

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Rizal Commercial Banking Corporation (security code: -)

<Assignment>

Foreign Currency Long-term Issuer Rating: A-
Outlook: Stable

Rationale

- (1) Rizal Commercial Banking Corporation (RCBC) is the fifth-largest universal bank in the Philippines in terms of total assets. It is part of the Yuchengco conglomerate, 43% owned by its holding company and affiliated companies. Sumitomo Mitsui Banking Corporation (SMBC) is the second-largest shareholder with a 20% stake following a capital and business alliance in 2021 and subsequent capital increases, treating RCBC as an equity-method affiliate. RCBC's rating reflects its decent business foundation, stable earnings structure supported by a diversified business portfolio, good liquidity, and adequate capital levels. JCR has also taken into account the synergies of working with SMBC and the likelihood of capital support for RCBC's growth. On the other hand, the rating is constrained by room for improvement in asset quality, particularly its high nonperforming loan ratio. Based on above, JCR assigned the rating of "A-" with Stable outlook. Due to RCBC's retail-focused loan expansion strategy, its credit costs are expected to increase further. JCR is focusing on whether the balance between loan income and credit costs will improve. Given the banking industry's vulnerability to the financial and economic conditions of the host country, the rating will be capped by the Philippines' sovereign rating (Foreign Currency Long-term Issuer Rating: A-/Stable).
- (2) RCBC has established a decent business foundation. At the end of 2024, its corporate loans and retail loans accounted for 59% and 40% of the total, respectively. Its corporate loans are divided into two segments: the corporate division, which focuses on large companies, and the SME division, which focuses on small and medium-sized enterprises. The corporate division has stable loan balances based on long-standing relationships with major conglomerates and leading regional companies and has established a solid business foundation. However, the expansion of the corporate division is constrained by the need to secure low-cost deposits (CASA) necessary to achieve competitive yields. The SME division has seen an increase in its nonperforming loan ratio due to recent high interest rates and is working to reduce its loan balance. The retail division offers loan products such as mortgages, auto loans, and credit cards. RCBC is advancing the sophistication of its products and sales methods, such as introducing residual value-based auto loans and employee marketing program utilizing SMBC's expertise. It is also promoting digitalization, enabling customers to conduct deposit transactions, foreign exchange transactions, and investment management via an app, thereby enhancing customer convenience. Additionally, it is expanding its customer base through multilingual apps to promote financial inclusion and mobile ATMs via affiliated stores. As a result of these initiatives, its loan balance has been increasing by an average of 11% annually over the past three years, with retail loans growing at an average annual rate of 25%. Its deposit balances have increased by an average of 15% annually, with the proportion of CASA deposits slightly exceeding 50% of total deposits. While CASA balances have increased due to the capture of retail customers, JCR believes that funding through time deposits will also remain important for RCBC, considering the pace of its loan balance growth.
- (3) RCBC's revenue stability is high, with net interest income accounting for approximately 80% of its operating revenue. The interest income is on an upward trend due to improved yields accompanying the expansion of retail lending and an increase in loan balances. The deposit interest rates have declined due to the renewal of time deposits, resulting in a net interest margin of 4.6% for the first half of FY2025, which is on par with competitors (3.9% for the full year of 2024). The profit before loan loss provisions and taxes has improved, supported by an increase in net interest income, reaching a record high of PHP 21.6 billion (up 5.2% from the previous fiscal year) in FY2024 and PHP 13.2 billion (up 37% from the same period of the previous year) in the first half of FY2025. JCR expects the trend of increased net interest income driven by loan expansion focused on retail lending and the resultant improvement of the profits before loan loss provisions and taxes to continue going forward.

- (4) There is room for improvement in RCBC's asset quality. JCR believes that the increase in nonperforming loans for small and medium-sized enterprises, which are more susceptible to economic cycles than large companies, and the concentration of credit exposure to large borrowers are key challenges. With policy interest rates remaining at high levels in recent years, the creditworthiness of small and medium-sized enterprises has deteriorated, causing RCBC's nonperforming loan ratio to rise to 4.8% at the end of June 2025 (from 4.3% at the end of 2024). RCBC plans to curb lending to small and medium-sized enterprises to mitigate the impact. JCR considers that it will take time for the nonperforming loan ratio for corporate lending to improve, since the bank has not yet taken steps to reduce its outstanding small and medium-sized enterprises loan balance. For retail loans, JCR holds that there are little concerns about them. Although mortgages and auto loans have a higher nonperforming loan ratio, they are secured by collateral. Regarding credit cards, credit costs incurred due to write-offs are absorbed by lending income. Looking at the loan portfolio, there is a high concentration of loans to large borrowers due to long-standing relationships with powerful conglomerates. While the creditworthiness of large borrowers is currently strong, there is a possibility of a sharp increase in credit costs if their business conditions deteriorate rapidly.
- (5) Risks in securities investments are being controlled. The deposit-to-security ratio stood high at 42% at the end of 2024. However, securities RCBC holds are primarily government bonds, with risk exposure concentrated on interest rate risk. Market risks are managed daily using Value at Risk (VaR), and the risk level relative to capital is adequately controlled. Interest rate risk exposure in its banking account is also kept below 4% of the tier 1 capital.
- (6) RCBC's consolidated capital adequacy ratio and CET1 ratio stood at 16.08% and 13.53%, respectively, at the end of 2024, which are appropriate levels for a bank in the A range. Since 2021, its capital base has been strengthened through capital injections from SMBC. The recent capital increase comes from capital accumulation through retained earnings in addition to the capital injections from SMBC, and there are no problems with the quality of its capital. Going forward, its risk-weighted assets are expected to increase in keeping with loan expansion. However, its CET1 ratio is projected to remain above 13%, supported by capital accumulation and anticipated backing from major shareholders. The loan-to-deposit ratio stands at 72.6%, and both the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) significantly exceed regulatory thresholds, with no liquidity concerns.

Masato Hotta, Shinya Iwasaki

Rating

Issuer: Rizal Commercial Banking Corporation

<Assignment>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: October 8, 2025

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (October 1, 2024), "Banks" (October 1, 2021) and "Rating Methodology for Financial Groups' Holding Companies and Group Companies" (September 1, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Rizal Commercial Banking Corporation
Rating Publication Date:	October 9, 2025

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Kiichi Sugiura, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Kiichi Sugiura
General Manager of International Department

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