested in the same currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations. In view of this, various investments are made in a portfolio that may be liquidated within a reasonable period of time.

A large portion of the plan assets as of December 31, 2025 and 2024 consists of equity securities with the balance invested in fixed income securities and cash and cash equivalents. The Group believes that equity securities offer the best returns over the long term with an acceptable level of risk.

(iii) Funding Arrangements and Expected Contributions

The plan is currently overfunded by P1,826 and P1,872 in 2025 for the Group and Parent Company, respectively, based on the latest funding actuarial valuations in 2025.

The maturity profile of undiscounted expected benefit payments from the end of each reporting period follows:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Less than one year	909	655	904	638
More than one year to five years	3,442	3,093	3,269	2,957
More than five years to ten years	4,747	4,587	4,442	4,331
More than ten to fifteen years	14	22	-	-
More than fifteen years	31	20	-	-
	9,143	8,377	8,615	7,926

The Group and Parent Company expect to contribute P51 and nil, respectively, to the plan in 2026.

24. MISCELLANEOUS INCOME AND EXPENSES

These accounts consist of the following:

24.1 Miscellaneous Income

<i>(Amounts in PHP)</i>	Notes	Group		
		2025	2024	2023
Recoveries from written off assets		520	651	600
Dividend income	10.1,10.2	328	322	318
Rentals	14.2,28.2(b)	232	283	424
Share in net earnings (losses) of subsidiaries and associates		195	85	92
Gain on extinguishment of loan		-	-	390
Gain on disposal of subsidiaries		-	-	243
Others		153	210	77
		1,428	1,551	2,567
		Parent Company		
<i>(Amounts in PHP)</i>	Notes	2025	2024	2023
		2025	2024	2023
Recoveries from written off assets		520	651	600
Dividend income	10.2	279	273	252
Share in net earnings (losses) of subsidiaries and associates		122	491	(157)
Rentals	14.2, 27.7(a)	66	62	57
Gain on extinguishment of loan		-	-	390
Gain on disposal of subsidiaries		-	-	243
Others		128	175	497
		1,115	1,652	1,882

In 2023, the Bank recovered settlement-related fees from HHIC-Phil, Inc. related to the full collection of its outstanding receivables and was recognized as Gain on extinguishment of loan under Miscellaneous Income in the 2023 statement of profit or loss.

Miscellaneous income classified as Others includes rebates, penalty charges and other income items that cannot be appropriately classified under any of the foregoing income accounts.

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24.2 Miscellaneous and Other Expenses

(Amounts in PHP)	Group		
	2025	2024 (As Restated – see Note 2)	2023 (As Restated – see Note 2)
Service and processing fees	2,863	2,171	1,604
Information technology expenses	1,777	1,472	1,030
Other credit card-related expenses	1,775	1,411	1,034
Litigation/assets acquired	918	830	823
Advertising and publicity	793	629	501
Management and other professional fees	753	553	539
Communication and information services	710	616	631
Banking fees	368	226	417
Transportation and travel	283	163	221
Stationery and office supplies	225	191	208
Employee activities	223	282	302
Other outside services	176	154	132
Donation and charitable contribution	139	130	182
Representation and entertainment	61	23	51
Christmas expenses	32	35	14
Membership fees	21	20	22
Others	517	230	399
	11,634	9,136	8,110
	Parent Company		
(Amounts in PHP)	2025	2024 (As Restated – see Note 2)	2023 (As Restated – see Note 2)
Service and processing fees	3,732	2,953	2,340
Information technology expenses	1,775	1,470	1,028
Other credit card-related expenses	1,775	1,411	1,034
Litigation/assets acquired	896	827	818
Advertising and publicity	789	625	495
Management and other professional fees	694	504	499
Communication and information services	680	586	604
Banking fees	362	218	412
Transportation and travel	263	145	205
Stationery and office supplies	220	186	204
Employee activities	219	278	300
Other outside services	176	155	108
Donation and charitable contribution	139	129	151
Representation and entertainment	50	11	42
Christmas expenses	31	35	14
Membership fees	18	18	20
Others	516	325	354
	12,335	9,876	8,628

The Group's other expenses are composed of freight, various processing fees, fines and penalties, and seasonal giveaways. The Group and Parent Company's other expenses also include fees for records, facilities and management services to a related party under common control amounting to P678, P540, and P728 in 2025, 2024 and 2023, respectively (see Note 27).

25. INCOME AND OTHER TAXES

Under Philippine tax laws, the regular banking unit (RBU) of the Parent Company and its domestic subsidiaries are subject to percentage and other taxes (presented as Taxes and Licenses in the statements of profit or loss), as well as income taxes. Percentage and other taxes paid consist principally of the gross receipts tax (GRT) and documentary stamp tax.

RA No. 9238, which was enacted on February 10, 2004, provides for the reimposition of GRT on banks and non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries beginning January 1, 2004.

The recognition of liability of the Parent Company and certain subsidiaries for GRT is based on the related regulations issued by the tax authorities.

Income taxes include the regular corporate income tax (RCIT), and final tax paid at the rate of 20%, which represents the final withholding tax on gross interest income from government securities and other deposit substitutes.

Interest allowed as a deductible expense is reduced by an amount equivalent to certain percentage of interest income subjected to final tax. Minimum corporate income tax (MCIT) of 2% on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over the RCIT is deferred and can be used as a tax credit against regular income tax liability in the next three consecutive years. In addition, ordinarily, the Group's net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three consecutive years.

However, pursuant to Section 4 (bbb) of Bayanihan to Recover as One (BARO) Act and as implemented under Revenue Regulation 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2021 and 2022 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Effective May 2004, RA No. 9294 restored the tax exemption of FCDUs and offshore banking units (OBUs). Under such law, the income derived by the FCDU from foreign currency transactions with non-residents, OBUs, local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10% gross income tax.

Interest income on deposits with other FCDUs and offshore banking units is subject to 20.0% final tax effective July 1, 2025.

In 2025, 2024 and 2023, the Group opted to continue claiming itemized deductions for income tax purposes.

In 2025 and 2024, the Group applied NOLCO against the Group's annual tax payable.

The Parent Company's foreign subsidiaries are subject to income and other taxes based on the enacted tax laws of the countries and/or jurisdictions where they operate.

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25.1 Current and Deferred Taxes

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company.

- MCIT was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- The allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

Starting July 1, 2023, corporations, excluding non-profit proprietary educational institutions and hospitals, and non-resident foreign corporations, will be subject to the original 2% MCIT rate based on their gross income.

The tax expense as reported in the statements of profit or loss consists of:

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
Current tax expense:			
Final tax	2,642	2,971	2,659
RCIT at 25%	1,026	979	222
Excess MCIT over RCIT	2	6	452
	<u>3,670</u>	<u>3,956</u>	<u>3,333</u>
Application of MCIT	(682)	(226)	-
	<u>2,988</u>	<u>3,730</u>	<u>3,333</u>
Deferred tax income arising from origination and reversal of temporary differences	(293)	(262)	(2,035)
	<u>2,695</u>	<u>3,468</u>	<u>1,298</u>
	Parent Company		
<i>(Amounts in PHP)</i>	2025	2024	2023
Current tax expense:			
Final tax	2,603	2,968	2,578
RCIT at 25%	919	829	117
Excess MCIT over RCIT	-	-	431
	<u>3,522</u>	<u>3,797</u>	<u>3,126</u>
Application of MCIT	(682)	(226)	-
	<u>2,840</u>	<u>3,571</u>	<u>3,126</u>
Deferred tax income arising from origination and reversal of temporary differences	(199)	(227)	(1,843)
	<u>2,641</u>	<u>3,344</u>	<u>1,283</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
Tax on pretax profit at 25%	3,313	3,247	3,379
Adjustments for income subjected to lower income tax rates	(447)	(1,111)	(2,702)
Tax effects of:			
Non-deductible expenses	1,999	1,691	1,268
FCDU income	1,055	1,119	296
Non-taxable income	(2,654)	(1,014)	(699)
Unrecognized temporary differences	-	(29)	(692)
Excess MCIT over RCIT	3	11	431
Recognition of previously unrecognized deferred tax asset	(598)	(441)	-
Utilization of NOLCO	(9)	(35)	-
Others	33	30	17
	<u>2,695</u>	<u>3,468</u>	<u>1,298</u>
	Parent Company		
<i>(Amounts in PHP)</i>	2025	2024	2023
Tax on pretax profit at 25%	3,300	3,216	3,375
Adjustments for income subjected to lower income tax rates	(432)	(1,284)	(2,757)
Tax effects of:			
Non-deductible expenses	1,952	1,642	1,227
FCDU income	1,055	1,119	296
Non-taxable income	(2,631)	(908)	(605)
Recognition of previously unrecognized deferred tax asset	(603)	(441)	-
Unrecognized temporary difference	-	-	(684)
Excess MCIT over RCIT	-	-	431
	<u>2,641</u>	<u>3,344</u>	<u>1,283</u>

The deferred tax assets of the Group recognized in the consolidated statements of financial position as of December 31, 2025 and 2024 relate to the operations of the Parent Company and certain subsidiaries as shown below.

<i>(Amounts in PHP)</i>	Statements of Financial Position		Statements of Profit or Loss		
	2025	2024	2025	2024	2023
Allowance for impairment	4,988	4,019	977	560	435
Post-employment benefit obligation	1,092	1,226	(157)	(127)	1,304
NOLCO	303	38	138	129	(156)
Excess MCIT over RCIT	7	769	(682)	(301)	452
PFRS 16	(109)	-	-	-	-
Others	50	-	17	1	-
	<u>6,331</u>	<u>6,052</u>	<u>293</u>	<u>262</u>	<u>2,035</u>
Deferred tax assets – net					
Deferred tax income – net					

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The deferred tax assets of the Parent Company recognized in its statements of financial position as of December 31, 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	Statements of Financial Position		Statements of Profit or Loss		
	2025	2024	2025	2024	2023
Allowance for impairment	4,710	3,631	1,079	613	271
Post-employment benefit obligation	1,067	1,227	(160)	(160)	1,296
Excess MCIT over RCIT	-	682	(682)	(226)	431
NOLCO	-	38	(38)	-	(155)
Deferred tax assets – net	<u>5,777</u>	<u>5,578</u>			
Deferred tax income – net			<u>199</u>	<u>227</u>	<u>1,843</u>

The Parent Company and certain subsidiaries have not recognized deferred tax assets on certain temporary differences since management believes that the Parent Company and certain subsidiaries may not be able to generate sufficient taxable profit in the future against which the tax benefits arising from those deductible temporary differences, NOLCO and other tax credits can be utilized.

The unrecognized deferred tax assets relate to the following:

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
Allowance for impairment	867	1,009	697	985
NOLCO	33	24	-	-
Excess MCIT over RCIT	11	10	-	-
Others	4	5	-	-
	<u>915</u>	<u>1,048</u>	<u>697</u>	<u>985</u>

Consequently, deferred tax liabilities were also not recognized on certain taxable temporary differences as the settlement of those can be offset by the available deductible temporary differences in the future.

In addition, deferred tax liabilities on accumulated translation adjustments, relating to its foreign subsidiaries were not recognized since their reversal can be led, and it is probable that the temporary difference will not reverse in the foreseeable future.

NOLCO can be claimed as deduction from future taxable income within three and five years from the year the taxable loss was incurred. In accordance with BARO Act, NOLCO incurred in 2020 and 2021 can be claimed as a deduction from the gross income until 2025 and 2026, respectively.

The details of the Group's NOLCO are shown below.

<i>(Amounts in PHP)</i>	Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
	2025	816	-	-	816	2028
	2024	85	-	-	85	2027
	2023	447	(2)	-	445	2026
	2022	749	(679)	(70)	-	2025
	2021	143	(139)	(5)	-	2026
		<u>2,240</u>	<u>(820)</u>	<u>(75)</u>	<u>1,346</u>	

The Parent Company utilized NOLCO coming from financial year 2022 amounting to P152 in 2025. As a result, its NOLCO is fully utilized as at December 31, 2025.

The breakdown of the Group's excess MCIT over RCIT with the corresponding validity periods follows:

<i>(Amounts in PHP)</i>	Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
	2025	4	-	-	4	2028
	2024	7	-	-	7	2027
	2023	438	(431)	-	7	2026
	2022	254	(251)	(3)	-	2025
	2021	231	(226)	(5)	-	2024
		<u>934</u>	<u>(908)</u>	<u>(8)</u>	<u>18</u>	

The breakdown of the Parent Company's excess MCIT over RCIT with the corresponding validity periods follows:

<i>(Amounts in PHP)</i>	Inception Year	Amount	Utilized	Expired	Balance	Expiry Year
	2023	431	431	-	-	2026
	2022	251	251	-	-	2025
		<u>682</u>	<u>682</u>	<u>-</u>	<u>-</u>	

25.2 Supplementary Information Required Under Revenue Regulation No. 15-2010

The Bureau of Internal Revenue (BIR) issued RR 15-2010 on November 25, 2010 which require certain tax information to be disclosed as part of the notes to financial statements. Such supplementary information is, however, not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards; it is neither a required disclosure under the SEC rules and regulations covering form and content of financial statements under the Revised Securities Regulation Code Rule 68.

The Parent Company presented this tax information required by the BIR as a supplemental schedule filed separately from the basic financial statements.

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26. TRUST OPERATIONS

In 2023 and prior years, the Group commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The resources, liabilities and income or loss arising thereon are excluded from these financial statements, as these are neither resources nor income of the Group.

Securities and properties (other than deposits) held by the Parent Company in fiduciary or agency capacity for its customers are not included in the financial statements, since these are not resources of the Parent Company. The Group and Parent Company's total trust resources amounted to P155,705 as of December 31, 2023 (see Note 33).

Investment in government securities which are shown as part of Investment securities at amortized cost (see Note 10.3) with a total face value of P1,324 as of December 31, 2023, for both the Group and the Parent Company are deposited with the BSP as security for faithful compliance with fiduciary obligations.

Income from trust operations, shown as Trust fees under Other Operating Income account, amounted to P423 in 2023 in the Group and Parent Company's statements of profit or loss.

On November 28, 2022, the Parent Company's BOD approved the spin-off of the Bank's Trust operations into a separate corporate entity, which materialized on March 27, 2023 when RTC was incorporated to become a separate trust corporation, which commenced operations in January 2, 2024 (see Note 1.2).

27. RELATED PARTY TRANSACTIONS

The Group and Parent Company's related parties include its ultimate parent company, subsidiaries, associates, entities under common ownership, key management personnel and others.

The RPT Committee, which meet monthly and as necessary, review proposed RPT within the materiality threshold to determine whether or not the transaction is on terms no less favorable to the Group than terms available to any unconnected third party under the same or similar circumstances. On favorable review, the RPT Committee endorse transactions to the BOD for approval.

All material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Transactions amounting to 10% or more of the consolidated total resources based on the latest audited consolidated financial statements entered into with related parties are considered material.

A summary of the Group and Parent Company's transactions and outstanding balances with related parties as of and for the years ended December 31, 2025, 2024 and 2023 is presented on a net basis below.

	Notes	Group				
		2025	2024	2023		
(Amounts in PHP)		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	
Stockholders						
Due from other banks	27.1	(1,984)	25	113	2,009	1,896
Deposit liabilities	27.3	475	3,752	(239)	3,277	846
Bills payable	27.6	(14,870)	-	710	14,870	14,160
Interest expense on deposits	27.3	171	-	216	-	60
Cash received from issuance of shares of stock	22.2	-	-	-	-	9,287
Associates						
Loans and receivables	27.2	-	-	(104)	-	104
Deposit liabilities	27.3	(7,396)	5,608	12,335	13,004	553
Interest expense on deposits	27.3	141	-	83	-	12
Sale of investment securities	27.4	2,099	-	3,678	-	-
Purchase of investment securities	27.4	569	-	1,186	-	-
Service processing fees	27.7 (h)	66	15	45	45	-
Related Parties Under Common Ownership						
Loans and receivables	27.2	1,059	6,664	2,432	5,605	(424)
Deposit liabilities	27.3	(6,103)	6,980	(146)	13,083	6,204
Bills payable	27.6	5,550	5,550	-	-	-
Interest income from loans and receivables	27.2	245	-	326	-	176
Interest expense on deposits and bills payable	27.3	222	-	217	-	105
Gain on assets sold	27.7 (e)	(670)	1,469	-	2,139	2,288
Occupancy and equipment-related expenses	27.7 (b)	1,776	-	1,446	-	1,421
Miscellaneous expenses – others	24.2	678	-	540	-	728

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	Group					
	2025		2024		2023	
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
(Amounts in PHP)						
Notes						
Key Management Personnel						
Loans and receivables	3	38	(3)	35	4	38
Deposit liabilities	97	1,186	327	1,089	337	762
Interest expense on deposits	58	-	53	-	7	-
Salaries and employee benefits	572	-	572	-	582	-
Interest income from loans and receivables	1	-	2	-	-	-
27.2						
Other Related Interests						
Loans and receivables	6,923	30,128	(221)	23,205	2,511	23,426
Deposit liabilities	(5,357)	4,478	(3,917)	9,835	(54)	13,752
Interest income from loans and receivables	954	-	1,590	-	856	-
Interest expense on deposits	167	-	149	-	133	-
Occupancy and equipment-related expenses	572	-	403	-	524	-
Gain on assets sold	-	-	-	-	3,051	-
27.7 (a,g)						
13						
Parent Company						
Notes						
(Amounts in PHP)						
Stockholders						
Due from other banks	(1,984)	25	113	2,009	1,860	1,896
Deposit liabilities	483	3,752	(241)	3,269	840	3,510
Bills payable	(14,870)	-	710	14,870	14,160	14,160
Interest expense on deposits and bills payable	171	-	215	-	60	-
Cash received from issuance of shares of stock	-	-	-	-	9,287	-
22.2						
Parent Company						
Notes						
(Amounts in PHP)						
Subsidiaries						
Loans and receivables	44	44	(40)	-	40	40
Deposit liabilities	337	1,225	(1,031)	888	426	1,919
Interest expense on deposits	39	-	34	-	8	-
Dividend	49	279	167	160	92	-
Rental income	215	-	223	-	221	-
Occupancy and equipment-related expenses	257	-	169	-	176	-
Service and processing fees	1,023	104	909	96	744	66
Sale of investment securities	796	-	-	-	828	-
Purchase of investment securities	600	-	520	-	2	-
Assignment of receivables	(6)	81	(18)	87	(22)	105
11						
Associates						
Loans and receivables	-	-	(104)	-	104	104
Deposit liabilities	(7,396)	5,608	12,335	13,004	553	669
Interest expense on deposits	141	-	901	-	12	-
Sale of investment securities	2,099	-	3,678	-	-	-
Purchase of investment securities	569	-	1,186	-	-	-
Service processing fees	66	15	45	45	-	-
27.4						
27.7 (h)						
Related Parties Under Common Ownership						
Loans and receivables	1,059	6,664	2,432	5,605	(424)	3,173
Deposit liabilities	(6,103)	6,980	(146)	13,083	6,204	13,229
Interest income from loans and receivables	245	-	326	-	176	-
Interest expense on deposits	181	-	217	-	105	-
Gain on assets sold	(1,382)	757	-	2,139	2,288	2,139
Occupancy and equipment-related expenses	1,776	-	1,445	-	1,418	-
Miscellaneous expenses – others	677	-	539	-	728	-
24.2						

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(Amounts in PHP)	Notes	Parent Company					
		2025		2024		2023	
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Key Management Personnel							
Loans and receivables	27.2	3	34	1	31	4	30
Deposit liabilities	27.3	96	1,183	329	1,087	345	758
Interest income from loans and receivables	27.2	1	-	2	-	-	-
Interest expense on deposits	27.3	58	-	53	-	7	-
Salaries and employee benefits	27.7 (f)	365	-	358	-	395	-
Other Related Interests							
Loans and receivables	27.2	6,901	30,051	(249)	23,150	2,501	23,399
Deposit liabilities	27.3	(5,359)	4,475	(3,915)	9,834	(49)	13,749
Interest income from loans and receivables	27.2	949	-	1,587	-	854	-
Interest expense on deposits	27.3	167	-	149	-	133	-
Occupancy and equipment-related expenses	27.7 (a, g)	439	-	367	-	489	-
Gain on assets sold	13	-	-	-	-	3,051	-

27.1 Due from Other Banks

The outstanding balances for due from other banks with certain Directors, Officers, Stockholders and Related Interests (DOSRIs) as of and for the periods ended December 31, 2025, 2024 and 2023 amounted to P25, P2,009, and P1,896, respectively.

27.2 Loans and Receivables

In the ordinary course of business, the Group has loan transactions with each other, their other affiliates, and with certain DOSRIs. Under existing policies of the Group, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risks.

As of December 31, 2025 and 2024 the Group and Parent Company are in compliance with these regulatory requirements.

As of December 31, 2025, and 2024, the Group has not recognized impairment loss on loans and receivables from DOSRI.

27.3 Deposit Liabilities

Deposit liabilities transactions with related parties have similar terms with third party depositors.

The Bank enters into deposit transactions with related parties in the ordinary course of business. These deposits (demand, savings, and time) are undertaken at arm's length and on substantially the same terms and conditions as those offered to third-party customers for comparable products, currencies, tenors, and volumes. Interest rates fall within prevailing market ranges; the deposits are unsecured and not subordinated; and no preferential pricing, fee waivers, linked concessions, or side agreements are provided. No guarantees or other credit enhancements are granted or received beyond standard product features.

Balances and the related interest expense arising from these deposits are recognized in accordance with the Bank's accounting policies and are settled in cash under normal commercial terms. There were no defaults, waivers, or modifications of terms, no offsetting arrangements with related party assets, and no collateral received or pledged in respect of these balances during the periods presented. All transactions comply with the Bank's Related Party Transactions Policy and applicable regulatory requirements and are subject to appropriate governance and oversight.

27.4 Sale and Purchase of Securities

The Parent Company and certain subsidiaries engage in the trading of investment securities as counterparties to the transaction. These transactions are priced similar to transactions with other counterparties outside the Group and there are no unsettled transactions as of the end of each reporting period.

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27.5 Retirement Fund

The Parent Company and certain subsidiaries' retirement funds covered under their post-employment plan maintained for qualified employees are administered and managed by RTC in accordance with the respective trust agreements covering the plan.

The retirement funds have transactions with the Group and Parent Company as of December 31, 2025, 2024 and 2023 as follows:

Nature of Transactions	Group		Parent Company	
	Net Amount Transaction	Outstanding Balance	Net Amount Transaction	Outstanding Balance
<i>(Amounts in PHP)</i>				
2025				
Investment in common shares of Parent Company	26	444	18	436
Deposits with the Parent Company	43	83	23	49
Fair value gains	19	-	19	-
Post-employment benefit asset	(399)	2,384	(362)	2,384
2024				
Investment in common shares of Parent Company	25	418	31	418
Deposits with the Parent Company	2	40	26	26
Fair value gains	32	-	31	-
Post-employment benefit asset	120	2,745	81	2,746
2023				
Investment in common shares of Parent Company	(862)	393	(862)	387
Investments in corporate debt securities of Parent Company	(2)	-	-	-
Deposits with the Parent Company	4	38	(4)	-
Fair value gains	(12)	-	(12)	-
Interest income	2	-	-	-
Post-employment benefit asset	3,127	2,625	3,127	2,665

On March 16, 2023, the Bank transferred and leased back certain real estate properties to Frame Properties, Inc. for a 100% ownership in the latter, which was subsequently transferred to the post-employment defined benefit plan as contribution to the plan assets (see Notes 13 and 23.2). The sale qualified as a sale and leaseback and was accounted under PFRS 16. Right-of-use asset and lease liability recognized amounted to P554 and P1,915, respectively. Lease payments made on the lease amounted to P412 and P361 during 2025 and 2024, respectively.

The carrying amount and the composition of the plan assets as of December 31, 2025, 2024 and 2023 are disclosed in Note 23.2. Investments in corporate debt securities include LTNCD issued by the Parent Company.

The information on the Group and Parent Company's contributions to the retirement fund and benefit payments through the fund are disclosed in Note 23.2.

The retirement fund neither provides any guarantee or surety for any obligation of the Group nor its investments in its own shares of stock covered by any restriction and liens.

27.6 Bills Payable

The outstanding balances for bills payable with its related parties as of December 31, 2025 and 2024 amounted to P5,550 and P14,870, respectively. These bills payable are unsecured and bear interest at rates ranging from 2.5% to 7%, with average original terms of 3 months to 4 years.

27.7 Other Related Party Transactions

(a) Lease Contracts with ATYCI and RRC and Sublease Agreement with Subsidiaries

The Parent Company and certain subsidiaries occupy several floors of RCBC Plaza as leaseholders of RRC [see Note 28.2(b)]. In October 2022, the Parent Company entered into a five-year lease agreement with ATYCI (see Note 13). Amortization of right-of-use of asset amounted to P555, P553 and P719 for the years ended December 31, 2025, 2024 and 2023, respectively, and are presented as part of Depreciation and Amortization account in the statements of profit or loss. The Parent Company's lease contract with RRC and ATYCI is effective until December 31, 2025 and September 30, 2027, respectively. The RCBC Plaza lease contract with RRC was renewed for another five years from January 1, 2026 to December 31 2030, effective in November 2025 (see Note 13).

The Parent Company has entered into sublease agreements with certain subsidiaries for office space in RCBC Plaza at market, arm's length terms. The subleases have a five-year term, from January 1, 2026 to December 31, 2030, and are coterminous with the head lease. Rentals are billed monthly and sublease income is recognized in the period earned. The related-party balances and transactions arising from these subleases are approved in accordance with the Group's related-party policy and are eliminated upon consolidation.

Rental income by Parent Company related to these sublease arrangements is included as part of Rentals under the Miscellaneous Income account in the statements of profit or loss (see Notes 14.2 and 24.1). The outstanding receivable on the lease contracts, if any, is presented as part of Accounts receivable under Loans and Receivables account in the statements of financial position (see Note 11). The related outstanding receivable is unsecured, noninterest-bearing and payable in cash on demand. Management believes that the receivables on the sublease agreements are fully recoverable.

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(b) Service Agreement with RBSC

The Parent Company has Service Agreement (the Agreement) with RBSC, wherein RBSC shall provide the Parent Company with marketing, distribution, technical, collection and selling assistance and processing services in connection with the operation of the Parent Company's credit card, and personal and salary loans business. The total service processing fees incurred by the Parent Company is recognized as part of the Service and processing fees under the Miscellaneous expenses account in the statements of profit or loss (see Note 24.2). The outstanding payable related to the service agreement is presented as part of Accounts payable under Other Liabilities account in the statements of financial position (see Note 21). The related outstanding payable is unsecured, noninterest-bearing and payable in cash on demand.

(c) Increase in Shareholding of SMBC

On November 2, 2022, the Bank's BOD approved the increase in shareholding of SMBC, an existing shareholder of 4.99% of the total outstanding common stock of the Bank, to 20% through the combined sale of subscription of an aggregate of 382 common stock to SMBC, partly coming from the reissuance of treasury shares and issuance of new common stock, at the price of P71 per share. The additional capital infusion was made on July 31, 2023 (see Notes 22.1 and 22.2).

On December 22, 2025, SMBC increased its ownership in RCBC from 20.00% to 24.46% upon acquiring an additional 4.46% equity stake from an existing shareholder for P6,400 million.

(d) Donation of Properties from NPHI to RCBC

On July 7, 2023, NPHI executed a deed of donation transferring to the Parent Bank certain real estate properties with a carrying amount of P2. On November 6, 2023, these properties were subsequently sold by the Parent Bank to PMMIC for a total consideration amounting to P57.

(e) Sale of Tarlac Property to a Subsidiary of HOI

On December 29, 2023, the Parent Company sold a property located in Tarlac with a selling price of P2,673 and a carrying amount of P385 resulting to a P2,288 gain, presented as part of Gain on assets sold – net under Other Operating Income in the 2023 statement of profit or loss (see Notes 15.1 and 30).

(f) Key Management Personnel Compensation

The breakdown of key management personnel compensation follows:

(Amounts in PHP)	Group		
	2025	2024	2023
Short-term employee benefits	559	546	566
Post-employment defined benefits	13	26	16
	<u>572</u>	<u>572</u>	<u>582</u>

	Parent Company		
	2025	2024	2023
Short-term employee benefits	<u>365</u>	<u>358</u>	<u>395</u>

(g) Lease Contracts with Frame Properties, Inc.

The Parent Company and certain subsidiaries lease office spaces and parking space from Frame Properties, Inc. In March 31, 2023, the Parent Company entered into a five-year lease agreement with Frame Properties, Inc.

In 2024, the Bank amended its lease contract with Frame Properties, Inc. to revise area occupied and lease rate for selected properties resulting in a reduction in right-of-use asset and lease liability amounting to P9 and P41, respectively.

Amortization of right-of-use assets amounted to P299 and P227 for the years ended December 31, 2025 and 2024, respectively, and are presented as part of Depreciation and Amortization account in the statements of profit or loss. The Parent Company's lease contract with Frame Properties, Inc. is effective until March 30, 2028.

(h) Service agreement with RTC

The Parent Company and RTC executed a memorandum of agreement whereby the Parent Company agreed to provide support services to RTC covering various backroom and support activities as detailed in the service level agreements executed by each servicing unit within the Parent Company. The total service processing fees earned by the Parent Company is recognized as part of Others under Miscellaneous Income in the statements of profit or loss. The outstanding receivable is presented as part of Accounts Receivable under Loans and Other Receivables in the statements of financial position

28. COMMITMENTS AND CONTINGENCIES

In the normal course of operations of the Group and Parent Company, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, tax assessments, claims from customers and third parties, etc., with amounts not reflected in the financial statements. Management does not anticipate losses from these transactions that will adversely affect the Group's and Parent Company's operations.

In the opinion of management, the suits and claims arising from the normal course of operations of the Group and Parent Company that remain unsettled, if decided adversely, will not involve sums that would have material effect on the Group's and Parent Company's financial position or operating results.

28.1 Alleged Unauthorized Transfer of Funds – Bank of Bangladesh

In February 2016, four (4) allegedly unauthorized fund transfers were made into four (4) accounts with the Bank from Bangladesh Bank's account with the Federal Reserve Bank of New York (NY Fed), before being further dispersed to other banks and casinos.

In August 2016, the MB of the BSP imposed a P1,000 fine upon the Bank, which it paid in full, without any effect on its ability to perform its existing obligations or its operations.

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28.1.1 U.S. Litigation Relating to the Bangladesh Bank Incident

Failing to prosecute the Bank under the Federal Racketeer Influence and Corrupt Organizations Act, Bangladesh Bank initiated a second complaint before the New York State Court (NY State Court) on May 27, 2020. The Bank has since sought the dismissal of this second case, citing (a) New York's lack of personal jurisdiction over it; (b) the impropriety of New York as a forum, given the ongoing related proceedings in the Philippines and the location of material witnesses/evidence; and (c) the untenable nature of the fraud charge against the Bank due to the lack of any fiduciary duty to Bangladesh Bank.

In a Decision/Order dated January 13, 2023, the NY State Court denied the Bank's Motion to Dismiss, ruling, among others, that (a) it has jurisdiction over the case, as the Bank's mere act of maintaining correspondent accounts in New York is purportedly tantamount to conducting business in the said jurisdiction; (b) it is irrelevant that the Bank was not the entity which initiated the transfer of funds; (c) the NY State Court will properly focus on the theft which occurred in New York and not the laundering of the funds stolen; and (c) the location of the witnesses/documents favor New York.

The Bank timely filed its answer within the extension period granted by the NY State Court. The Bank likewise participated in the May 16, 2023 court-mandated mediation; which, however, failed and was terminated. The parties are then availed of the different modes of discovery as directed by the NY State Court. Depositions commenced in May 2025 and is still ongoing.

28.1.2 U.S. Appellate Litigation at the Supreme Court of the State of New York Appellate Division, First Judicial Department (the NY Appellate Division, First Judicial Department) relating to the Bangladesh Bank Incident

The Bank filed its appeal on the aforesaid January 13, 2023 Decision/Order of the NY State Court, and timely filed its Appellant's Brief on July 19, 2023. The Bank argued that, in denying its Motion to Dismiss, the NY State Court practically reversed its earlier Decision/rulings on the very same issues which had resulted in the dismissal of the case against the Philippine casinos.

The Bank further pointed out that (a) the NY Appellate Division, First Judicial Department in *Bangladesh Bank v. Rizal Commercial Banking Corp.* 216 AD 3d590 (the Bloomberg case) has affirmed (1) the correctness of the aforesaid dismissal, as with the NY State Court's ruling that New York does not have a substantial nexus to the action; and (2) that the Philippines is a viable alternate forum; and (b) given the lack of material distinction between the facts/circumstances of the now-final Decision in the Bloomberg case and the Bank's case, the assailed NY State Court's Decision/Order dated January 13, 2023 violates the said judicial precedent and must be set aside.

Bangladesh Bank, on the other hand, (a) made it appear that the NY Fed was the target of the supposed conspirators when (1) its Complaint states otherwise; and (2) the NY Fed, in the Bloomberg case, stated that there was no evidence of any attempt to actually penetrate the Federal Reserve System or that the same was compromised; (b) now claimed that it is a

quasi in rem resident of New York via its ownership of a bank account in New York with hundreds of millions of dollars; and (c) tried to downplay the significance of the Bloomberg case Decision, claiming that the Philippine casinos were involved in money laundering while the Bank was involved in the conspiracy and theft of funds.

In a Decision and Order dated 29 February 2024, the Appellate Division, First Judicial Department of the Supreme Court of the State of New York (the "Appellate Court") dismissed three (3) causes of action (i.e., conversion aiding and abetting conversion, and conspiracy to commit conversion) against the Bank and its impleaded officers.

The Appellate Court likewise dismissed the case against four of the Bank's officers. It was held, however, that the case can proceed against the Bank and the remaining defendants on the other causes of action.

Appeals were filed but all were denied. No further development is expected in this case. This appeal is now considered closed.

28.1.3 Philippine Litigation Relating to the Bangladesh Bank Incident

After initially issuing differing rulings on whether Bangladesh Bank was properly served with summons and even dismissing the case, the Makati Trial Court, in its Resolution dated May 31, 2023, (a) reinstated the same; and (b) deputized Bangladesh Bank's Philippine counsel to serve summons upon its client, citing Sec. 13, Rule 14 of the 2019 Amendments to the 1997 Rules of Civil Procedure. The Makati Trial Court reiterated this ruling in its Resolution dated October 11, 2023, which denied Bangladesh Bank's Motion for Reconsideration. Instead of appealing the resolution of the Makati Trial Court, Bangladesh Bank filed a Memorandum of Authorities dated 7 December 2023. In an Order dated 27 February 2024, the Makati Trial Court held that the matter regarding Bangladesh Bank's state immunity is deemed submitted for resolution.

The Bank continues to deny liability and is vigorously defending itself against Bangladesh Bank's claims. As discussed above, the Court has dismissed several causes of action asserted against the Bank. Discovery is ongoing and the parties will continue to exchange documents and proceed to depositions over the next several months. To date, document discovery by the parties does not clearly establish that RCBC officers or directors engaged in or had knowledge of the intentional wrongdoing alleged by Bangladesh Bank.

Except for the matters discussed above, the Bank is not aware of any suits and claims by or against it or its subsidiaries, which if decided adversely, would have a material effect on its financial position or operating results.

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28.2 Lease Commitments – Group as a Lessor

a. Finance Lease

The Group, as a lessor, enters into finance leases covering various equipment and vehicles with lease term ranging one to more than five years. To manage its risks over these finance leases, the Group retains its legal title over the underlying assets and are used as securities over the finance lease receivables. The Group's future minimum lease payments receivable (MLPR) under this finance lease together with the present value of net minimum lease payments receivable (NMLPR) are shown below:

<i>(Amounts in PHP)</i>	2025		2024	
	Future MLPR	PV of NMLPR	Future MLPR	PV of NMLPR
Within one year	59	53	145	138
After one year but not more than two years	727	622	741	641
After two years but not more than three years	190	163	268	231
After three years but not more than four years	1	1	15	12
After four years but not more than five years	124	106	190	151
More than five years	63	54	39	29
Total MLPR	<u>1,164</u>	<u>999</u>	1,398	1,202
Unearned lease income	<u>(165)</u>	-	(196)	-
Present value of MLPR	<u><u>999</u></u>	<u><u>999</u></u>	<u><u>1,202</u></u>	<u><u>1,202</u></u>

The only change in the carrying amount of the net investment in finance leases during the year is the amortization of finance income. The net investment relating to this finance lease is presented as part of Lease contract receivables under Loans and Receivables account in the statements of financial position (see Note 11). The interest income from the finance leases amount to P163, P226, and P323 in 2025, 2024 and 2023, respectively, and is presented as part of is recognized as part of Interest Income in the statements of profit or loss (see Note 11).

b. Operating Lease

RRC entered into several lease agreements for lease of machineries and equipment for a period of one to more than five years. Total rent income earned from these leases amounted to P232, P283, and P424 in 2025, 2024, and 2023, respectively, which are presented as Rentals under the Miscellaneous Income account in the statements of profit or loss (see Note 24.1).

The Group is subject to risk incidental to the leasing operations which include, among others, changes in the market rental rates, inability to renew leases upon lease expiration and inability to collect rent from lessees due to bankruptcy or insolvency of lessees. To mitigate these risks, lessees pay guarantee deposit ranging from 10% to 20% of the value of the leased assets, which is forfeited in case a lessee pre-terminates without prior notice or before the expiry of lease terminate without cause.

There are no variable lease rentals as of December 31, 2025, 2024, and 2023.

The Group's and Parent Company's future minimum rental receivables under this non-cancellable operating lease arrangement are as follows:

<i>(Amounts in PHP)</i>	Group		
	2025	2024	2023
Within one year	195	326	338
After one year but not more than two years	114	140	312
After two years but not more three years	58	45	126
After three years but not more than four years	39	16	31
After four years but not more than five years	2	3	7
	<u>408</u>	<u>530</u>	<u>814</u>

28.3 Capital Commitments

As of December 31, 2025 and 2024, the Group and Parent Company has no contractual commitment for the acquisition of Bank premises, furniture, fixtures and equipment, Intangible assets, and Investment properties (see Notes 13, 14 and 15).

29. EARNINGS PER SHARE

The following shows the Group's profit and per share data used in the basic and diluted EPS computations for the three years presented:

<i>(Amounts in PHP)</i>	2025	2024	2023
Net profit attributable to Parent Company's shareholders	10,558	9,520	12,218
Dividends paid to preferred shareholders and distributions allocated to holders of hybrid perpetual securities	(745)	(1,096)	(1,068)
	<u>9,813</u>	<u>8,424</u>	<u>11,150</u>
Weighted average number of outstanding common shares of stock	<u>2,420</u>	<u>2,420</u>	<u>2,198</u>
Basic and diluted EPS*	<u>4.06</u>	<u>3.48</u>	<u>5.07</u>

* Full-precision amounts and shares were used in the basic and diluted EPS calculation

The convertible preferred shares did not have a significant impact on the EPS for each of the periods presented. The Group and the Parent Company has no other potential dilutive shares as of the end of each reporting period.

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30. SUPPLEMENTARY INFORMATION TO STATEMENTS OF CASH FLOWS

Significant non-cash transactions of the Group and the Parent Company include additional leases under PFRS 16 as discussed in Notes 13 and 27; disposals of bank premises and investment properties as discussed in Notes 13 and 14; sale and leaseback of properties to Frame Properties, Inc. for a 100% ownership which was subsequently transferred to retirement fund as discussed in Notes 13 and 27.4; reclassifications between investment properties to NCAHS as discussed in Notes 14 and 15; additions of real properties, chattel properties and other assets through foreclosures, dacion in payment and repossessions as discussed in Notes 14.1 and 15; and, partial settlement of certain loan in exchange of equity securities as discussed in Note 15.

In 2023, the Parent Company sold a property located in Tarlac with a total selling price of P2,673, which is paid partly in cash and through issuance of sales contract receivables [see Notes 15.1 and 27.7 (f)].

On July 14, 2023, the Parent Company sold NPFI and Cajel to FLI for a total consideration price of P544, broken down into cash amounting to P190 and loans receivable amounting to P364 (see Note 12).

Presented below is the reconciliation of the Group and Parent Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Group				
	Bills Payable (see Note 18)	Bonds Payable (see Note 19)	Lease Liability (see Note 21)	Hybrid Perpetual Securities (see Note 22.4)	Total Financing Activities
<i>(Amounts in PHP)</i>					
Balance at January 1, 2025	86,616	26,935	5,342	14,463	133,356
Cash flow from financing activities:					
Availments/proceeds from issuance	60,540	32,945	-	-	93,485
Payments/redemption	(83,257)	-	(2,497)	(17,130)	(102,884)
Non-cash financing activities:					
Foreign exchange gains	5,926	711	-	-	6,637
Loss on redemption of hybrid perpetual securities	-	-	-	2,667	2,667
Additional lease liabilities	-	-	2,294	-	2,294
Lease termination	-	-	(6)	-	(6)
Amortization of discount and interest	(194)	(269)	297	-	(166)
FV hedge – bonds payable	-	-	-	-	-
Balance at December 31, 2025	69,631	60,322	5,430	-	135,383
Balance at January 1, 2024	50,858	34,939	6,687	14,463	106,947
Cash flow from financing activities:					
Availments/proceeds from issuance	43,948	23,138	-	-	67,086
Payments/redemption	(10,232)	(31,542)	(2,366)	-	(44,140)
Non-cash financing activities:					
Additional lease liabilities	-	-	669	-	669
Lease Termination	-	-	(12)	-	(12)
Foreign exchange losses	2,042	718	-	-	2,760
Amortization of discount and interest	-	(114)	364	-	250
FV hedge – bonds payable	-	(204)	-	-	(204)
Balance at December 31, 2024	86,616	26,935	5,342	14,463	133,356

	Group				
	Bills Payable (see Note 18)	Bonds Payable (see Note 19)	Lease Liability (see Note 21)	Hybrid Perpetual Securities (see Note 22.4)	Total Financing Activities
<i>(Amounts in PHP)</i>					
Balance at January 1, 2023	66,660	74,411	5,500	14,463	161,034
Cash flow from financing activities:					
Availments/proceeds from issuance	15,333	-	-	-	15,333
Payments/redemption	(29,767)	(39,041)	(2,131)	-	(70,939)
Non-cash financing activities:					
Additional lease liabilities	-	-	2,983	-	2,983
Foreign exchange loss	(1,368)	(450)	-	-	(1,818)
Amortization of discount and interest	-	19	335	-	354
Balance at December 31, 2023	50,858	34,939	6,687	14,463	106,947
	Parent Company				
	Bills Payable (see Note 18)	Bonds Payable (see Note 19)	Lease Liability (see Note 21)	Hybrid Perpetual Securities (see Note 22.4)	Total Financing Activities
<i>(Amounts in PHP)</i>					
Balance at January 1, 2025	80,928	26,935	5,541	14,463	127,867
Cash flow from financing activities:					
Availments/proceeds from issuance	56,919	32,945	-	-	89,864
Payments/redemption	(80,385)	-	(2,409)	(17,130)	(99,924)
Non-cash financing activities:					
Loss on redemption of hybrid perpetual securities	-	-	-	2,667	2,667
Additional lease liabilities	-	-	2,062	-	2,062
Lease termination	-	-	(6)	-	(6)
Foreign exchange gains	5,926	711	-	-	6,637
Amortization of discount and interest	(194)	(269)	291	-	(172)
FV hedge – bonds payable	-	-	-	-	-
Balance at December 31, 2025	63,194	60,322	5,479	-	128,995
Balance at January 1, 2024	43,957	34,939	7,029	14,463	100,388
Cash flow from financing activities:					
Availments/proceeds from issuance	41,100	23,138	-	-	64,238
Payments/redemption	(6,171)	(31,542)	(2,283)	-	(39,996)
Non-cash financing activities:					
Additional lease liabilities	-	-	456	-	456
Lease termination	-	-	(12)	-	(12)
Foreign exchange gains	2,042	718	-	-	2,760
Amortization of discount and interest	-	(114)	351	-	237
FV hedge – bonds payable	-	(204)	-	-	(204)
Balance at December 31, 2024	80,928	26,935	5,541	14,463	127,867

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31. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below and in the succeeding page shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

<i>(Amounts in PHP)</i>	2025					
	Group			Parent Company		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	23,656	-	23,656	23,417	-	23,417
Due from BSP	63,023	23,932	86,955	61,225	23,147	84,372
Due from other banks	9,050	-	9,050	8,916	-	8,916
Loans under reverse repurchase agreements	20,641	-	20,641	20,000	-	20,000
Interbank loans receivables	41,535	-	41,535	41,535	-	41,535
Financial assets at FVTPL	12,975	-	12,975	12,370	-	12,370
Financial assets at FVOCI - net	27,878	80,315	108,193	27,244	80,315	107,559
Investments at amortized cost - net	28,277	225,436	253,713	26,981	225,638	252,619
Loans and other receivables - net	65,361	696,516	761,877	63,893	692,470	756,363
Other resources - net	1,567	-	1,567	1,546	-	1,546
	<u>293,963</u>	<u>1,026,199</u>	<u>1,320,162</u>	<u>287,127</u>	<u>1,021,570</u>	<u>1,308,697</u>
Non-financial Assets						
Investment in subsidiaries and associates - net	-	745	745	-	6,477	6,477
Bank premises, furniture, fixtures and equipment - net	-	8,229	8,229	-	7,503	7,503
Investment properties - net	-	768	768	-	768	768
Deferred tax asset - net	-	6,331	6,331	-	5,777	5,777
Other resources - net	13,163	7,038	20,201	12,991	6,591	19,582
	<u>13,163</u>	<u>23,111</u>	<u>36,274</u>	<u>12,991</u>	<u>27,116</u>	<u>40,107</u>
	<u>307,126</u>	<u>1,049,310</u>	<u>1,356,436</u>	<u>300,118</u>	<u>1,048,686</u>	<u>1,348,804</u>
Financial Liabilities						
Deposit liabilities	326,964	698,491	1,025,455	326,075	699,408	1,025,483
Bills payable	63,382	6,249	69,631	60,303	2,891	63,194
Bonds payable	4,130	56,192	60,322	4,130	56,192	60,322
Accrued interest and other expenses	8,538	3,378	11,916	8,710	3,378	12,088
Other liabilities	22,265	9,933	32,198	23,197	8,170	31,367
	<u>425,279</u>	<u>774,243</u>	<u>1,199,522</u>	<u>422,415</u>	<u>770,039</u>	<u>1,192,454</u>
Non-financial Liabilities						
Accrued interest and other expenses	420	-	420	-	-	-
Other liabilities	5,325	-	5,325	5,191	-	5,191
	<u>5,745</u>	<u>-</u>	<u>5,745</u>	<u>5,191</u>	<u>-</u>	<u>5,191</u>
	<u>431,024</u>	<u>774,243</u>	<u>1,205,267</u>	<u>427,606</u>	<u>770,039</u>	<u>1,197,645</u>

<i>(Amounts in PHP)</i>	2024					
	Group			Parent Company		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	23,003	-	23,003	22,907	-	22,907
Due from BSP	71,235	43,995	115,230	69,459	43,304	112,763
Due from other banks	14,569	-	14,569	14,433	-	14,433
Interbank loans receivables	32,567	-	32,567	32,567	-	32,567
Financial assets at FVTPL	10,234	-	10,234	9,525	-	9,525
Financial assets at FVOCI - net	95,890	62,740	158,630	95,215	62,739	157,954
Investments at amortized cost - net	18,349	241,873	260,222	17,515	241,872	259,387
Loans and other receivables - net	70,547	639,383	709,930	69,330	634,634	703,964
Other resources - net	1,688	-	1,688	1,669	-	1,669
	<u>338,082</u>	<u>987,991</u>	<u>1,326,073</u>	<u>332,620</u>	<u>982,549</u>	<u>1,315,169</u>
Non-financial Assets						
Investment in subsidiaries and associates - net	-	600	600	-	6,720	6,720
Bank premises, furniture, fixtures and equipment - net	-	8,033	8,033	-	7,060	7,060
Investment properties - net	-	695	695	-	695	695
Deferred tax asset - net	-	6,052	6,052	-	5,578	5,578
Other resources - net	16,419	2,281	18,700	15,305	2,625	17,930
	<u>16,419</u>	<u>17,661</u>	<u>34,080</u>	<u>15,305</u>	<u>22,678</u>	<u>37,983</u>
	<u>354,501</u>	<u>1,005,652</u>	<u>1,360,153</u>	<u>347,925</u>	<u>1,005,227</u>	<u>1,353,152</u>
Financial Liabilities						
Deposit liabilities	239,203	783,591	1,022,794	238,557	784,180	1,022,737
Bills payable	66,874	19,742	86,616	65,412	15,516	80,928
Bonds payable	-	26,935	26,935	-	26,935	26,935
Accrued interest and other expenses	8,342	2,024	10,366	9,431	1,881	11,312
Other liabilities	11,360	38,952	50,312	11,360	38,077	49,437
	<u>325,779</u>	<u>871,244</u>	<u>1,197,023</u>	<u>324,760</u>	<u>866,589</u>	<u>1,191,349</u>
Non-financial Liabilities						
Accrued interest and other expenses	1,294	-	1,301	7	-	7
Other liabilities	3,338	-	3,338	3,314	-	3,314
	<u>4,632</u>	<u>-</u>	<u>4,639</u>	<u>3,321</u>	<u>-</u>	<u>3,321</u>
	<u>330,411</u>	<u>871,244</u>	<u>1,201,662</u>	<u>328,081</u>	<u>866,589</u>	<u>1,194,670</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

32. OTHER MATTERS – Impact of Global Conflicts

The ongoing Russia-Ukraine war since February 24, 2022 and subsequent geopolitical conflicts led to a surge in global crude oil and commodity prices in 2022. This volatility expanded the Philippines' imports and trade deficit to record levels. This resulted in elevated inflation worldwide which triggered aggressive Federal rate hikes that supported a strong U.S. dollar earlier in 2022.

This event prompted BSP to implement local policy rate hikes totaling 350 basis points in 2022 and another 50 bps this February 2023 to temper the high domestic inflation and be in sync with US Federal hikes to help manage the peso exchange rate. Further, the BSP also made a surprise 25 basis points off-cycle rate hike effective October 27, 2023, after the Israel-Hamas war started on October 7, 2023, for a total of rate hikes of 450 basis points since May 2022.

The increase in BSP policy rates resulted in higher cost of deposits. It has also led to unrealized mark-to-market losses in FVOCI portfolio which fluctuate according to market conditions; unless sold, these losses are recorded as part of the other comprehensive income or loss under Statement of comprehensive income.

The BSP began easing in August 2024 and has since implemented six consecutive rate cuts totaling 225 bps, bringing the policy rate to 4.25% as of February 19, 2026, the lowest since August 2022. During the same period, the U.S. Federal Reserve cut rates by 175 bps, narrowing the peso and the USD interest rate differential to 5% percentage point, marking one of the tightest spreads historically.

To mitigate these impacts, the Group continues to execute a disciplined management strategy focused on issuing higher-yield loans to offset increased funding costs, maintaining disciplined portfolio management to navigate market volatility and prioritizing growth in low-cost funding (CASA) to protect net interest margins.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP

Presented below are the supplementary information required by the BSP under Section 174 (Appendix 55) of the BSP MORB to be disclosed as part of the notes to financial statements based on BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

(a) Selected Financial Performance Indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Group		
	2025	2024	2023
Return on average equity			
<u>Net profit</u>	6.65%	6.03%	9.53%
Average total equity			
Return on average resources			
<u>Net profit</u>	0.80%	0.75%	1.06%
Average total resources			
Net interest margin			
<u>Net interest income</u>	4.77%	3.88%	3.43%
Average interest earning resources			
	Parent Company		
	2025	2024	2023
Return on average equity			
<u>Net profit</u>	6.64%	6.03%	9.52%
Average total equity			
Return on average resources			
<u>Net profit</u>	0.81%	0.76%	1.07%
Average total resources			
Net interest margin			
<u>Net interest income</u>	4.76%	3.85%	3.39%
Average interest earning resources			

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

(b) Capital Instruments Issued

(i) Common Stock

As of December 31, 2025, the Parent Company's common stock amounted to P24,195 representing 2,419,536,530 issued common shares as compared to December 31, 2024 common stock amounted to P24,195 representing 2,419,536,359 common shares.

On July 31, 2023, the Bank received a total consideration amount of P27,125 as a capital infusion coming from SMBC which involved issuance of common shares amounting to P1,686 and reissuance of the treasury at cost amounting to P9,287 (see Note 22.3). The investment of SMBC resulted in a net increase of the additional paid in capital account of the Bank amounting to P15,735, coming from the excess of the consideration received over the par value of common stock and cost of treasury shares amounting to P16,152 and directly attributable transaction costs amounting to P417.

(ii) Preferred Stock

As of December 31, 2025 and 2024, the Parent Company's issued and outstanding preferred stock amounted to P3 representing 266,194 preferred shares. These preferred shares are voting, non-cumulative, non-redeemable, participating and convertible into common stock.

During the year, certain holders exercised the conversion feature of the preferred shares, resulting in the conversion of 866 preferred shares into 171 common shares. Accordingly, issued and outstanding preferred shares decreased from 266,194 at the beginning of the year to 265,328 as at December 31, 2025, while issued and outstanding common shares increased from 2,419,536,359 to 2,419,536,530.

The Parent Company's 1,216 preferred shares were converted into 239 common shares, decreasing issued and outstanding preferred shares from 267,410 to 266,194 and increasing issued and outstanding common shares from 2,419,536,120 to 2,419,536,359 as at December 31, 2024.

The conversions were effected in accordance with the terms of the preferred shares. No cash proceeds were received in and the Parent Company reclassified amounts within equity, decreasing preferred share capital (at par) and the related additional paid-in capital, and increasing common share capital (at par) with the corresponding difference recognized within additional paid-in capital. No gain or loss was recognized related to these conversions.

(iii) Hybrid Perpetual Securities

In August 27, 2020, the Parent Company issued USD300 non-cumulative, unsecured, subordinated AT1 capital securities. The capital securities are perpetual in respect of which there is no fixed redemption date. The Parent Company may redeem the capital securities only in certain circumstances as described in the conditions of the securities and with prior written consent of BSP. Distributions are non-cumulative and payable semi-annually in arrear at a rate of 6.5%. Certain conditions provide for circumstances under which the Parent Company will not be obliged to pay any distribution on the applicable payment date.

In 2025, the AT1 securities were redeemed in accordance with the contractual terms at P17,130 and the resulting difference of P2,667 between the redemption amount and the carrying cost was charged directly to the Group's surplus (see Note 22.4).

(c) Significant Credit Exposures for Loans

The Group and Bank's concentration of credit as to industry for its receivables from customers gross of allowance for ECL is reflected below and in the succeeding page. This table also includes the industry groups above the 10% of Tier 1 capital of the Group and the Parent Bank amounting to P12,543 and P12,166, respectively, as of December 31, 2025, and P13,315 and P12,943, respectively, as of December 31, 2024.

(Amounts in PHP)	Group			
	2025		2024	
	Amount	Share	Amount	Share
Credit cards	145,797	19%	110,453	16%
Housing	118,005	16%	98,954	14%
Real estate, renting and other related activities	92,015	12%	93,193	13%
Auto	88,115	12%	62,472	9%
Electricity, gas and water	81,372	11%	69,851	10%
Wholesale and retail trade	60,655	8%	72,324	10%
Transportation and communication	52,283	7%	47,554	7%
Financial intermediaries	47,774	6%	72,473	10%
Manufacturing (various industries)	39,442	5%	47,839	7%
Consumer*	12,565	2%	10,090	1%
Mining and quarrying	4,490	1%	4,581	1%
Agriculture, fishing, and forestry	4,291	1%	4,075	1%
Hotels and restaurants	3,718	-	3,972	-
Other community, social and personal activities	3,143	-	2,461	-
Others	7,572	1%	10,342	1%
	761,237	100%	710,634	100%

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

<i>(Amounts in PHP)</i>	Parent Company			
	2025		2024	
	Amount	Share	Amount	Share
Credit cards	145,797	19%	110,453	16%
Housing	117,981	16%	98,940	14%
Real estate, renting and other related activities	90,952	12%	92,202	13%
Auto	88,043	12%	62,411	9%
Electricity, gas and water	81,362	11%	69,827	10%
Wholesale and retail trade	59,373	8%	71,297	10%
Transportation and communication	50,166	7%	44,952	6%
Financial intermediaries	47,727	6%	72,467	10%
Manufacturing (various industries)	38,810	5%	46,892	7%
Consumer*	12,552	2%	10,077	1%
Mining and quarrying	4,474	1%	4,485	1%
Agriculture, fishing, and forestry	4,166	1%	3,867	1%
Hotels and restaurants	3,602	-	3,878	1%
Other community, social and personal activities	3,015	-	2,340	-
Others	7,518	1%	10,323	1%
	755,538	100%	704,411	100%

*Includes personal and salary loans

The BSP considers that loan concentration exists when the total loan exposure to a particular industry exceeds 30% of the total loan portfolio plus the outstanding interbank loans receivable or 10% of Tier 1 capital.

(d) Credit Status of Loans

The breakdown of receivable from customers as to status is shown below.

<i>(Amounts in PHP)</i>	Group		
	Performing	Non-performing	Total Loan Portfolio
	2025		
Gross carrying amount:			
Corporate	368,895	21,520	390,415
Consumer	352,972	17,850	370,822
	721,867	39,370	761,237
Allowance for ECL	(5,110)	(16,403)	(21,513)
Net carrying amount	716,757	22,967	739,724
2024			
Gross carrying amount:			
Corporate	404,765	19,380	424,145
Consumer	273,857	12,632	286,489
	678,622	32,012	710,634
Allowance for ECL	(4,441)	(13,875)	(18,316)
Net carrying amount	674,181	18,137	692,318

<i>(Amounts in PHP)</i>	Parent Company		
	Performing	Non-performing	Total Loan Portfolio
	2025		
Gross carrying amount:			
Corporate	366,302	19,729	386,031
Consumer	352,238	17,269	369,507
	718,540	36,998	755,538
Allowance for ECL	(5,070)	(15,414)	(20,484)
Net carrying amount	713,470	21,584	735,054
2024			
Gross carrying amount:			
Corporate	402,506	16,579	419,085
Consumer	272,781	12,545	285,326
	675,287	29,124	704,411
Allowance for ECL	(4,415)	(12,797)	(17,212)
Net carrying amount	670,872	16,327	687,199

NPLs included in the total loan portfolio of the Group and the Parent Company as of December 31 as reported to the BSP are presented below.

<i>(Amounts in PHP)</i>	Group		Parent Company	
	2025	2024	2025	2024
	Gross NPLs	39,370	32,012	36,998
Allowance for impairment	(16,403)	(13,875)	(15,414)	(12,797)
	22,967	18,137	21,584	16,327

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. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after they have become past due.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

As of December 31, 2025, gross and net NPL ratios of the Group and the Parent Company as reported to BSP were 4.78% and 2.82%, and 4.53% and 2.64%, respectively. As of December 31, 2024, gross and net NPL ratios of the Group and the Parent Company as reported to BSP were 4.31% and 2.44%, and 3.95% and 2.22%, respectively. Most of the NPLs are secured by real estate or chattel mortgages. As of December 31, 2025 and 2024, the amount of restructured receivables from customer were P8,935 and P4,930 for the Group and P7,076 and P2,636 for the Parent Company.

Interest income from restructured receivables from customers amounted P97, P147, and P112 in 2025, 2024, 2023, respectively, for both the Group and the Parent Company.

(e) *Analysis of Loan Portfolio as to Type of Security*

The breakdown of the receivables from customers' portfolio as to secured and unsecured follows:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Secured:				
Real estate mortgage	202,636	203,996	201,797	203,103
Chattel mortgage	83,796	63,435	81,889	61,266
Hold-out deposits	15,464	15,089	15,464	15,089
Other securities	7,798	11,553	5,593	8,908
	309,694	294,073	304,743	288,366
Unsecured	451,543	416,561	450,795	416,045
	761,237	710,634	755,538	704,411

(f) *Information on Related Party Loans*

In the ordinary course of business, the Bank has loan transactions with each other, their 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 in the succeeding page 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 in accordance with BSP reporting guidelines.

	Group		Parent Company	
	2025	2024	2025	2024
Total outstanding				
DOSRI loans	-	-	-	-
Unsecured DOSRI	-	-	-	-
Past due DOSRI	-	-	-	-
Non-accruing DOSRI	-	-	-	-
Percent of DOSRI loans to total loan portfolio	0.00%	0.00%	0.00%	0.00%
Percent of unsecured DOSRI loans to total DOSRI loans	0.00%	0.00%	0.00%	0.00%
Percent of past due DOSRI Loans to total DOSRI	0.00%	0.00%	0.00%	0.00%
Percent of non-accruing DOSRI loans to total DOSRI loans	0.00%	0.00%	0.00%	0.00%

The following table shows the other information relating to the loans, other credit accommodations and guarantees granted to related parties (inclusive of DOSRI) as of December 31 as reported to the BSP:

(Amounts in PHP)	Group		Parent Company	
	2025	2024	2025	2024
Total outstanding				
related party loans	36,830	28,846	36,793	28,786
Unsecured related party	23,935	19,827	23,907	19,800
Past due related party	-	19	-	19
Percent of related party loans to total loan portfolio	4.84%	4.06%	4.87%	4.09%
Percent of unsecured related party loans to total related party loans	64.99%	68.73%	64.98%	68.78%
Percent of past due related party loans to total related party loans	0.00%	0.07%	0.00%	0.07%
Percent of non-accruing related party loans to total related party loans	0.00%	0.00%	0.00%	0.00%

In accordance with existing BSP regulations, the reported DOSRI performing loans exclude loans extended to certain borrowers before these borrowers became DOSRI. Under BSP regulations, total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.0% of the Group's net worth, the unsecured portion of which shall not exceed 5.0% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.0% of the net worth of the Parent Company.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025, 2024 AND 2023 (AMOUNTS IN MILLIONS OF PHILIPPINE PESOS, EXCEPT SHARE AND PER SHARE DATA OR AS INDICATED)

C01377-2026
ANNEX A

As of December 31, 2025, 2024 and 2023, the Group and Parent Company is in compliance with these regulatory requirements.

As of December 31, 2025, 2024 and 2023, the Group has not recognized impairment loss on loans and receivables from DOSRI.

(g) *Secured Liabilities and Assets Pledged as Security*

Assets pledged as security for liabilities of the Group and Parent Company are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Aggregate amount of secured liabilities	<u>63,194</u>	<u>66,056</u>
Aggregate amount of resources pledged as security	<u>81,000</u>	<u>80,523</u>

(h) *Contingencies and Commitments Arising from Off-balance Sheet Items*

The following is a summary of contingencies and commitments arising from transactions not given recognition in the statement of financial position, expressed at their equivalent peso contractual amounts as of December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Derivative assets	366,756	206,527
Outstanding guarantees issued	312,022	268,149
Derivative liabilities	139,479	105,484
Unused commercial letters of credit	20,305	23,098
Spot exchange bought	20,109	10,613
Spot exchange sold	20,107	10,617
Inward bills for collection	11,819	10,677
Late deposits/payments received	847	859
Outward bills for collection	94	28
Others	266	63

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

- Date of Report (Date of earliest event reported)
Mar 3, 2026
- SEC Identification Number
17514
- BIR Tax Identification No.
000-599-760-000
- Exact name of issuer as specified in its charter
RIZAL COMMERCIAL BANKING CORPORATION
- Province, country or other jurisdiction of incorporation
Philippines
- Industry Classification Code(SEC Use Only)
- Address of principal office
6819 Ayala cor. Gil J. Puyat Ave., Makati City
Postal Code
0727
- Issuer's telephone number, including area code
8894-9000
- Former name or former address, if changed since last report
Not Applicable
- Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,419,536,530,530
- Indicate the item numbers reported herein
-

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Rizal Commercial Banking Corporation RCB

PSE Disclosure Form 4-30 - Material Information/Transactions
*References: SRC Rule 17 (SEC Form 17-C) and
Sections 4.1 and 4.4 of the Revised Disclosure Rules*

Subject of the Disclosure
2025 Audited Financial Statements
Background/Description of the Disclosure
Please see attached
Other Relevant Information
Please refer to attached amended Audited Financial Statements (AFS) of Rizal Commercial Banking Corporation and its subsidiaries for the years ended December 31, 2025 and 2024. The AFS was amended to reflect updated record and payment dates of the March 31, 2025 dividend declarations under Note 22.5. This amendment does not impact the financial position, results of operations, financial ratios or financial indicators of the Bank and are not material to the overall financial statements. No changes were made to the face of the financial statements.

Filed on behalf by:

Name	Ma. Christina Alvarez
Designation	Corporate Planning Head and Corporate Information Officer



Partners Through Generations

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