Salmon Bank

Financial Condition and Results of Operation 2025

Salmon Bank (Rural Bank) Inc.

Georgy Chesakov
President and Chief Executive Officer

Dear Shareholders

Prior to Salmon Group Ltd's acquisition of a controlling interest in 2024, the Bank operated with PHP 33.7 million in equity, PHP 112.3 million in assets, and a legacy core banking system dating back to the 1990s.

With the new controlling shareholder, the Bank committed to fundamentally rebuilding the institution into a well-capitalized, technology-enabled bank focused on advancing financial inclusion across the country. One year on, that transformation is clearly reflected in the numbers.

The shift is also reflected in BSP rankings. Based on BSP Financial Reporting Package (FRP) data using unaudited figures, Salmon Bank advanced in the ranking of rural banks from 50th place at end 2024 (PHP 266.4 million in total stockholders' equity) to 11th place in 2025 (PHP 1.16 billion). This step change places the Bank among the best-capitalized rural banks in the country.

Capital

Salmon Bank enters its next phase of growth from a position of significant capital strength. Total equity reached PHP 1.13 billion as of end 2025, a manyfold increase from PHP 33.7 million at acquisition. The Bank's Capital Adequacy Ratio stands at 23.8%, well above the 10.0% regulatory minimum, while CET1 is at 16.1% versus a 6.0% requirement, more than double the mandated levels on both measures.

This capital position is the result of a deliberate strategy. It was purpose-built to support the Bank's full transformation: modernizing infrastructure, scaling the loan portfolio through portfolio growth initiatives, expanding the organization, and critically, implementing PFRS 9 — the international standard for loan loss provisioning. Our strong capital base allowed us to execute this transition while maintaining both stability and momentum in our growth.

Total equity ≈34X

33.7M → 1.13B

BSP rank · rural banks ▲ 39

50th ↑ 11th

2025 milestones

Feb	May	Jun	Jul	Aug
EPFS licence secured	App launch eKYC	de Zuñiga appointed	PPMI QR Ph	SEC capital 1.20B

Key Initiatives and Developments

Technology and Digital Capability: We completed the migration to a cloud-based core banking system, replacing legacy infrastructure dating back to the 1990s. We launched our first mobile app under a Basic EPFS license in May 2025, enabling electronic Know Your Customer (eKYC) onboarding and full account access. The app maintained 99.9% uptime and holds a 4.8 App Store rating.

Licenses and Market Infrastructure: We secured our Basic EPFS license in February 2025 and became a member of Philippine Payments Management Inc. (PPMI) in July 2025, integrating Salmon Bank into the national retail payments ecosystem via QR Ph and PESONet (receiving only). BSP Peso Real-Time Gross Settlement (RTGS) participation strengthened our interbank settlement and liquidity management capabilities.

Organization

We restructured the organization to align with our technology-driven banking and growth priorities, adding dedicated functions for Cards, Payments, and Transactions. We filled 12 key leadership roles in Growth, Product Management, and Information Technology. Headcount grew from 21 at acquisition to 176 employees by year end 2025.

Governance

We appointed Atty. Juan de Zuñiga, Jr. as Independent Director in June 2025. He brings more than four decades of BSP regulatory experience, having served as Monetary Board Member, Deputy Governor and General Counsel of the BSP. The SEC approved the amendments to our Articles of Incorporation and By-Laws in August 2025, including an increase in authorized capital to PHP 1.20 billion and our formal corporate name change to Salmon Bank (Rural Bank) Inc.

App uptime	App rating	Headcount 8X	Leadership roles
99.9%	4.8 ★	21 ↑ 176	12 Growth Product IT

Financial results

Total Assets reached PHP 4.33 billion in 2025, up from PHP 1.29 billion a year ago. The Gross Loan portfolio expanded to PHP 3.77 billion, Deposits grew to PHP 2.83 billion, and Total Equity increased to PHP 1.13 billion.

Profitability at the operating level remained strong and continued to scale. Total Operating Income reached PHP 1.79 billion, up 191% year-on-year, as growth in the loan book and sustained high yields drove financing income sharply higher. Pre-provision operating profit reached PHP 1.11 billion, reflecting the strong underlying economics of our lending business and continued revenue growth.

We are proud to be among the few rural banks in the Philippines to have transitioned to PFRS 9, the international standard for expected credit loss provisioning. Under PFRS 9, expected credit losses are recognized upfront, based on robust statistical models that estimate future losses over the life of our predominantly short-term loan portfolio, while income from these loans is recognized over their contractual lives. As a result, periods of rapid portfolio growth may create short-term pressure on reported earnings as expected credit losses are recognized earlier than the related income.

The transition to PFRS 9 resulted in total loan loss provisions of PHP 1.14 billion, including PHP 422.0 million related to the transition. This reflects the timing of adopting the new provisioning framework rather than a deterioration in the credit quality of the portfolio.

The Bank's core lending business remained profitable, with Total Operating Income increasing from PHP 616.1 million in 2024 to PHP 1.79 billion in 2025. Continued investments in strengthening our capabilities, technology, governance, and operating platform resulted in a net loss of PHP 23.5 million for 2025. Relative to the Bank's scale, this represented approximately 1.3% of Total Operating Income.

We have covered a great deal of ground in a short period of time. Our balance sheet has been rebuilt and positioned for continued growth, our operating platform has been strengthened, and our team is stronger than ever. As we continue to scale responsibly, we remain focused on delivering sustainable growth, prudent risk management, and long-term value for our customers, shareholders, and other stakeholders.

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Total Assets	Total Assets Growth	Total Loan Portfolio	Total Loan Portfolio Growth
4.3B	3.3X	3.8B	3.8X