BINHI Rural Bank

Annual Report

2025

www.binhiruralbank.com

binhiruralbank@gmail.com

Formerly: Rural Bank of Balingasag, Inc.
Leope Building, CM Recto Ave., Brgy. 25, Cagayan de Oro City, 9000, Misamis Oriental
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SECTION 1. CORPORATE POLICY

Binhi Rural Bank, Inc. is a domestic rural bank founded in 1970. We provide financial services such as loans primarily for consumers, MSMEs, and agricultural purposes. We also offer savings and time deposits services.

The renaming of the Bank to **"BINHI"**, which is the Filipino word for seed, marked the commitment towards aligning the bank's identity and services to support and empower its clients towards growth. BRBI is driven to continuously internally improve, and externally to develop financial programs that best address our community's needs.

CORPORATE VISION

1. The BINHI Rural Bank, Inc. ("the Bank") envisions to become the leading and innovative Rural Bank and micro-finance institution in the country, touching the lives of a great number of entrepreneurial poor.

2. To become a Php1 Billion Rural Bank by **2028**.

CORPORATE MISSION

The BINHI Rural Bank, Inc. is a banking institution with the following aims:

1. To help entrepreneurial poor to strive towards self-reliance by generating income and capital build-up.

2. To be able to formulate innovative financial packages, addressing the needs of the market segments and giving a good financial return of investments for further expansion and growth.

3. To be able to flow back retained earnings to operations & to be able to touch more lives in the process.

4. To provide professionals milieu for all employees, assuring them good compensation commensurate to their contribution in the growth and development of the company. It shall not be limited to financial rewards but more importantly, the environment where each staff will have room for personal and professional growth.

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CORPORATE BELIEFS

1. We believe that success is not measured by wealth, health, position and prestige one has, but by the number of lives we have touched in our lifetime.

2. We believe that our existence depends on how we are able to help our clientele, and how relevant our innovative financial packages are to their personal needs.

3. We believe that it is not only the financial compensation that we derive from our work that is important, but also our ability to find fulfilment and satisfaction that we realize we are helping a lot of people in the process.

4. We believe that the Bank should have a decent return on investment, not for profit as an end, but as a means to be able to reach out more people who need our assistance.

5. Lastly, we believe that for the company to sustain its growth and development, all its stakeholders-managers, employees, market, clientele, investors, and owners should be justly compensated.

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MESSAGE FROM THE PRESIDENT

Dear Fellow Shareholders,

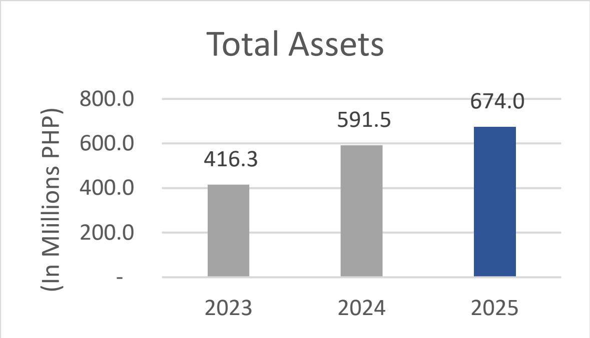
On behalf of the BRBI Team, it is my pleasure to report that the Bank has achieved multiple milestones this year. Bank's total resources ended at record high, PHP674M. This is brought on by increased consumer trust leading to a ~ PHP480million deposit portfolio. Further, we also ended with a strong net loan portfolio ending at ~ PHP350million, showcasing the bank's commitment to support the community's credit needs. This loan portfolio is also the healthiest quality in the bank's history, ending the year at 5.44% past due rate, well within the bank's target of <10%, and lower than previous year's 7.75%.

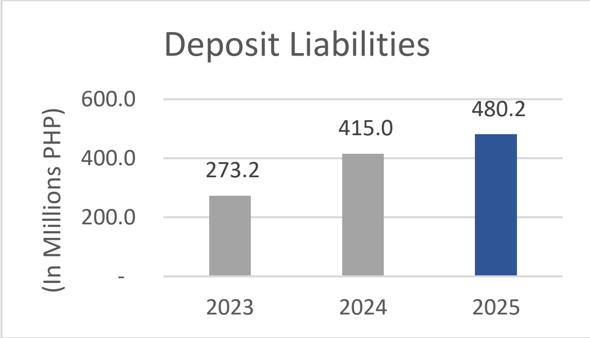
BRBI was able to achieve these milestones with no new additions to its existing 13-unit footprint. The team focused on deepening relationships within the localities of our network. Moving forward, the bank shall continue formulating initiatives true to the core of rural banking, that is, rural and community development, by augmenting organizational structure and enhancing products, services and processes.

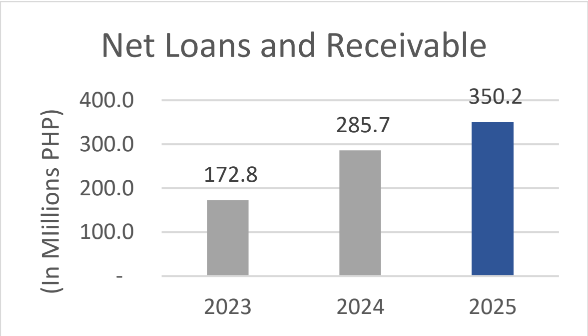
Presenting herewith, is BRBI's annual report for the year ended December 31, 2025. This report includes the organization's vision, mission and corporate values, including our two (2) year financial highlights.

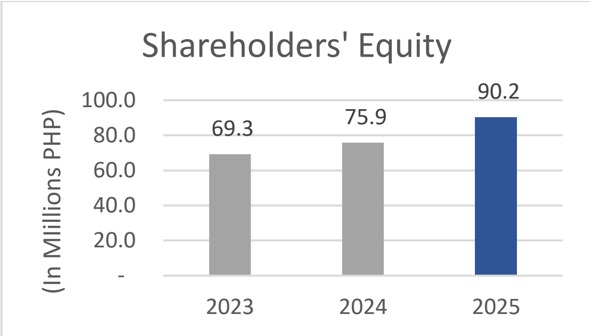
Melissa Tamara O. Argayoso
President

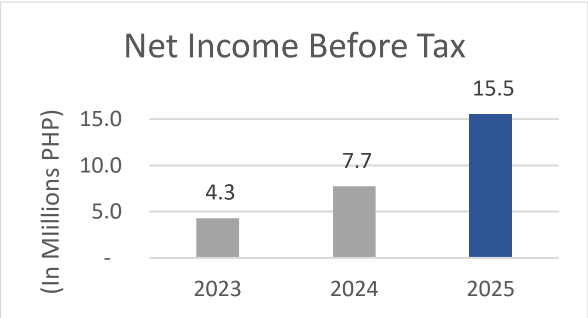
FINANCIAL HIGHLIGHTS AT A GLANCE

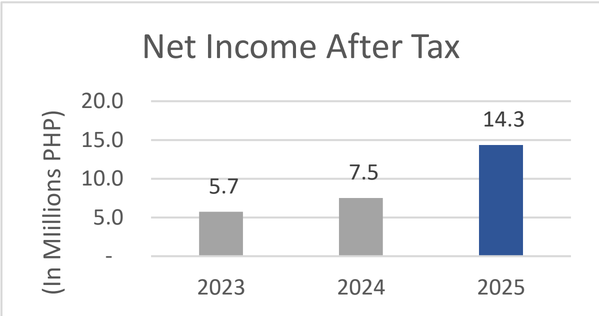












OUR STRATEGY & BUSINESS MODEL

Revenue Generation

1. Loan Portfolio
   The Bank maintains its prudential credit granting procedures, and with the contribution of our 13-unit network, we have posted our record high gross loan portfolio of 364.3M.

   1.1. Cluster Heads, Branch/BLU Officers in Charge (OICs) and Account Officers continue their marketing efforts for loan client acquisition.
   1.2. New Product Offerings:
   Although no new loan products were introduced this year, the team has managed to deepen and expand client acquisition that drove both our deposit and loan portfolio growth. The team shall revisit in 2026 new products to be developed and tested.
   1.3. Motorcycle Loans Portfolio has grown by 39% year on year with approximately 83M gross loan portfolio. Motorcycle loans now comprise 23% of the bank's total gross loans.

2. Place liquid assets in interest bearing instruments
   2.1. While loan portfolio growth may take time to materialize, BRBI's treasury officer continues to manage liquid assets to satisfy the different interests of the bank: (1) optimizing investment yields, (2) just-in-time availability of funds for operations, and (3) capital adequacy ratio requirements.
   2.2. Due to the increasing interest rates available in the market despite Bank's preference for short term placements, Y-o-Y income from time deposits and government securities have improved by 48%, contributing ~PHP7M compared to around PHP4.7M from previous year.

3. Aggressive Recovery of Charged Off Accounts and Sale of ROPA
   3.1. BRBI's net income has been driven in large part due to effective collections from ROPA and ROCOA accounts. Gain On Sale from ROPA Disposal amounted to ~PHP5.52 Million in 2025 compared to ~PHP4.37Million the year prior. On the other hand, ROCOA improved from ~PHP0.817M last year to ~PHP1.596M this year.
   3.2. We plan to continue pursuing this revenue stream as there is still a sizeable number of accounts to be recovered. Moreover, developing the skill and expertise of the remedial group in capital recovery from delinquent accounts allows the bank more flexibility in its credit risk taking activities moving forward.

Improve asset quality of loans receivable

The Bank has improved its asset quality this year, reducing PDR from 7.75% last year (with ~2.67% identified as Non Performing) down to 5.44% (with ~2.62% identified as Non Performing). This is aligned with BRBI's internal 10% Past Due threshold, as documented in the 2025 Targets. These ratios are the bank's recorded lowest since 2021.

Moving forward, the Bank will aggressively continue its efforts to improve the asset quality of its loans receivable through the following:

1. Build and continuously develop the credit risk middle office for centralized processing, administration, and risk mitigation of above Php100,000 loans, comprising of credit analysts, credit investigators and appraisers.

2. Periodic asset quality review independently assessed by the compliance unit. Recommended allowance for credit losses shall be booked accordingly - after securing proper approvals.

3. Proactive resolutions to delinquent accounts:

    3.1. For past due performing loans:

        3.1.1. Reclassify to current through proper communication and enhanced collection arrangements with clients.

        3.1.2. Renew loan accounts on case-to-case basis.

    3.2. For non-performing loans:

        3.2.1. Unsecured Loans: Aggressive 100% booking of provision -> Write Off -> Remedial/Litigation/Compromise Agreements

        3.2.2. Secured Loans: Booking of provision -> Extrajudicial foreclosure of collateral -> Reclassification to ROPA -> ROPA disposal

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Expense Management

1. BRBI targets a composite cost of money to be within 3%. This was achieved in 2025, with 2.80% as the CCM. Strategies to retain this are as follows:

    1.1. Drawdown on rediscounting and other standby credit lines on case-to-case basis, while maintaining a good record to become eligible to lower rates.
    1.2. Periodically (currently on an annual basis) review further deposit rate reduction for savings and time deposit products.
    1.3. Target a minimum 60:40 mix, in favor of low-cost deposits: savings and basic deposit accounts. This was achieved in in 2025 ending with 63:36 mix. The steady TD volume in the bank's deposit portfolio contributed to the all-time high deposit level in 2025.

2. Operating expenses have increased at 6% this year (lower than the 11% in 2024, and 25% in 2023). The reduction in YOY increase is primarily brought on by the deferment of branch/blu expansion for the year. The Bank targets the following:

    Non-interest expense = ≤ 60% of Net Interest Margin plus Other Income from loans

Deposit Generation

BRBI's total deposit grew modestly compared to previous years at 16%. Bank is expecting more growth in the coming years as market develops in the existing locations. Management projects that these operating units will continue to become a good source of deposits as they are currently unbanked/underbanked.

We understand that deposit growth will take time, however, the Bank remains committed to developing its presence in more rural communities as a long term campaign effort for low cost funding, as well as to carry out its mission to provide financial services that contribute and support the economic activities and growth in the area.

The management team targets at least one (1) unit per year starting 2026. To recall, two (2) units were opened in 2022, while three (3) units were opened in 2023, and halted in years 2024 and 2025, focusing first on existing locations.

Increase Available Rediscounting Lines with Different Institutions

BRBI continues to maintain and apply for rediscounting and credit line facilities with different partners. This is for contingency in case of liquidity crunches in the future.

1. Bangko Sentral ng Pilipinas (BSP)
2. Landbank of the Philippines (LBP)
3. Card SME Bank (CARD)
4. Department of Trade – Small Business Corporation (DTI – SBC)
5. Banco de Oro (BDO)
6. Development Bank of the Philippines (DBP)
7. Rizal Commercial Banking Corporation (RCBC)
8. United Coconut Planters Bank (UCPB) Savings Bank
9. Agricultural Credit Policy Council (ACPC)

Enhance and Optimize Information Technology System to support expansion program

BRBI's core banking system from Byte per Byte Software Center (BPB), not ByteSoft, allows the management and control units access to timely information necessary for decision and policy-making. At the time of writing, system and process enhancement and manpower training is a continuing work-in-progress.

Augment manpower complement to support key functions in the bank

BRBI has begun the process of formalizing its organizational structure fit for its size and immediate expansion plans. By properly delineating the key roles and responsibilities, BRBI can grow faster with proper checks and balances wherein key officers focus and specialize on their functions and milestones.

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SECTION 2. FINANCIAL & OPERATING HIGHLIGHTS

	2025	2024	Change
BALANCE SHEET (in thousands Php)			
Assets	**673,013**	591,548	*14%*
Cash & Investments	**287,491**	267,196	*8%*
Gross Loans Receivable	**364,431**	294,970	*24%*
Deposits	**480,219**	414,982	*16%*
Equity	**90,228**	75,888	*19%*
INCOME STATEMENT (in thousands Php)			
Net Interest Income	**56,987**	43,792	*30%*
Non-Interest Income	**18,147**	16,274	*12%*
Gross Operating Income	**75,135**	60,066	*25%*
Operating Expenses	**52,791**	49,848	*6%*
Pre-Provision Profit	**22,343**	10,218	*119%*
Impairment Losses	**6,803**	2,488	*173%*
Net Profit (after tax)	**14,340**	7,527	*91%*
FINANCIAL PERFORMANCE INDICATORS			
Profitability			
Return on Average Equity	**17.27%**	10.60%	*6.67%*
Return on Average Assets	**2.27%**	1.52%	*0.75%*
Earnings Per Share	**23.32**	12.24	*11.08*
Margins & Liquidity			
Net Interest Margin	**17.17%**	17.63%	*-0.46%*
Asset Quality			
Past Due Ratio	5.44%	7.75%	*-2.31%*
Past Due Provision Cover	80.74%	40.71%	*40.03%*
Capital and Leverage			
Total Qualifying Capital	86,633	73,314	*18%*
Tier 1 Capital Ratio	16.60%	16.35%	*0.25%*
Capital Adequacy Ratio	17.06%	16.95%	*0.11%*
Asset to Equity	7.5x	7.8x	
DISTRIBUTION NETWORK & MANPOWER			
Branches	3	3	0
Branch Light Units (BLU)	10	10	0
Employees (Total)	132	121	11
Officers	40	38	2
Staff	92	83	9

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SECTION 3. FINANCIAL CONDITION AND RESULTS OF OPERATION

2025 PERFORMANCE

With the bank's thirteen (13) operating units, we have posted our 9th consecutive profitable year, ending 2025 with a PHP14.3Million net profit, doubling previous year performance.

This was driven primarily by a sustained loans receivable portfolio which grew by 66% in 2024 and more modestly at 24% in 2025 ending the year at PHP364million. Healthy revenues coupled with asset quality improvement, ending at 5.44% past due ratio, contributed to boost in interest income totaling PHP64.5M for the year, 32% higher than previous period.

Non-Interest income contributed PHP18.1 million, growing steadily by 12% compared to previous year. Recoveries on Charged Off Assets and Gain on Sale also improved 26% and 95% respectively.

Year-end total deposits rose by 16% to ~PHP480million, with 63% comprising of low-cost Savings deposits.

Meanwhile, operating expenses for the year is PHP52.7M. This is 6% increase is more managed compared to 11% change the year prior. This is still primarily driven by the Bank's decision to defer opening new locations.

To fortify the balance sheet, BRBI's provisions for credit losses now amounts to PHP18.3million to cover for bad debts. Our SLL Provision cover for Past Due Loans is currently at 81%.

The Bank's equity base is now at PHP 90.2million, with Capital Adequacy Ratio of 17.06%, well above industry requirement of 10%.

BRBI believes that with these metrics, it is positioned well for continued growth and expansion for the year 2026.

REPORT ON OPERATIONS

BRBI provides basic banking products and services, specifically lending & deposit-taking.

LENDING BUSINESS

BRBI's loan portfolio ended with a 63:37 mix, with PHP230M million secured loans to PHP134M million unsecured, recording 23% and 25% growth rates respectively.

The Motorcycle Finance product accounts for PHP82.9 million of the bank's PHP364.4M gross loan portfolio, contributing 23%. The Bank is still aiming to capture the growing motorcycle market in the country, however monitoring that concentration to this portfolio to be within 30% to total gross loans.

The bank's focus on catering to the needs of SMEs have positively impacted this year's portfolio growth.

Looking ahead, BRBI intends to grow the secured SME and agricultural loan segment, while keeping the upward momentum of the motorcycle financing. Further, BRBI will continue to innovate and develop new loan products that will suit the needs of its customers, all while keeping the discipline to balance growth with loan quality and ensuring proper risk-return trade-offs are maintained.

DEPOSIT TAKING BUSINESS

BRBI's deposit portfolio's upward trend has continued this year, posting 16% YOY growth, but coming from a higher base, this is understandably lower than YOY 52% growth posted last year. The Bank is optimistic that deepening our roots with excellent service and innovate solutions, we can build consumer trust, translating to sustained deposit portfolio growth over time.

TREASURY ACTIVITIES

While BRBI's is gradually building its loan portfolio, excess liquidity has been placed in Time Deposits and Government securities. This has generated additional PHP7.066million in interest income, ~48% higher than previous year. This is brought by increasing interest rates, and increased liquidity brought by the faster growth of deposits compared to previous year.

Additionally, to diversify fund sourcing and future proofing for any liquidity gaps, BRBI has established and maintained standby credit and rediscounting lines.

SECTION 4. RISK MANAGEMENT

BRBI's Board and Management is very conscious of the importance of sound business practices. Rooted in the pursuit of the Bank's growth and profitability is the sense of responsibility to its customers—especially depositors, its stakeholders—shareholders and employees, and to the regulators. As such, risk management is part and integral to our decision-making processes as we formulate and implement strategies and plans.

OVERALL RISK MANAGEMENT CULTURE AND PHILOSOPHY

In any environment, the existence of risk associated with uncertainty is prominent. In the regulated banking sector, its share of risk evolves daily as it exposes itself to the many financial and non-financial capsules that it lives on.

BRBI continues to evaluate and study critical areas of risk in banking for proper identification, measurement, monitoring and mitigation.

RISK APPETITE AND STRATEGY

To achieve BRBI's vision, it is vital to ensure a fortified balance sheet while pursuing revenue generating risk activities.

- Maintaining a Capital Adequacy Ratio well above Industry Requirements
- Maintaining and Managing Stable and Growing Fund Sources to Ensure Liquidity
- Continuous Enhancement of Skills and Processes in Credit Management & Revenue Generation

The Board sets, approves, and monitors the risk limits of different Bank activities especially in terms of Credit and Liquidity management. Other risk factors including but not limited to Operational Risk, Interest Rate Risk, Market Risk, Regulatory Risk, Reputational Risk, Compliance Risk, and Technology Risk are being reviewed and improved as the Bank's operations and activities continue to develop.

Management, with Board Oversight, and counter checks conducted by our Internal Audit and Compliance Teams, work in concert to create a culture of risk mitigation and control, documented by policies and procedures. This will be a continuous work-in-progress to become more responsive to the bank's operations and regulatory environment.

BANK-WIDE RISK GOVERNANCE STRUCTURE

BRBI's Board of Directors takes on the ultimate responsibility and oversight of establishing and maintaining an effective risk management system to ensure that sound business practices and ethical standards are upheld, while also ensuring that regulatory frameworks are complied. It shall regularly identify, asses, monitor, mitigate, and control the different risk areas present in the practice of banking services.

New policies and procedures are ultimately approved by the Board of Directors to ensure that such activities are aligned to the business strategy set and within the bank's risk tolerance.

Due to the current number of BOD members, only the following Board Level Committees have been constituted:

1. *Credit Committee* – Responsible for the approval of Credit-Specific Bank Transactions.

2. *Audit Committee* – Responsible for assessing effectiveness and independence of the bank's internal audit function and evaluation of controls over (1) financial reporting, (2) effectiveness of operations, and (3) compliance with laws and regulations.

RISK MANAGEMENT PROCESS

The Risk Management Process is cultivated by conducting monthly reviews of performance across the different areas and activities in the bank, as reported by Management, but checked further by Compliance and Internal Audit.

At the Business Level, the Board of Directors in conjunction with the Management Committee formulate limits and evaluate actual performance of the bank as a whole.

At the Transaction Level, risk is managed by ensuring that each risk-taking activity has certain levels of dual or multiple controls, commensurate with its potential effect on the Bank's condition and performance.

AML GOVERNANCE AND CULTURE

Binhi Rural Bank, Inc., develop sound risk management policies and practices that ensure risks associated with money laundering such as counterparty, reputational, operational, and compliance risks are identified, assessed, monitored, mitigated, and controlled, as well as ensuring that the bank shall not be used as a vehicle to legitimize proceeds of unlawful activity or to facilitate or finance terrorism.

In 2022, the Board has approved BRBI's Money Laundering and Terrorism Financing Prevention Program (MTPP), under BR-2022-086, approved last May 16, 2022.

The Four (4) areas of sound risk management practices are adequate and active board and senior management oversight, acceptable policies and procedures embodied in a money laundering and terrorist financing prevention compliance program, appropriate monitoring and Management Information System and Comprehensive internal controls and audit.

1. Board and Senior Management Oversight – notwithstanding the provisions specifying the duties and responsibilities of the Compliance office and internal audit, it shall be the ultimate responsibility of the Board of Directors to fully comply with the provisions of AMLA, as amended, and its RIRR. It shall ensure that oversight on the covered AML/combating the financing of terrorism (CFT) compliance management is adequate. Senior Management shall oversee the day-to-day management of BINHI RURAL BANK, INC., ensure effective implementation of AML/CFT policies approved by the Board and alignment of activities with the strategic objectives, risk profile, and corporate values set by the Board. Senior management shall establish a management structure that promotes accountability and transparency and upholds checks and balances.

2. Compliance office. Management of the implementation of the BINHI RURAL BANK, INC.'s Money Laundering and Terrorist Financing Prevention Program (MTPP) shall be a primary task of the compliance office. To ensure the independence of the office, it shall have a direct reporting line to the board of directors or any board-level or approved committee on all matters related to AML and TF compliance and their risk management. It shall be principally responsible for the following functions among other functions that may be delegated by senior management and the board, to wit:

3. Ensure compliance by all responsible officers and employees in the AMLA, as amended, the RIRR and its own MTPP. It shall conduct periodic compliance checking which covers, among others, evaluation of existing processes, policies and procedures including on-going monitoring of performance by staff and officers involved in ML and TF prevention, reporting channels, effectiveness of the electronic money laundering transaction monitoring system and record retention system through sample testing and review of audit or examination reports. It shall also report compliance findings to the board or any board-level committee;

4. Ensure that infractions, discovered either by internally initiated audits, or by special or regular examination conducted by the Bangko Sentral, or other applicable regulators, are immediately corrected;

5. Inform all responsible officers and employees of all resolutions, circulars and other issuances by the Bangko Sentral and the AMLC in relation to matters aimed at preventing ML and TF;

6. Alert senior management, the board of directors, or the board-level or approved committee if it believes that the BINHI RURAL BANK, INC. is failing to appropriately address AML/CFT issues; and

7. Organize the timing and content of AML training of officers and employees including regular refresher trainings

8. Money Laundering and terrorist financing prevention program

    8.1. BINHI RURAL BANK, INC. shall adopt a comprehensive and risk-based MTPP geared toward the promotion of highly ethical and professional standards and the prevention of the bank being used, intentionally or unintentionally, for money laundering and terrorism financing. The MTPP shall be consistent with the AMLA, as amended, its RIRR and the provisions set out and designed according to the BINHI RURAL BANK INC.'s corporate structure and risk profile. It shall be in writing, approved by the board of directors or by the country/regional head or its equivalent for local branches of foreign banks, and well disseminated to all officers and staff who are obligated by law and by their program to implement the same. Where BINHI RURAL BANK, INC. has branches, subsidiaries, affiliates or offices located within and/or outside the Philippines, there shall be a consolidated ML/TF risk management system to ensure the coordination and implementation of policies and procedures on a group-wide basis, taking into account local business considerations and the requirements of the host jurisdiction.

    8.2. The MTPP shall also be readily available in user-friendly form, whether in hard or soft copy. The BINHI RURAL BANK, INC. must put up a procedure to ensure an audit trail evidencing dissemination process for new and amended policies and procedures. The program shall embody the following at a minimum:

9. Detailed procedures of the BINHI RURAL BANK, INC.'s compliance and implementation of the following major requirements of the AMLA, as amended, its RIRR, and this section, to wit:

    9.1. Customer identification process including acceptance policies and on-going monitoring processes;
    9.2. Record keeping and retention;

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9.3. Covered transaction reporting; and

9.4. ST reporting including the adoption of a system, electronic or manual, of flagging, monitoring and reporting of transactions that qualify as suspicious transactions, regardless of amount or that will raise a "red flag" for purposes of conducting further verification or investigation, or transactions involving amounts below the threshold to facilitate the process of aggregating them for purposes of future reporting of such transactions to the AMLC when their aggregated amounts breach the threshold. The ST reporting shall include a reporting chain under which a ST will be processed and the designation of a board-level or approved committee who will ultimately decide whether or not the BINHI RURAL BANK, INC. should file a report to the AMLC. If the resources of the BINHI RURAL BANK, INC. do not permit the designation of a committee, it may designate the compliance officer to perform this function instead: Provided, That the board of directors is informed of his decision.

9.5. An effective and continuous AML/CFT training program for all directors, and responsible officers and employees, to enable them to fully comply with their obligations and responsibilities under this section, the AMLA, as amended, its RIRR and their internal policies and procedures as embodied in the MTPP. The training program shall also include refresher trainings to remind these individuals of their obligations and responsibilities as well as update them of any changes in AML laws, rules and internal policies and procedures.

9.6. An adequate screening and recruitment process to ensure that only qualified personnel who have no criminal record/s are employed to assume sensitive banking functions;

9.7. An internal audit system in accordance with this Section;

9.8. An independent audit program with written scope of audit that will ensure the completeness and accuracy of the information and identification documents obtained from clients, the covered and suspicious transactions reports submitted to the AMLC, and the records retained in compliance with this section as well as adequacy and effectiveness of the training program on the prevention of money laundering and terrorism financing;

9.9. A mechanism that ensures all deficiencies noted during the audit and/or Bangko Sentral regular or special examination or other applicable regulator's examination are immediately corrected and acted upon;

9.10. Cooperation with the AMLC;

9.11. Designation of an AML compliance officer, who shall at least be at senior officer level, as the lead implementor of the program within an adequately staffed compliance office. The AML compliance officer may also be the liaison between the BINHI RURAL BANK, INC., the Bangko Sentral and the AMLC in matters relating to the BINHI RURAL BANK, INC.'s AML/CFT compliance. Where resources of the BINHI RURAL BANK, INC. do not permit the hiring of an AML compliance officer, the compliance officer shall also assume the responsibility of the former; and

9.12. A mechanism where information required for customer due diligence and ML/TF risk management are accessible by the parent bank/entity and information are freely shared among branches, subsidiaries, affiliates and offices located within and/or outside the Philippines. Exchange of information among branches, subsidiaries, affiliates, and offices located within and/or outside the Philippines shall not be deemed a violation of Rule 9, Item C of the RIRR as long this is done within the group. The MTPP may require a potential and/or existing customer to sign a waiver on the disclosure of information within the group.

10. Monitoring and Reporting Tools – BINHI RURAL BANK, INC. shall adopt an AML/CFT monitoring system that is appropriate for their risk profile and business complexity and in accordance with this section. The system should be capable of generating timely, accurate and complete reports to lessen the likelihood of any reputational and compliance risks, and to regularly apprise the board of directors and senior management on AML/CFT compliance.

11. Internal audit. The internal audit function associated with money laundering and terrorist financing should be conducted by qualified personnel who are independent of the office being audited. It must have the support of the board of directors and senior management and have a direct reporting line to the board or a board-level audit committee.

12. Risk assessment. Consistent with a risk-based approach, BINHI RURAL BANK, INC. is required to identify, understand and assess their ML/TF risks, arising from customers, countries or geographic areas of operations and customers, products, services, transactions or delivery channels. The assessment methodology shall be appropriate to the nature of operations and complexity of the business of the BINHI RURAL BANK, INC.

RISK MANAGEMENT ENHANCEMENTS FOR THE YEAR

In 2025, the Board Approved several guidelines and frameworks aimed at improving the risk management of the bank including but not limited to updating the Contingency Funding Plan, enhancing the Information Security Policy, Business Recovery Plan (BRP), Credit Risk Management Manual (CRMM). In the latter part of the year, additional enhancements to 2025 CRMM Edition were approved to provide additional guidance on key areas such as Single Borrower Limit Approvals, rationalization of credit approval authorities and, enhancement of credit application eligibilities, and parameters for engaging external appraisers for ROPA disposal.

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SECTION 5. CORPORATE GOVERNANCE

As a fiduciary institution, BRBI is committed towards building an organization that upholds ethical standards, grounded by the principles of integrity, transparency and accountability.

OVERALL GOVERNANCE STRUCTURE AND PRACTICES

The Board of Directors is at the core of Binhi Rural Bank, Inc.'s corporate governance structure, wherein the board represents our shareholders. The aim is to oversee and guide an organization that puts integrity in its activities, to ensure the best interest of stakeholders. The goal is also to carry out best practices compliant with rules and regulations, as well as to better serve the customers.

SELECTION PROCESS FOR BOARD AND SENIOR MANAGEMENT

The Bank's selection process for Board and Senior Management strictly follows the eligibility requirements prescribed under the MORB. Furthermore, assessment of skills and experience are considered together with alignment to the bank's existing culture and buy-in to the overall mission and vision. We try to onboard talent that can bring value in areas of banking (marketing or operations), organization and management, technology, legal/accounting or other technical expertise.

BOARD'S OVERALL RESPONSIBILITY

BRBI's Board of Directors takes on the ultimate responsibility and oversight for good governance, while providing direction and strategic guidance towards the long-term success of the organization by formulating the Bank's vision, mission, strategic objectives, policies and procedures.

It shall regularly review the financial plans and budgets, as well as evaluate and oversee capital expenditures, senior management performance, internal control systems, risk management systems, financial reporting and compliance, related party transactions, and other such key business affairs essential to sustain competitiveness and profitability consistent with corporate objectives and the best interest of its stakeholders.

The Board is responsible for selection of nominees for directors, for eventual appointment or election. It leads the process of evaluating the qualifications, background, skills, knowledge, experience of any incoming director against the requirements of the Bank, as well as the individuals.

The Board is also responsible for approving the appointment of competent senior management led by the President, as well as control function heads such as the Chief

Compliance Officer and the Chief Audit Executive. Likewise, proper standards are applied in this selection process giving utmost importance to integrity and technical expertise.

We would like to further update that the 2023 Edition for BRBI's Good Corporate Governance manual was approved, documented under BR-2023-084, approved last May 12, 2023.

Annual review of Board composition will be conducted to ensure appropriate balance of skills, experience, and compliance to new regulations.

CHAIRMAN'S ROLE AND CONTRIBUTION

The Chairman of the Board provides leadership among the Board of Directors to ensure effective functioning of the board and ensuring that decisions made are sound and informed.

BOARD COMPOSITION & STATISTICS

The Board is composed of 5 members. It is led by a Non-Executive Chairperson with 2 Independent Directors, 1 Non-Executive Director and 1 Executive Director who concurrently serves as Bank President. Non-Executive Directors, including Independent Directors, comprise 80% of the board. There are two Board Committees namely the Audit Committee and Credit Committee. The Audit Committee is chaired by an Independent Director. This provides independent and objective judgement on key issues.

For the year, no new Directors were onboarded.

Name	Director Independence	Years Serving	Number of direct and indirect shares held	Percent to Total Outstanding Shares	Age	Background	Director Diversity
Edward V. Argayoso	Non-Executive *(Whole Year)*	*12*	122,860.00	19.98%	62	Entrepreneur	Male
Melissa Tamara O. Argayoso	Executive *(Whole Year)*	*7*	92,250.00	15.00%	33	Banker	Female
Jose Edison O. Argayoso III	Non-Executive *(March 22, 2024 onwards)*	*1.75*	92,250.00	15.00%	34	Land Developer	Male
Alfonso P. Alamban	Independent Director *(March 22, 2024 onwards)*	*1.75*	1.00	0.00%	68	DTI / DOST	Male
Ramon P. Banaag	Independent Director *(March 22, 2024 onwards)*	*1.75*	1.00	0.00%	70	Banker	Male

FY 2025 BOARD OF DIRECTORS

EDWARD V. ARGAYOSO
CHAIRMAN
Non – Executive Director

Edward is 62 years old and has been a member of the Board of Directors for 12 years and serves as Chairman of the Board. Concurrently, he is a member of the Credit Committee. Outside the finance industry, he has other businesses in agriculture, real estate and food sectors. He concurrently serves as Chairman of JCA Realty Corporation. He earned his MBA from Asian Institute of Management (AIM).

MELISSA TAMARA O. ARGAYOSO
Executive Director

Melissa is 33 years old and has been a member of the Board of Directors for almost 7 years. Concurrently, she is chairperson of the Credit Committee. Prior to BRBI, she began her career in banking with Unionbank of the Philippines. She also serves as Director for SPM10 Corporation and Abyss Water System Inc.

JOSE EDISON O. ARGAYOSO III
Non-Executive Director

EJ is 34 years old and is one of the new members of the Board of Directors. He was elected on Mar 22, 2024, and confirmed by the BSP last Aug 20, 2024. He has earned his MBA from Yale University. Concurrently, he is member of the Audit Committee. Outside BRBI, he serves as President of Argusland Corporation and Chairman of Abyss Water System, Inc. He previously was in Project Development with Avida Land Corporation.

ALFONSO P. ALAMBAN
Non - Executive Director, Independent

Al is 68 years old and is one of the new members of the Board of Directors. He was elected on Mar 22, 2024, and confirmed by the BSP last Aug 20, 2024. Concurrently, he is Chairman of the Audit Committee. Prior to this stint with BRBI, he championed MSME development having been appointed Assistant Regional Director to DTI and later become Regional Director of DOST. He concurrently holds positions at Xavier Science Foundation as BOD member; Chairman of the Innovation Committee of CDO's Chamber of Commerce; Chairman to Safer Water for Every Child Foundation, Inc.; Chairman of DOST Personnel Multi-Purpose Cooperative; and President of Skills

Mastery Institute for Learning Entrepreneurship and Success Foundation, Inc. He earned his MBA from Asian Institute of Management (AIM).

RAMON P. BANAAG
Non - Executive Director, Independent

Monching is 70 years old and is one of the new members of the Board of Directors. He was elected on Mar 22, 2024, and confirmed by the BSP last Aug 20, 2024. Concurrently, he is a member of the Audit Committee. Prior to this stint with BRBI, he is a seasoned Banker with stints at various banks including Queen City Development Bank, Bank of the Philippine Islands (BPI), and Prudential Bank. He earned his MBA from Xavier University.

BOARD COMMITTEES

The Board has established two (2) committees to help in discharging of its duties and responsibilities. These committees derive their authority from and report directly to the Board, with specific scopes of responsibility. They are subject to annual review, update and or change. The committee is chaired by an Independent Director.

AUDIT COMMITTEE

A 3-person committee chaired by Alfonso Alamban, with Ramon Banaag and Jose Edison Argayoso III as members. Functions generally include:

1. Ensuring annual review of the soundness and effectiveness of internal controls, including financial, operations and compliance controls, risk management.
2. Setting up and organizing the internal audit department as well as supervising the the compliance unit – including evaluation of related party transactions.
3. Assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws and regulations.
4. Providing oversight over Management's activities in managing credit, market, liquidity, operation, legal and other risks of the Bank.
5. Performing oversight functions over the corporation's internal and external auditors, ensuring that they act independently from each other, and reviewing reports submitted
6. Reviewing and approving the internal audit plan and compliance program including all major changes thereafter, to ensure its conformity with the objectives of the Bank – ranked based on the risk posed to operations.

7. Investigation of any matter within its terms of reference, with full access to and cooperation by management, which includes establishing whistleblowing mechanisms.

In 2025, there were five (5) Audit Committee Meetings which were held prior and/or during regular BOD meeting schedule. All topics were included in the Bank's regular board meetings.

CREDIT COMMITTEE

A 3-person committee chaired by Melissa Tamara O. Argayoso with Edward V. Argayoso and Calvin Ceazar D. Emata and as members. Based on the Bank's By Laws, this committee shall comprise two (2) directors and a Bank Manager. The Credit Committee is responsible for credit operations & policies. Furthermore, the Board has authorized the committee to evaluate and approve loans above PHP5Million until SBL (if SBL is 25M or lower) based on BR-2025-075.

In 2025, all seven (7) Credit Committee agenda were taken up during Board Meetings.

MEETING ATTENDANCE

Name	Director Independence	BOD Meetings Attended	% BOD Attendance	Credit Committee Meetings Attended	% BOD Attendance	Audit Committee Meetings Attended	% BOD Attendance
Edward V. Argayoso	Non-Executive *(Whole Year)*	12	100%	7	100%		
Melissa Tamara O. Argayoso	Executive *(Whole Year)*	12	100%	7	100%		
Jose Edison O. Argayoso III	Non-Executive *(March 22, 2024 onwards)*	12	100%			5	100%
Alfonso P. Alamban	Independent Director *(March 22, 2024 onwards)*	12	100%			5	100%
Ramon P. Banaag	Independent Director *(March 22, 2024 onwards)*	11	92%			4	80%
Calvin Ceazar D. Emata	Bank Officer *(Not a Director)*			7	100%		
Total Number of Meetings Held		**12**	**100%**	**7**	**100%**	**5**	**100%**

DISCLOSURE ON INTERLOCKING POSITIONS HELD BY DIRECTORS AND OFFICERS

NAME	NO	REGISTERED NAME	Type of Entity	Nature of Business	Position Level	Officer Rank	Officer Position	Assumption Date	BOD Approval Date
ARGAYOSO, EDWARD V.	1	Jose Argayoso Corporation	Domestic	Realty	Director	N/A	Chairman	Dec 20, 2007	Mar 22, 2024
ARGAYOSO, MELISSA TAMARA O.	1	Abyss Water System Inc.	Domestic	Water Supply	Director	N/A	N/A	Sep 02, 2023	Mar 22, 2024
	2	Strategic Management 10 Corporation	Domestic	Real Estate Activities	Director	N/A	N/A	Mar 11, 2024	Mar 22, 2024
ARGAYOSO, JOSE EDISON O.	1	Abyss Water System Inc.	Domestic	Water Supply	Director	N/A	Chairman/President	Mar 20, 2023	Mar 22, 2024
	2	Argusland Inc.	Domestic	Real Estate Activities	Director	N/A	Chairman/President	Jan 03, 2024	Mar 22, 2024
ALAMBAN, ALFONSO P.	1	XAVIER SCIENCE FOUNDATION	Domestic	Foundation	Director	N/A	N/A	May 15, 2012	Mar 22, 2024
	2	Cagayan de Oro Chamber of Commerce and Industry, Inc	Domestic	Foundation	Director	N/A	N/A	Jan 05, 2024	Mar 22, 2024
	3	Safer Water for Every Child Foundation, Inc.	Domestic	Foundation	Director	N/A	Chairman	Jan 07, 2025	Feb 19, 2026
	4	DOST Personnel Multi Purpose Cooperative	Domestic	Cooperatives	Director	N/A	Chairman	Dec 26, 2025	Feb 19, 2026
	5	Skills Mastery Institute for Learning Entrepreneurship and Success Foundation, Inc.	Domestic	Foundation	Officer	President	President	Dec 26, 2025	Feb 19, 2026

FY 2025 MANAGEMENT & OFFICERS

MERLYN D. CADELIÑA
Chief Compliance Officer

Merlyn is 50 years old and has been with the bank since 2008. She has been officially confirmed as the Bank's Chief Compliance Officer for 9 years already, since 2016. She likewise handles the risk management activities of the bank. Her tenure in rural banking covers key areas in accounting, auditing and compliance.

ROLAND JUDE P. PASCUAL, CPA
Chief Audit Executive

Jude is 31 years old and has been with the bank since 2021. He has been officially confirmed as the Bank's Chief Audit Executive in 2023. Prior to holding this position, Jude was the Bank's Accounting OIC. He is also an active member of the PICPA CDO Mis Or Chapter – and served as CDO Chapter President for year 2024. He is a CPA and has gained experience and expertise in the accounting and audit field during his stint with Baconga Patriana and Co from 2015-2021.

CALVIN CEAZAR D. EMATA
VP-External Operations

Calvin is 46 years old and has been with the bank since 2012. He has officially served as the bank's VP for External Operations for 8 years. He is responsible for the bank's marketing and branching initiatives. He concurrently leads the remedial activities for the Bank, and member of the Management Committee and Credit Committee. Prior to BRBI, he has a deep understanding in rural banking having been previously connected with Siam Bank and RB Kinoguitan.

KARLIN MALAYA E. DALENA, CPA
VP-Internal Operations

KM is 38 years old and has rejoined BRBI in August 2023. She was previously employed with the Bank in 2020 until 2021 as Systems Operations and Accounting Head. Upon her return, she is now the VP of Internal Operations with several departments under her purview – including the Financial Reporting / Accounting Group, Credit Operations, IT and Systems, as well as Cash Operations. KM is a CPA and was previously trained in Citibank NA ROHQ as Fin Rep Analyst from 2009-2013. She also took up graduate studies, Bachelor of Laws in 2014-2018.

MARISSA O. ARGAYOSO
Corporate Secretary

Marissa is 61 years old and has served the Bank as Corporate Secretary since 2015, 10 years. She is a stockholder for the Bank. Outside the Bank, she is engaged in other businesses in food, real estate, and hospitality sectors.

PERFORMANCE ASSESSMENT PROGRAM

Annual self-assessment is conducted to evaluate performance of the Board, Directors, Committees and Senior Management, using a standard set of questionnaires. For 2025, the self-assessment test has been duly complied.

Further, the Board is set to revisit the Strategic Plan by first quarter of 2026 to update the 2024 Plan approved last Feb 23, 2024. Nevertheless, the board assesses the actual performance against targets and recalibrates accordingly.

Management likewise conducts performance evaluations on employees on a semi-annual basis. For newly hired employees, there are 2 evaluation cycles conducted during the 5 month probationary period.

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ORIENTATION AND EDUCATION PROGRAM

The continuing education program ensures enhancement of skills and training from directors to employees. Each Director is required to attend a corporate governance seminar.

Listed below are the training and seminars attended by the Directors as of 2025:

Director Details	Director Information	Trainings Attended
Edward V. Argayoso	Chairman of the Board Birthday: Dec 24, 1963 Elected: Nov 06, 2013 BS Mathematics Masters in Management	Rural Bank Management Course Corporate Governance for Rural Bank Directors Seminar-Workshop on Anti-Money Laundering (AML) and Briefing on the New AML Reporting Template Corporate Governance for Rural Bank Directors Asset and Liability Management for Countryside Financial Institutions (CFIs) Credit Risk Management for Rural Banks Remedial Management Seminar 36th Annual Mindanao Credit Conference Advance Corporate Governance Course (Condensed Professional Directors Program for Rural Banks) Annual Credit Conference RBAP Symposiums Basic Corporate Governance Course for Rural Bank Directors & Officers Anti-Money Laundering and Counter-Terrorism AMLC Registration and Reporting Guidieliens (ARRG) Targeted Financial Sanctions (TFS) Course Corporate Governance and Risk Management Seminar
Melissa Tamara O. Argayoso	President/Director Birthday: Dec 13, 1992 Elected: Mar 23, 2018 BS Management (Honors Program)	BAP Institute of Banking-Treasury Certification 36th Annual Mindanao Credit Conference Seminar-Workshop on Anti-Money Laundering (AML) and Briefing on the New AML Reporting Template Risk-Based Compliance Program Seminar Strengthening Internal Control System In Rural Banks Corporate Governance Course For Rural Bank Directors And Officers Delinquency and Fraud Management in Rural Banks Certified SME Business Specialist Treasury Certification Program Ateneo Family Business Workshop RBAP Symposiums Anti-Money Laundering and Counter-Terrorism AMLC Registration and Reporting Guidieliens (ARRG) Targeted Financial Sanctions (TFS) Course Corporate Governance and Risk Management Seminar
Jose Edison O. Argayoso	Director/Audit Committee Member Birthday: Oct 29, 1991 Elected: Mar 22, 2024 Management Engineering Masters in Management	Ateneo Family Business Workshop Basic Corporate Governance Course for Rural Bank Directors & Officers Anti-Money Laundering and Counter-Terrorism AMLC Registration and Reporting Guidieliens (ARRG) Targeted Financial Sanctions (TFS) Course Corporate Governance and Risk Management Seminar
Alfonso P. Alamban	Independent Director/Audit Committee Chairman Birthday: Aug 05, 1957 Elected: Mar 22, 2024 BS Agriculture Masters in Business Management	Training on Compass Project Evaluation Project Appraisal Basic Corporate Governance Course for Rural Bank Directors & Officers Anti-Money Laundering and Counter-Terrorism AMLC Registration and Reporting Guidieliens (ARRG) Targeted Financial Sanctions (TFS) Course
Ramon P. Banaag	Independent Director/Audit Committee Member Birthday: Jul 13, 1955 Elected: Mar 22, 2024 BS Management	BPI Products Orientation Seminar Orientation BPI Projects and Procedures Risk Awareness & Control Appreciation Seminar AMLA Basic Insurance & Save & Protect Procedures Handling of Housing Loans b7 FVP Jacomille Customer Service Excellence PHIL Economic Briefing RM Certification Seminar Anti-Money Laundering Act Seminar Basic Corporate Governance Course for Rural Bank Directors & Officers Anti-Money Laundering and Counter-Terrorism AMLC Registration and Reporting Guidieliens (ARRG) Targeted Financial Sanctions (TFS) Course Corporate Governance and Risk Management Seminar

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RETIREMENT AND SUCCESSION PLANNING

The Board of Directors is responsible for the Bank's succession plan for the Board and senior management and setting up the succession framework and spearheading leadership development plans for senior and middle management. The succession framework currently held by the bank is via coaching and mentoring. To date, two (2) Directors are below forty (40) years old.

The Bank's Corporate Governance Manual (2023 Edition) specifies that Independent Directors shall have a maximum cumulative term of nine (9) years. No term limit is specified for Regular Directors.

Retirement age for officers and employees, based on 2019 Retirement Policy, is at sixty (60) years old. Meanwhile, no retirement age is specified for Directors so long as physical and mental fitness is ascertained.

REMUNERATION

BRBI's remuneration policy is approved by the Board geared towards retaining and motivating employees and members of the Board, as well as to start attracting new talent on board. The framework includes fixed-pay, performance-based increases, as well as provision for performance-driven incentives.

At present, Independent Directors are given a fixed honorarium per monthly meeting. Regular Directors and Executive Director, on the other hand currently do not receive honorarium. Total compensation disbursed for senior management is primarily through salaries, allowances and incentives, based on overall performance for the year.

It is the goal that once financial metrics have stabilized, additional packages can be explored to attract, retain and motivate employees and the Board alike.

RELATED PARTY TRANSACTIONS

BRBI's approved RPT policy was included in the 2023 Good Corporate Governance Manual, Section IX, documented under BR-2023-084 and BR-2023-086, approved last May 12, 2023. This was amended in 2024, under BR-2024-041, last Feb 23, 2024. Additionally, the board has approved RPT Policy Subsection 7 amendment under BR-2025-073 last Oct 16, 2025, and further approved a policy establishing parameters to engage external appraiser for ROPA sold to related parties, under BR-2025-104 last Dec 18, 2025.

Under this policy and subsequent enhancements, we have updated the definition of related parties, the transactions covered by the policy, guidelines in ensuring proper arm's-length treatment of every transaction, identification and sound judgement to curb potential conflicts of interests, setting of internal limits for individual and aggregate exposures as prescribed in the MORB, establishment of whistle blowing mechanisms to encourage employees to raise questionable RPTs, and restitution of losses and other remedies for abusive RPTs.

BRBI ensures thorough evaluation of RPTs, and likewise submits to the BSP material exposures to related parties.

DISCLOSURE OF MATERIAL RPTs

Nature of Transaction	Terms & Conditions	Related Party
Sales Contract Receivable	Installment Sale of ROPA. Original exposure ~4.199M, approved under bank's standard SCR package. Outstanding principal balance of ~4.199M	Ofelia A. Paguio
Loans Against Placement	4M, 0% risk loan against Time Deposit, approved under bank's standard LAP package	Ofelia A. Paguio
Sale of Non Performing Motorcycle Loans	~26.8M sold at the prevailing outstanding balance of the underlying PNs	Ryde N' Go Corporation
Sublease Contract - Alubijid	PHP37.5K monthly rental expense for Alubijid BLU subleased from Newleaf Bakeshop, Inc.	Newleaf Bakeshop Inc.
Sublease Contract - CM Recto	PHP75K monthly rental income for portion of head office sublet to Newleaf Bakeshop.	Newleaf Bakeshop Inc.
Sublease Contract - Tiano	PHP25K monthly rental expense for Tiano BLU subleased from Newleaf Bakeshop, Inc.	Newleaf Bakeshop Inc.

SELF ASSESSMENT FUNCTION

COMPLIANCE

BRBI’s Compliance Office, through the Chief Compliance Officer (CCO) designs the Bank’s Compliance System with review of implementation through a Compliance Program. The CCO reports directly to the Board of Directors & Audit Committee. This unit is responsible in the review of the (1) minutes of the Board of Directors and Audit Committee meeting (2) Internal audit’s results of examinations; (3) Results of Bangko Sentral ng Pilipinas regular and special examinations; (4) compliance of products, services and processes; (5) compliance of filing of income tax returns and remittance of taxes due to the Bureau of Internal Revenue (BIR). The Compliance unit also (a) conducts visitation operating units / branches / units / departments of the Bank; (b) reviews submission of mandatory reports to the regulatory bodies by the accounting department to the BSP, PDIC, AMLC and Other agencies; (c) undertakes all other activities to measure and record the results of the compliance and non-compliance with banking laws, rules and regulations.

The Bank, through Compliance, aims to enhance profitability within the limitation of regulatory requirements and good business practice. Given the importance of this role, the compliance function always remains independent from the business activities of the

Bank, but shall have right (1) to access information to carry out its responsibilities, (2) to conduct investigations of possible breaches of the compliance policy.

INTERNAL AUDIT

The Audit function of BRBI is supervised by and directly reports to the Board Audit Committee. It provides reasonable assurance on (1) the achievement of objectives through efficient and effective operations, (2) reliable, complete and timely financial and management information; and (3) compliance with applicable laws, regulations, supervisory requirements and Bank's policies and procedures.

The internal audit function must be independent of the activities audited and from day-to-day internal control process. It is free to report audit results, findings, opinions, appraisals and other information through clear reporting line to the board of directors or audit committee. It also has authority to directly access and communicate with any officer or employee, to examine any activity or entity of the bank, as well as to access any records, files or data whenever relevant to the exercise of its assignment.

If independence or objectivity of internal audit function is impaired, in fact or appearance, the details of the impairment must be disclosed to the audit committee.

Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.
The internal audit function shall inform senior management of the results of its audits and assessment.

Senior management may consult the internal auditor on matters related to risks and internal controls without tainting the latter's independence: Provided, That, the internal auditor shall not be involved in the development or implementation of policies and procedures, preparation of reports or execution of activities that fall within the scope of his review.

Staff of the internal audit function shall be periodically rotated, whenever practicable, and without jeopardizing competence and expertise to avoid unwarranted effects of continuously performing similar tasks or routine jobs that may affect the internal auditor's judgment and objectivity.

DIVIDEND POLICY

BRBI has not yet begun declaring dividends.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

BRBI has not yet begun CSR activities.

CONSUMER PROTECTION PRACTICES

The Board and Senior Management are responsible for developing the bank's consumer protection strategy and establishing an effective oversight over the bank's consumer protection programs, with emphasis on their rights to equitable and fair treatment, transparency, protections against fraud, data privacy, and timely complaints handling.

In Dec 11, 2023, documented under BR-2023-212, The Board has approved the Financial Consumer Protection Manual (FCPM): 2023 Edition, with the following sections:

1. Key Principles of & Policies on Financial Consumer Protection
2. Customer Protection Risk Management System (CPRMS)
3. Financial Consumer Protection Assistance Mechanism (FCPAM)
4. Compliance Program
5. Internal Audit Program
   Other HR Related Activities
6. Product Design Guidelines
7. Annex A. Security Breach Response Plan

While Senior Management is responsible for the implementation of the consumer protection policies approved by the Board, the latter shall be responsible for monitoring and overseeing the performance of Senior Management in managing the day-to-day consumer protection activities of the bank. The Board may also delegate other duties and responsibilities to Senior Management and/or Committees created for the purpose but not to the function of overseeing compliance with the BSP-prescribed Consumer Protection Framework and the bank's own Consumer Protection Framework.

The Board and Senior Management periodically review the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanisms in place enable adequate oversight. The Board and Senior Management also ensure that sufficient resources have been devoted to the program. The Board and Senior Management also make certain that CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.

Continuing education of personnel about Consumer Protection laws, rules and regulations as well as related bank policies and procedures is essential to maintaining a sound Consumer Protection Compliance Program. Bank ensure that all relevant personnel, specifically those whose roles and responsibilities have customer interface, receive specific and comprehensive training that reinforces and helps implement written policies and procedures on consumer protection. The bank institutes a Consumer Protection Training Program that is appropriate to its organization structure and the activities it engages. The training program is able to address changes in consumer protection laws, rules and regulations, and to policies and procedures and should be provided in a timely manner.

Effective implementation is reviewed by the Internal Audit and Compliance Units, independently.

Complaints can be raised by our customers through our branches or head office.

Consumer Assistance Group/Head Consumer Assistance Officer. The Consumer Assistance Group/Head Consumer Assistance Officer shall, as a minimum, perform the following:

1. Monitor consumer assistance process
2. Keep track, identify, and analyze the nature of complaints and recommend solutions to avoid recurrence;
3. Report to senior management the complaints received on a monthly basis including reasons for such complaints, the recommended solutions to avoid recurrence, and the suggestions for process or personnel competency needing improvement; and ensure immediate escalation of any significant complaint to the concerned unit of the Bank.

CORPORATE GOVERNANCE ENHANCEMENTS FOR THE YEAR

In 2025, the Board continues its commitment to improving governance by updating the Credit Committee Charter and Internal Audit Charter. The board also approved 2025 Editions of the HR Manual, Compliance Manual, Internal Audit Manual. In preparation to the upcoming fiscal year, the Compliance Program for 2026 was adopted.

Further, amendments to the Memorandum of Agreement with Related Party, Ryde N’ Go, was approved, along with updating a subsection of the 2024 RPT Policy.

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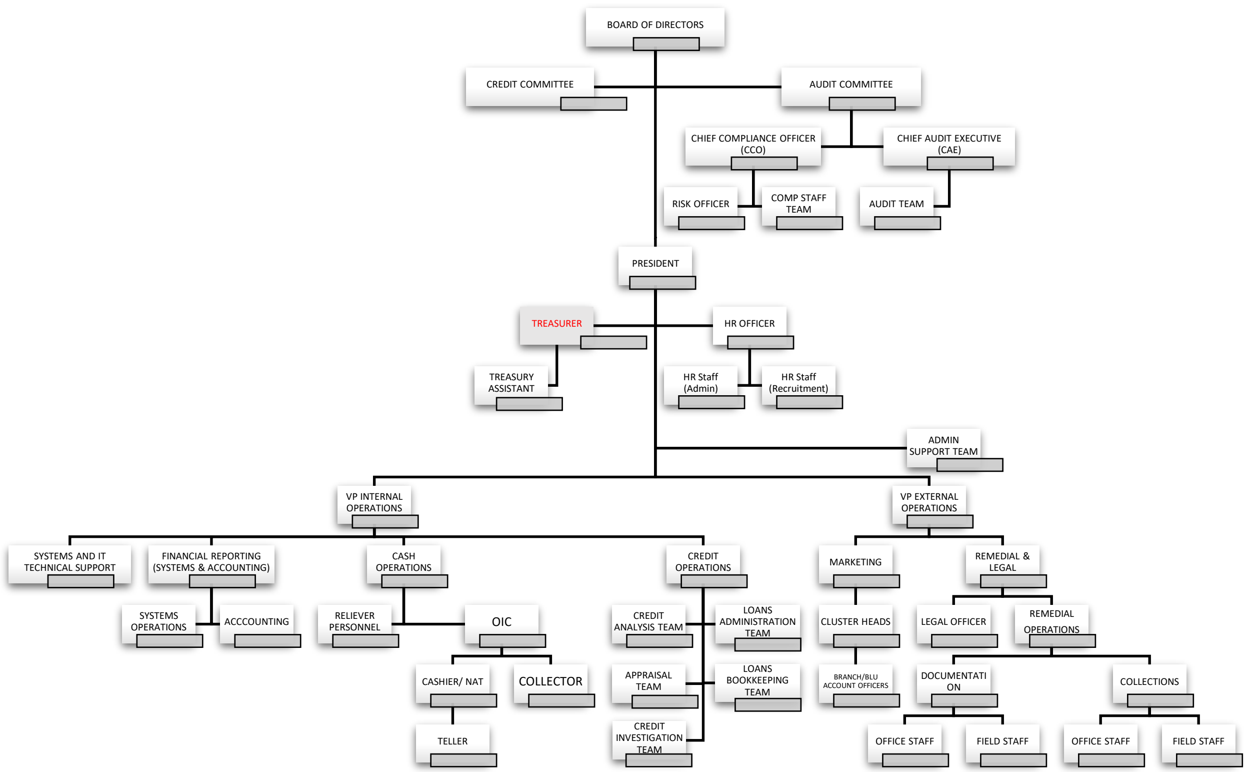
SECTION 6. CORPORATE INFORMATION

ORGANIZATIONAL STRUCTURE



PRODUCTS AND SERVICES

Products/Services	Description
UNLAD I	Business/Personal Clean Loan, maximum of one (1) year, with PDC
UNLAD I-B	Urban clean business loan, maximum of four (4) months, with PDC
UNLAD I-D	Business Loan, maximum of four (4) months, cash payment (daily or weekly)
UNLAD I-F / UNLAD I-FR	Motorcycle Finance Loan
UNLAD I-K / UNLAD I-KR	Enhanced Business Clean Loan
UNLAD II	Chattel Mortgage, maximum of two (2) years, with PDC (temporarily suspended)
UNLAD III	Real Estate Mortgage, maximum of three (3) years, with PDC
REVOLVING CREDIT LINE 1	Credit Line for established business owners - can be clean, chattel secured, real estate secured
REVOLVING CREDIT LINE 2	Credit Line for established business owners - can be clean, chattel secured, real estate secured
BUILDING CONSTRUCTION SUPERVISED CREDIT	Credit Facility released for the purpose of commercial building construciton, staggered based on actual completion.
LAP 1	Loans Against Deposit Placement
LAP 2	Loans Against Deposit Placement 2 (Packaged with Micro Pick Up Deposit Product)
MICRO CREDIT LINE (MCL)	Micro Credit Line - Unsecured 30K Limit
Fringe Benefit Loan (FBL)	Unsecured facility for BRBI employees only

MAJOR STOCKHOLDERS

Name of Stockholder	Nationality	% of Stockholding	Voting Status
Ofelia A. Paguio	Filipino	20%	Common
Edward V. Argayoso	Filipino	20%	Common
Marissa O. Argayoso	Filipino	15%	Common
Jose Edison O. Argayoso III	Filipino	15%	Common
Melissa Tamara O. Argayoso	Filipino	15%	Common
Marielle Clarence O. Argayoso	Filipino	15%	Common

BANKING UNITS - DIRECTORY

Company website: **www.binhiruralbank.com**

BRANCHES	ADDRESS	CONTACT DETAILS
Head Office	Leope Building, #833, CM Recto Avenue, Cagayan de Oro City (Formerly Sacred Heart of Jesus Montessori School)	(0917)-702-9656 (088) 8584252
Balingasag Branch	RBBI Building, Rizal corner Malvar St., Brgy. 5, Poblacion, Balingasag, 9005 Misamis Oriental	088-3332268 088-3335428
Baungon Branch	RBBI Building, Imbatug, Baungon, Bukidnon	(0917)-635-2346
Tiano-BLU	Tiano-Cruz Taal St., Cagayan de Oro City	(0917)-713-2486
Balingasag-BLU	National Highway, Barangay 4, Balingasag, Misamis Oriental	(0917)-633-7672
Tin-ao-BLU	Tin-ao, Agusan, Cagayan de Oro City	(0917)-114-3208
Sugbongcogon BLU	Zone 1, Poblacion, Sugbongcogon, Misamis Oriental	(0917)-631-3794
Claveria BLU	Purok 9, 2nd Floor, Calingin Building, Poblacion, Claveria, Misamis Oriental	(0916)-126-1083
Alubijid BLU	Ground Floor, Commercial Building, Poblacion Highway, Alubijid, Misamis Oriental (Between Newleaf and 7-Eleven)	(0917)-712-7861
Salay BLU	Poblacion Salay, along National Highway, Misamis Oriental	(0917)-636-3205
Malitbog BLU	Poblacion, Malitbog, Bukidnon (Beside Palawan Pawnshop)	(0917)-124-0064
Manolo Foritch BLU	Poblacion, Manolo Fortich, Bukidnon (Across Public Market)	(0917)-115-9064
Medina BLU	Mahayahhay, Cabug, Medina, Misamis Oriental (beside Axelum Resource Copr, fronting Gate #2)	(0917)-115-9064

SECTION 7. SUSTAINABILITY FINANCE FRAMEWORK DISCLOSURES

SUSTAINABILITY STRATEGIC OBJECTIVES AND RISK APPETTITE

The Bank's Sustainability Framework was adopted in 2023 which affirms that as a good corporate citizen, the Bank is committed to its social and environmental responsibilities, balancing these non-financial factors in the conduct of its business. The bank has identified five (5) out of the seventeen (17) sustainability goals of the United Nations it can partially and gradually impact positively, particularly:

1. UN Goal 2: Zero Hunger
2. UN Goal 5: Gender Equality
3. UN Goal 7: Affordable and Clean Energy
4. UN Goal 8: Decent and Economic Growth
5. UN Goal 11: Sustainable Cities and Communities

The above-mentioned goals are areas that the bank can readily have an impact given its present manpower and resources as a rural bank.

The Board is responsible with institutionalizing the adoption of sustainability principles and setting E&S objectives, risk management guidance, and support to achieve these goals. Senior Management is responsible for implementation and monitoring of strategies relative to the sustainability objectives of the Board.

OVERVIEW OF E&S RISK MANAGEMENT SYSTEM

The Bank has yet to enhance it's E&S Risk Management System. At present, in the evaluation of business or agricultural loans, several factors are discussed such as the economic activity, location/coverage, purpose, employment count, and general profile of the business proponent. These factors are detailed in the credit report and taken into consideration into the overall risk profile of the account.

Management, alongside its goals in financial stability and portfolio growth, is responsible towards the creation and implementation of simple tools to incorporate E&S risk identifiers and thereafter incorporating the same into the Bank's MIS for data banking and processing.

At present, the following areas are already incorporated to the bank's MIS: (1) gender, (2) industry (3) economic activity (4) loan purpose.

From these general categories, the Bank can segment whether the exposure is generally more aligned to social or environmental sustainability goals.

PRODUCTS/SERVICES ALIGNED WITH INTERNATIONAL SUSTAINABILITY STANDARDS

As of 2025, the Bank's continued presence in rural communities and focus on servicing micro and small enterprises are concrete measures undertaken towards reaching social sustainability objectives – especially on the social development front. However, we report that we have yet to introduce new green products and initiatives specifically aimed at targeting environmental goals or climate change risk mitigation or adaptation.

With introduction of deposit products catered to micro depositors also is an initiative to aid in the financial literacy campaign.

BREAKDOWN OF E&S EXPOSURES OF THE BANK

Below is general snapshot of the bank's E&S exposures based on economic activity. This is to be further enhanced in the coming years, once further data granularity guidelines are formulated.

CATEGORY	Amount	% to Loan Por	E&S Risk Level
Motorcycle Loans	82.899 M	23%	Medium
Real Estate Activities	77.721 M	21%	Low
Agriculture, Forestry and Fishing	56.277 M	15%	Medium
Wholesale & Retail Trade, Vehicle Repair	47.932 M	13%	Low
Manufacturing	23.615 M	6%	Medium
Transportation and Storage	17.991 M	5%	Medium
Accommodation and Food Service Acty	16.599 M	5%	Low
Mining and Quarrying	14.746 M	4%	Medium
Other Service Activities	7.908 M	2%	Low
Electricity, Gas, Steam and A/C Supply	6.424 M	2%	Medium
Construction	4.748 M	1%	Medium
Professionl, Scientifc and Technicl Acty	1.941 M	1%	Low
Human Health and Social Work Activities	.329 M	0%	Low
Total	**359.131 M**	**99%**	

Bank's Agri, Msme and Motorcycle loan categories are the main loan portfolio drivers pursued. This represents **359.13M or 99%** of the bank's gross loan portfolio.

The above-mentioned categories have been preliminarily assessed to positively contribute to social sustainability goals, such as UN Goal 2: Zero Hunger or UN Goal 8: Decent and Economic Growth. However, loan categories that have been identified to have negative carbon impact, or likely vulnerable to climate or weather factors are tagged Medium in E&S risk.

INFORMATION ON EXISTING AND EMERGING E&S RISKS AND IMPACT TO BANK

Typhoon and Flooding
In recent past, the flooding issues particularly in Cagayan de Oro have not yet been addressed. With sustained hours long rains, the streets quickly flood up, affecting traffic as well as homes situated in low grounds. Improper drainage systems and poor waste management practices exacerbate the issue. This problem is experienced by customers and employees alike, negatively impacting quality of life.

Poor Financial Literacy and Planning
As more credit institutions enter rural communities, the flux of financing to underprepared borrowers may cause issues long term repayment issues in the long-term. Prudent credit granting procedures must be in place to mitigate over-indebtedness. It is important to guide or counsel borrowers to availing credit responsibly, with proper planning.

Health And Disaster Planning
Preparedness of customer base to external shocks – health or disaster planning is not yet well-established. An unprecedented event in the family or business can lead to prolonged financial issues, affecting repayment of bank loans.

OTHER INITIATIVES TO PROMOTE SUSTAINABILITY INITIATIVES

Here are some metrics evaluated by the bank for year 2025:

Particular	**UN Goal**	**Metric**	**2025 Performance**
Bank Expansion	*Zero Hunger; Decent Work and Economic Growth; Sustainable Cities & Communities*	1. Number of Banking Units Opened in Rural (Un- / Under-Banked) Communities 2. Deposit Portfolio Generated 3. Loan Portfolio Generated 4. Economic Value Distributed Given the Increased Bank footprint (salaries, taxes, supplier, dividend payouts)	1. None for 2024, but 10 units are located in rural communities. 2. ~442M (10 rural locations) 3. ~178M (10 rural locations) 4. ~41.9M (Bankwide)
Human Resource Development	*Gender Equality;*	5. % of Male and Female in the Board	5. 20:80, F:M ratio

	Decent Work and Economic Growth;	6. % of Male and Female in the Senior and Junior Management 7. % of Male and Female in the Rank and File 8. Number of employees hired 9. Employee turnover rate (computed as number of employees who left / average number of employees)	6. 78:23, F:M ratio 7. 58:42, F:M ratio 8. 49 employees hired 9. 30%
Lending Operations	*Zero Hunger; Decent Work and Economic Growth; Sustainable Cities & Communities*	10. Loans granted to MSMEs 11. Loans granted to Agri and Fisher Folks	10. ~207M (Bankwide) 11. ~65.6M (Bankwide)

SECTION 8. FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Binhi Rural Bank, Inc. [Formerly: Rural Bank of Balingasag (Misamis Oriental), Inc.] is responsible for the preparation and fair presentation of its financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with Philippine Financial Reporting Standards (PFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements and submits the same to the shareholders of the Bank.

Lope Laranjo Bato & Co., CPAs, the independent auditors appointed by the Board of Directors for the period December 31, 2025 and 2024, have audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in their reports to the Board of Directors, have expressed their opinions on the fairness of presentation upon completion of such audits.

March 31, 2026, Cagayan de Oro City, Philippines

EDWARD V. ARGAYOSO
Chairman of the Board

CALVIN CEAZAR D. EMATA
VP-External Operations/ Acting CFO

MELISSA TAMARA O. ARGAYOSO
President / CEO

AUDITOR'S OPINION

Firm's Accreditations:
BOA Accreditation No. 6358
Valid until September 13, 2027
BIR Accreditation No. 16-006925-000-2023
Valid until September 29, 2026
SEC Group C Accreditation No. 6358-SEC
Valid until Financial Audit 2025
BSP Group B Accreditation No. 6358-BSP
Valid until Financial Audit 2025
CDA CEA Accreditation No.120-AF
Valid until November 19, 2029
NEA Accreditation No. 2023-11-00097
Valid until December 10, 2026

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Binhi Rural Bank, Inc.

Leope Building, Claro M. Recto Avenue, Brgy. 25
Cagayan de Oro City, Misamis Oriental

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Binhi Rural Bank, Inc., which comprise the statements of financial position as at December 31, 2025 and 2024, and the related statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended, and notes to financial statements, including a summary of material accounting policy information.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with PRFS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and

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

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

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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the years ended December 31, 2025 and 2024 required by the Bangko Sentral ng Pilipinas and Bureau of Internal Revenue as disclosed in Notes 29 and 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In compliance with Revenue Regulations V-20, we are stating that we are not related by consanguinity or affinity to the President, Manager, or any shareholder of the Bank.

LOPE LARANJO BATO & Co.

By: **JAN GARIV M. PACUMBA**
CPA Cert. No. 130983
TIN 413-387-329
BOA Accreditation No. 6358/P-003, valid until September 13, 2027
BIR Accreditation No. 16-006925-002-2025, valid until February 26, 2028
SEC Group C Accreditation No. 130983-SEC, valid until Financial Audit 2025
BSP Group C Accreditation No. 130983-BSP, valid until Financial Audit 2025
CDA CEA Accreditation No. 1910-SP, valid until November 19, 2029
PTR No. 6042893, January 9, 2026 Ozamiz City

March 31, 2026
Ozamiz City, Philippines

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION

Binhi Rural Bank, Inc.

Amounts in Philippine Peso

December 31	*Notes*	**2025**	2024
ASSETS			
Cash and Cash Equivalents	*4*	**156,143,455**	126,647,793
Loans and Receivables	*5*	**350,229,066**	285,718,137
Financial Assets at Amortized Cost	*6*	**131,347,621**	140,548,451
Bank Premises, Furniture and Equipment	*7*	**16,391,875**	21,500,416
Investment Properties	*8*	**8,042,086**	8,622,935
Other Assets	*9*	**10,859,370**	8,510,171
Total Assets		**673,013,473**	591,547,903
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposit Liabilities	*11*	**480,219,221**	414,982,513
Bills Payable	*12*	**74,591,491**	73,815,925
Retirement Benefits Obligation	*13*	**2,838,515**	2,430,377
Finance Lease Liabilities	*14*	**13,106,050**	16,815,119
Other Liabilities	*15*	**12,030,133**	7,616,017
Total Liabilities		**582,785,410**	515,659,951
Shareholders' Equity		**90,228,063**	75,887,952
Total Liabilities and Shareholders' Equity		**673,013,473**	591,547,903

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Binhi Rural Bank, Inc.

Amounts in Philippine Peso

Years Ended December 31	*Notes*	**2025**	2024
INTEREST INCOME	*17*		
On loans and receivables		**65,183,013**	49,942,769
On bank deposits and investments		**7,066,175**	4,766,459
		72,249,188	54,709,228
INTEREST EXPENSE	*18*	**15,261,806**	10,917,017
NET INTEREST INCOME		**56,987,382**	43,792,211
OTHER INCOME	*19*	**18,147,228**	16,273,969
INCOME BEFORE IMPAIRMENT LOSS		**75,134,610**	60,066,180
LESS IMPAIRMENT LOSS	*10*	**6,802,900**	2,488,462
INCOME AFTER IMPAIRMENT LOSS		**68,331,710**	57,577,718
OPERATING EXPENSES	*20*	**52,791,230**	49,848,164
PROFIT BEFORE INCOME TAX		**15,540,480**	7,729,554
INCOME TAX EXPENSE (BENEFIT)	*22*	**1,200,369**	202,000
PROFIT FOR THE YEAR		**14,340,111**	7,527,554
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified subsequently to profit or loss:			
Loss on remeasurement of post-employment	*13*	**-**	(621,087)
Tax expense	*22*	**-**	155,271
Other comprehensive loss – net of tax		**-**	(465,816)
TOTAL COMPREHENSIVE INCOME		**14,340,111**	7,061,738
EARNINGS PER SHARE	*24*	**23.32**	12.24

See Notes to Financial Statements.

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STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS

Binhi Rural Bank, Inc.
Amounts in Philippine Peso

Years Ended December 31	*Notes*	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**15,540,480**	7,729,554
Adjustments for:			
Impairment loss	10	**6,802,900**	2,488,462
Depreciation	7, 8	**6,500,967**	6,698,206
Adjustment to surplus	23	**-**	(457,808)
Retirement benefit expense	13	**408,138**	331,084
Interest expense on finance lease	14	**1,060,336**	1,281,688
Interest income	17	**(72,249,188)**	(54,709,228)
Interest expense	18	**15,261,806**	10,917,017
Gain from sale of investment property	8	**(5,519,813)**	(3,469,619)
Changes in working capital:			
Increase in loans and receivables	5	**(70,924,393)**	(115,016,938)
Increase in other assets	9	**(2,220,341)**	(2,232,086)
Increase in finance liability	14	**(4,769,405)**	(2,620,527)
Increase in deposit liabilities	11	**65,236,708**	141,784,420
Increase in other liabilities	15	**2,203,021**	1,367,129
Cash generated from operation		**(42,668,784)**	(5,908,646)
Interest received	17	**72,127,000**	54,798,337
Interest paid	18	**(14,081,245)**	(10,350,629)
Income tax refund (paid)	22	**(169,835)**	70,750
Net Cash generated from Operating Activities		**15,207,136**	38,609,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions to bank premises, furniture and equipment	7	**(1,207,523)**	(1,055,351)
Retirement/disposal of bank premises, furniture and equipment	7	**45,001**	-
Additions to financial asset	6	**(133,301,170)**	(264,807,925)
Maturities to financial asset	6	**142,502,000**	211,978,652
Additions in investment property	8	**(5,621,095)**	(2,511,530)
Proceeds from investment property	8	**11,095,747**	4,414,116
Net Cash for Investing Activities		**13,512,960**	(51,982,038)
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds of bills payable	12	**49,155,106**	63,951,411
Settlement of bills payable	12	**(48,379,540)**	(38,619,768)
		775,566	25,331,643
NET INCREASE IN CASH AND CASH EQUIVALENTS		**29,495,662**	11,959,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**126,647,793**	114,688,376
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**156,143,455**	126,647,793

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY
Binhi Rural Bank, Inc.
Amounts in Philippine Pesos

December 31	*Notes*	**2025**	2024
SHARE CAPITAL	*16*	**48,172,700**	48,172,700
POST-EMPLOYED DEFINED BENEFIT RESERVE	*13, 22*	**(465,816)**	(465,816)
SURPLUS FREE			
Balance at beginning of year		**28,181,068**	21,111,322
Profit for the year		**14,340,111**	7,527,554
Adjustments	*23*	**-**	(457,808)
Balance at end of year		**42,521,179**	28,181,068
		90,228,063	75,887,952

See Notes to Financial Statements.

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DISCLOSURES IN THE ANNUAL REPORTS AND PUBLISHED STATEMENT OF CONDITION (MORB 175, PART V- APP62)

Qualifying Capital		
	2025	**2024**
Tier 1 Capital		
Paid up common stock	48,172,700	48,172,700
Retained earnings	28,181,068	21,111,322
Undivided profits	14,340,110	7,069,746
Less: Deferred tax asset, net of deferred tax liability	(6,240,868)	(5,174,430)
Less: Total Outstanding unsecured credit accommodation to DOS	(469,521)	(460,456)
Remeasurement of Net Defined Benefit Liability/Asset	314,806	(3)
Total Core Tier 1 Capital	**84,298,295**	**70,718,879**
Tier 2 (Supplementary) Capital		
Paid-up limited life redeemable preferred stock with the replacement requirement upon redemption	52,900	52,900
General loan loss provision	2,281,385	2,542,392
Total Upper Tier 2 Capital [B.a (10 minus B.2 (5)]	**2,334,285**	**2,595,292**
Total Qualifying Capital [c minus D (6)]	**86,632,580**	**73,314,171**
	2,025	**2,024**
Net Tier 1 Capital	84,298,295	70,718,879
Net Tier 2 Capital	2,334,285	2,595,292
Total Qualifying Capital	86,632,580	73,314,171
Risk Weighted Assets	507,943,747	432,600,302
Tier 1 Capital Ratio	**16.60%**	**16.35%**
Total Capital Ratio	**17.06%**	**16.95%**

Capital Requirement		
	2025	**2024**
Credit Risk	444,295,024	381,940,154
Market Risk		
Operational Risk	63,648,723	50,660,148
Total Capital Requirements	**507,943,747**	**432,600,302**

NOTES TO FINANCIAL STATEMENTS

For the Full Notes to Financial Statements – refer to Annex A. (AFS- 2025)