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SUSTAINABILITY AND ANNUAL REPORT 2025



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1. About ARDB

Our Report

Scope of the report

The Agricultural and Rural Development Bank (ARDB) Sustainability and Annual Report 2025 contain audited information, reported from January 1 to December 31, 2025.

The report covers the economic, social, environmental and governance responsibilities of annual operation of ARDB's headquarter office in Phnom Penh, Cambodia, and the economic impact of the entire organization across provinces in the country.

Reporting Structure

ARDB has adapted and benchmarked its sustainability performance against the United Nations Sustainable Development Goals (SDGs), and the Global Reporting Initiative (GRI) Guidelines as the foundation for its reporting framework and approach.

Materiality and Focus Areas

ARDB has conducted a materiality assessment of topics based on their influence and importance on the bank's operations and relevance. These materials topics revolve around the four key pillars of sustainability which are Economic, Environment, Social, and Governance (EESG).

In addition, ARDB also received technical guidance and advisory support from the Association of Development Financing Institutions in Asia and the Pacific (ADFAP) on the development of this sustainability report.

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1. About ARDB

vision

To be a leading **Green and Sustainable** Financial Institution focused on the development of the agriculture, rural, and **Green** sectors in Cambodia.

Mission

- 1 Development of strong and **sustainable** linkages across Agricultural Value Chain, rural and **Green** sectors through inclusive end-to-end financial services
- 2 Identification, coordination, and resolution of market gaps in the agriculture, rural, and **Green** sectors through strategic partnerships, technology and, **Green and sustainable** financial solutions
- 3 Diversified stimulation of rural economy through the provision of **Green and sustainable** financial services to small and medium enterprises (SMEs) in the rural sector
- 4 Promotion of **sustainable** rural sector savings and financial literacy

Goals

- 1 Become a fully digital, **green and sustainable** bank, utilizing artificial intelligence.
- 2 Transform subsistence farmers into agropreneurs through training and public awareness, to improve export orientation and national food security.
- 3 Promote the role of SME clusters for agro-processing businesses to build a sustainable agricultural value chain.
- 4 Promote the development of green and climate-smart sectors through green and sustainable financial services.

Core Values

- 1 **Integrity:** is one of our core values linking honesty and professional ethics.
- 2 **Collaboration:** is one of our core values, emphasizing the importance of communication and teamwork to achieve common goals
- 3 **Innovation:** is one of our core values illustrating modernized, innovative, and creative work practices.

Our Role

ARDB Bank has played the role of a policy bank serving the Royal Government, specifically by filling financial gaps in various development projects that private banking and financial institutions are unable to address. ARDB provides comprehensive, efficient, and sustainable banking services to support the development of the agricultural sector and rural economy, thereby contributing to national economic development in line with the policies of the Royal Government of Cambodia.

Message from Chairman



Ros Seilava

Secretary of State of the Ministry of Economy and Finance and Chairman of ARDB Board of Directors

Sustainable agricultural development remains as the core mission of Agricultural and Rural De-velopment Bank (ARDB) as we work to drive socio-economic development in Cambodia. Our goal is to transform smallholder farmers into resilient agropreneurs and elevate the living standards of our rural communities.

As the world continues to face intensifying challenges, including climate change, economic uncertainty, environmental degradation, and food insecurity, ARDB recognizes that sustainable development is no longer just an option, but a strategic mandate for the bank. These risks highlight the sensitivity of the global socio-economic system and called for the urgent need for a more sustainable development path forward to ensure stability and prosperity for future generations.

ARDB aligns our strategy with the Royal Government of Cambodia's Pentagonal Strategy-Phase I and the localized Sustainability Development Goals (SDGs). Under the guidance of the Ministry of Economy and Finance, ARDB operates with the understanding that agriculture is the main pillar of poverty reduction and climate resilience for Cambodia. Our efforts directly support national long-term development agenda and SDGs priorities such as: Zero Hunger & Food security; No Poverty; Decent Work & Economic Growth. Additionally,

ARDB's sustainable development strategy focuses on providing responsible and targeted financial support to enhance agricultural productivity, strengthen food systems, and promote environmentally sustainable practices across crop production, livestock farming, and aquaculture.

ARDB is committed to embedding sustainability principles into our core business strategy by strengthening the agricultural value chain, supporting climate-smart and resource-efficient agriculture, and expanding access to finance for smallholder farmers, agribusinesses, and rural enterprises. Through these efforts, we aim to generate long-term socioeconomic value, enhance resilience in rural communities, and contribute meaningfully to national poverty reduction and economic diversification.

1. About ARDB

As Chairman of the ARDB Board of Directors, I reaffirm the Board's commitment to providing strategic oversight and leadership to ensure that sustainability and national development agendas remain integral to ARDB's vision, mission, and decision-making processes. I extend my sincere appreciation to the Board members, management, and staff of ARDB for their continued dedication and professionalism in advancing government policies and implementing our sustainable development strategy.

Together, we are committed to build a resilient, sustainable, and prosperous agricultural sector that benefits our people, protects our environment, and supports Cambodia's long-term development goals.



Ros Seilava

Secretary of State of the Ministry of Economy and Finance and Chairman of ARDB Board of Directors

1. About ARDB

Message from Chief Executive Officer



2025 Achievements

In 2025, the Agricultural and Rural Development Bank (ARDB) remained on a remarkable path of progress, demonstrating strong resilience and sustainability. ARDB continued to maintain its stability by expanding its operations across provincial branches, upgrading its new core banking system, and enhancing the functionality of the ARDB Mobile App to better meet customer needs. The Bank also continued to develop digital technologies to facilitate more convenient and efficient transactions. Despite these achievements, ARDB faced several challenges, including slower economic growth, rising inflation, uncertainty in agricultural markets, the impacts of climate change, and the effects of the Cambodia–Thailand border dispute. Nevertheless, ARDB has maintained a strong position and continues to fulfill its mission with responsibility and a long-term vision.

Key Operational Highlights in 2025

- 1 Total loan portfolio increased to USD 543 million, representing a growth of 10.37% compared to the 2024 plan.
- 2 Total number of deposit accounts reached 7,673, reflecting a 48.38% increase compared to 2024.
- 3 The development of a new core banking system to enhance convenience and efficiency in banking transactions.
- 4 ARDB expanded its operational network across the provinces and upgraded its mobile offices to branch-level operations.

1. About ARDB

ARDB's 2026 Outlooks

To further advance mission, ARDB has established four priority objectives for 2026, as outlined below:

- 1** To transform the Bank into a fully digital bank while promoting green finance and sustainable finance through the utilization of artificial intelligence (AI).
- 2** To transform farmers into agropreneurs through technical support and capacity building, to promote exportations and contribute to maintaining food security in Cambodia.
- 3** To promote the role of SME in the agro-industrial sector to build sustainable agricultural production value chains.
- 4** To promote the development of green and climate resilience through the provision of green finance and sustainable finance.

On this note, I would like to express my profound gratitude to the Royal Government of Cambodia, the Ministry of Economy and Finance, and the National Bank of Cambodia for their unwavering support and trust in ARDB Bank. I extend my appreciation to the Board of Directors and the management team for their continuous support and valuable guidance provided to ARDB. Additionally, I am thankful to relevant ministries and institutions, development partners, as well as all customers and employees of the Bank who have dedicated their efforts and worked wholeheartedly in collaboration with ARDB to promote the development of Cambodia's agricultural sector.

H.E Dr. Kao Thach

Delegate of Royal Government of Cambodia in charge as Chief Executive Officer of ARDB



Years of Development Financing in Cambodia



After 26 years of delivering socioeconomic value to farmers in Cambodia, significant improvement has been seen in the agricultural value chain in Cambodia. The bank remains committed to delivering socioeconomic value, further improvement of the agricultural value chain, and alleviation of poverty in Cambodia.

Before being known as Agricultural and Rural Development Bank (ARDB), it was known as Rural Development Bank (RDB), established in 1998 as an agricultural-specialized bank under Subdecree No. 01 ANKr. BK dated January 21, 1998.

In 2014, the Royal Government of Cambodia issued Subdecree No. 199 ANKr. BK on June 11, 2014, on the amendment of the roles and organizational structure of the Rural Development Bank. Subsequently, the bank was transformed from a specialized bank into a commercial bank named the Agricultural and Rural Development Bank (ARDB), under Subdecree No. 124 ANKr. BK dated August 27, 2019.

ARDB has been designated as a state-owned enterprise dedicated to commercial banking, with full autonomy to manage and guide its own activities.

It is worth noting that ARDB operates under the technical and financial guardianship of the

Ministry of Economy and Finance and the supervision of the National Bank of Cambodia.

The pursuit to continuously support the enhancement of socioeconomic development in Cambodia has encouraged ARDB to also pay attention to the importance of addressing climate change issues which bear a tremendous impact on farmers and their livelihoods. As a result, ARDB Bank has strengthened its operations by revising its vision, mission, and objectives, while fulfilling its role as a sustainable commercial bank.

ARDB Bank has defined a new vision: **"To become a leading financial institution providing green and sustainable financing."** This vision is pursued by embedding green finance and sustainable finance principles into the Bank's business strategies and operational frameworks.

Furthermore, ARDB has taken an active role in advancing green finance development in Cambodia through the adoption of the **Cambodian Sustainable Finance Principles** since 2018 and the establishment of the **Green Finance Department in 2022**, among other key initiatives.

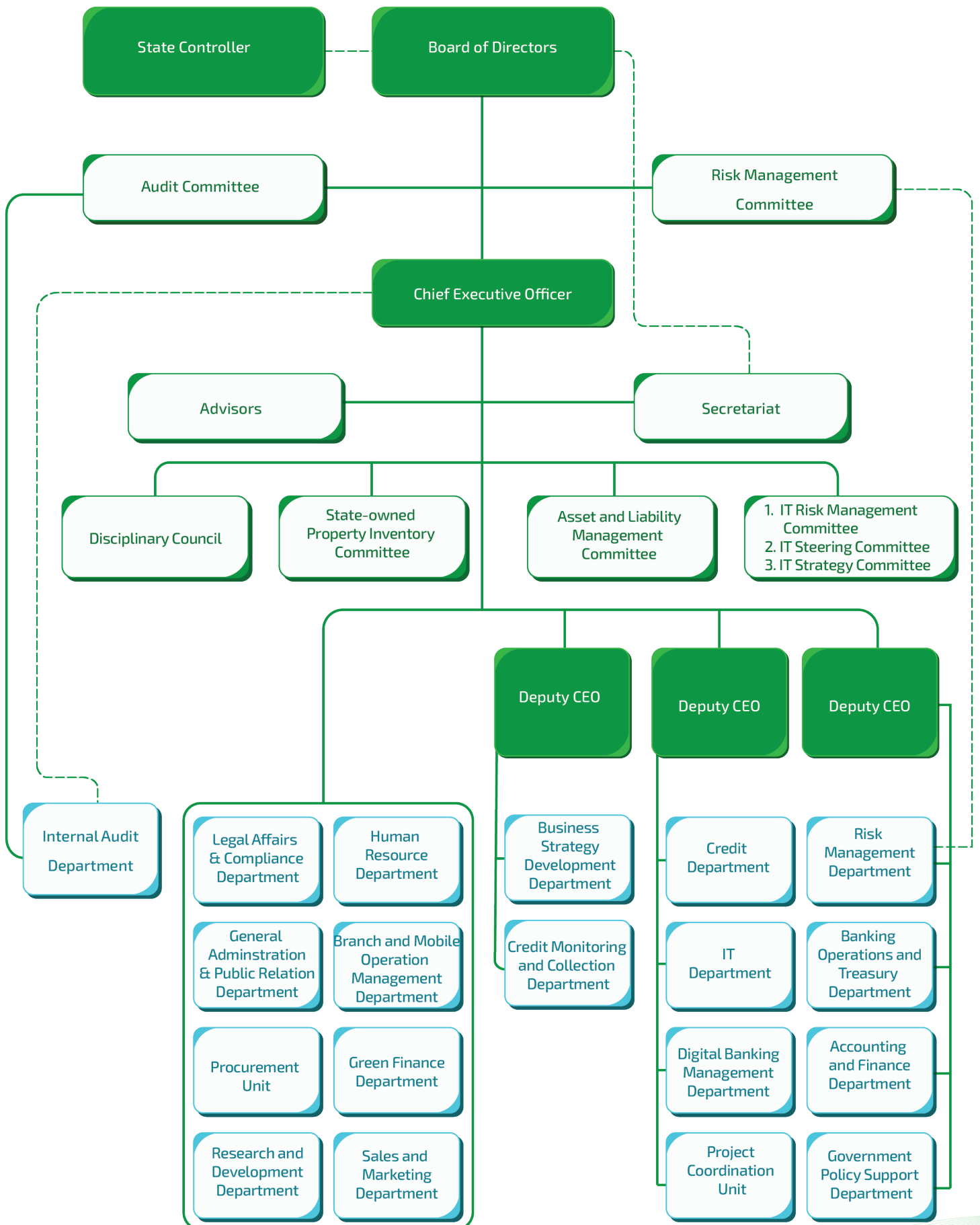
ARDB envisions a hopeful future to be an Accredited Entity of Green Climate Fund and of continuous support for the country as a National Climate Bank for Cambodia.



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Organizational Chart



2. Corporate Governance

Board of Directors

His Excellency ROS Seilava is currently a Secretary of State of the Ministry of Economy and Finance, Chairman of the Board of the Credit Guarantee Corporation of Cambodia (CGCC), Chairman of the Executive Committee of the National Social Protection Council, a Member of the Supreme National Economic Council (SNEC), Chairman of the Board of the Agricultural and Rural Development Bank (ARDB), Vice Chairman of the Board of Trustees of Cambodia Kantha Bopha Foundation, Executive Director of Cambodia Kantha Bopha Foundation, Economic Research Institute for ASEAN and East Asia (ERIA) Governor of Cambodia, Secretary General of the General Secretariat of Steering Committee of the Public Financial Management Reform, Deputy Finance Minister for Cambodia in ASEAN Finance Ministers Meeting (AFMM), a Member of the Board of Cambodia Climate Change Alliance (CCCA), National Coordinator of the Great Mekong Subregion, and the Chairman of Board of the Cambodia Reinsurance Company "Cambodia Re".



His Excellency ROS Seilava
Chairman

His Excellency has served the government since 1985 in the Ministry of Industry, Mines, and Energy. In 1994, he worked in the Ministry of Economy and Finance as a Financial Controller. From 2002 to 2005, he was appointed as Deputy Director of the Economic and Financial Policy Planning and Monitoring Unit. From 2005 to 2006, he was appointed as Director of the Department of Economic and Public Finance Policy. In addition, he was an Advisor to the Executive Director of the World Bank Board of Executive Directors from 2006 to 2008. Upon returning from this role, he was appointed as Deputy Secretary General of the Ministry of Economy and Finance from 2008 to 2013. His Excellency was appointed as Undersecretary of State of the Ministry of Economy and Finance in 2013, and as Secretary of State of the Ministry of Economy and Finance in 2020

His Excellency has also made significant contributions to the policy-making process of the Royal Government. Beyond his government roles, he also worked as a professor at the Phnom Penh Institute of Technology of the Ministry of Education, Youth, and Sports.

His Excellency earned a bachelor's degree in social studies from Penza's Institute of Pedagogy, former USSR, in 1992. In 2002, he obtained a Master of International Affairs in Economic Policy Management from Columbia University, United States of America.

2. Corporate Governance

His Excellency Dr. KAO Thach currently held the portfolio of the Delegate of the Royal Government in charge as the CEO of the Agricultural and Rural Development Bank (ARDB), was nominated to be the CEO of the Rural Development Bank (RDB), which was later transformed to ARDB, on July 4th, 2014, and a member of the RDB's Board on August 7th, 2014. Currently, he is the Chairman of Association of Development Financing Institutions in Asia and the Pacific (AD-FIAP) and a member of Supreme National Economic Council (SNEC) with the rank of Secretary of State and labor arbitrator of the Arbitration Council since 2003. He was sworn in as Lawyer on October 8th, 2012, and became a member of the Bar Association of Cambodia on October 10th, 2016. Before holding ARDB's portfolio, he was Deputy Director General of the Securities and Exchange Commission of Cambodia with the rank and privilege of Undersecretary of State and the Head of Financial Market Division, Financial Industry Department, Ministry of Economy and Finance. Working in the law field, he used to be a legal officer in the Ministry of Justice and in court. He was one of the key persons working toward the establishment



His Excellency Dr. KAO Thach
Member of the Board

of the Securities and Exchange Commission and Cambodia Securities Exchange. Since joining the Ministry of Economy and Finance in 2003, he has undertaken numerous assignments relating to financial sector development in Cambodia. These assignments include members of working groups responsible for drafting Law on Government Securities and Law on Issuance and Trading of Non-government Securities, and members of working groups responsible for developing Financial Development Strategy 2006-2015 and 2011-2020. Besides, as a representative of the Ministry of Economy and Finance, he has been involved in various ASEAN working groups in relation to capital market development such as ABMI, ACMF, and Financial Services Liberalization.

He holds Bachelor of Law (LLB-Faculty of Law and Economics) in 1998 and Master of Laws from Bond University (Australia) in 2002, with an emphasis of International Trade Law System, WTO Legal Framework, Alternative Dispute Resolution, and Dispute System Design and on May 11th, 2019, he graduated Doctor of Business Administration (DBA) from EU Business School. His thesis is on "*The Rural Development Bank's Transformation: The Case of Cambodia*". On December 30th, 2021, he graduated with a Doctor of Philosophy in Public Policy from the University of Cambodia. His dissertation was on "*The role of Securities regulators in Efficient Supervision and Regulations of the Securities Market in Cambodia*".

Concerning the publications, in August 2022, his research paper: "Does the Role of Securities Regulators Matter for The Development of the Securities Market in Cambodia? An Exploratory Study" was published by Centre for ASEAN Studies (CAS)–Centre for International Management and Development Antwerp (CIMDA), in Belgium and in 2002, his book on "Dispute Settlement System of the World Trade Organization and Theories and Principle of Dispute System Design" was published by UTPP Press in Cambodia.

2. Corporate Governance



His Excellency SAN Visal is currently the Secretary of State of the Ministry of Rural Development and a Member of the Board of Directors of ARDB.

His Excellency started his career in the agriculture sector by participating in various development activities from 1990 to 2003. His Excellency has worked as a technical officer in various departments within the Ministry of Agriculture, Forestry, and Fisheries, including the Department of Agriculture Machinery, the Department of Agronomy, and the Department of Agricultural Standardization and Equipment. From 2003 to 2008, His Excellency served as Chief of Meanchey District. Subsequently, he was appointed as an Undersecretary of States of the Ministry of Rural Development from 2008 to 2019.

In addition to his government service, His Excellency also has experience working in the private sector as well as non-governmental organizations. Since 1994, he has served as the Secretary General at the Cambodian Democratic Students Intellectual Federation (Group 22). His Excellency received a master's degree from Chamroeun University of Poly-Technology in 2005 and is pursuing a Doctorate in Political Science at Asia-Europe University. Throughout his career, His Excellency has also participated in various training programs.

2. Corporate Governance



His Excellency CHHEANG Vannarith is currently the Undersecretary of State of the National Assembly of Cambodia, Secretary of State of the Office of the Council of Ministers (OCM), the Secretary General of the General Secretariat of Committee on Monitoring and Evaluation of the Implementation of Pentagonal Strategy - Phase I (CMEI-PS1), the Vice-Chairman of the Economic, Social, and Cultural Council (ECOSOCC) under OCM and a member of board of directors of ARDB.

In addition, he also serves as Head of Economic Policy Research and Analysis Division of the Supreme National Economic Council, where he's a core team in formulating the Cambodia Vision 2050, Industrial Development Policy, the Rectangular Strategies, Pentagonal Strategy as well as other flagship policies. Formerly, he served as the Director General of the General Department of Policy of the Ministry of Economy and Finance as well as the Deputy Secretary General of the Committee on Economic and Financial Policy, where he oversaw the formulation of macro-fiscal policy, public finance policy, international trade, financial cooperation, and structural policy.

His Excellency CHHEANG Vannarith holds master's degree in economics and public policy from Georgetown University, United States, and he obtained bachelor's degree in business administration from University of Georgia, United States.

2. Corporate Governance



His Excellency KHY Kosal is currently an Undersecretary of State of the Ministry of Agriculture, Forestry, and Fisheries, concurrently a member of the Board of Directors of the Agricultural and Rural Development Bank (ARDB). His Excellency embarked on his civil service journey in 2012, following his graduation from England. During these years, he has demonstrated his expertise and made impacts within both the Ministry of Water Resources and Meteorology and the Ministry of Agriculture, Forestry, and Fisheries. With his outstanding performances, His Excellency has been continuously promoted, starting from Administrative and Human Resources Officer to Undersecretary of State of the Ministry of Agriculture, Forestry, and Fisheries.

In terms of his educational background, His Excellency holds a master's degree in business administration from the University of Wales Institute of Wales, Cardiff (UWIC) in London, England, in 2012 after he completed his bachelor's degree in engineering and business administration.

2. Corporate Governance



Mr. PAK Sereivathana is currently a consultant for Axis Investment Consulting, which is a consulting firm that has been supporting stakeholders from international and local private entities in various business development projects related to agriculture and financial sectors. In addition to his consulting work, he has experience working with international firms, such as the International Finance Corporation (IFC), and has more than 20 years of working experience in the financial sector. His key achievements span several projects across various institutions, such as corporate governance projects both for the National Bank of Cambodia and the Securities and Exchange Commission of Cambodia, the Cambodia Agricultural Sector Diversification Project, the Credit Bureau of Cambodia Development Project (CBC), and other IFC projects related to legal reforms and financial interventions. Prior to his consulting role, Mr. PAK Sereivathana served as a technical officer at the Ministry of Economy and Finance and gained experience in private companies.

Mr. Pak Sereivathana holds his master's degree in financial management from Central Queensland University, Australia, in 1997. Following his graduation, he has advanced his area of expertise in investment and financial analysis, feasibility assessment and business plan development, credit assessment, project development, and project management.

2. Corporate Governance



His Excellency CHAN Seyha is a Member of the Board of Directors of the Agricultural and Rural Development Bank (ARDB) who represents ARDB staff. His Excellency has been working at ARDB since January 1999 as Head of the Operation Department and was promoted to be Deputy Director in Charge of the Operation Department in July 2012. Prior to his tenure at ARDB, from 1991 to 1999, he gained extensive experience at the National Bank of Cambodia. During this time, His Excellency held various roles and responsibilities, including Officer in the Accounting Department, Head of Clearing House in the Operation Department, and Deputy Head of Account Management Division.

His Excellency holds a master's degree in finance from the National Management University in 2004 and obtained his bachelor's degree from the University of Banking, Vietnam, in 1991.

2. Corporate Governance

Executive Management

ARDB is governed by 4 executive management members as follows:

1. His Excellency Dr. KAO Thach, Chief Executive Officer (CEO)
2. His Excellency CHAN Seyha, Deputy Chief Executive Officer
3. His Excellency PECH Sany, Deputy Chief Executive Officer
4. His Excellency BAN Lim, Deputy Chief Executive Officer



2. Corporate Governance



His Excellency PECH Sany is the Deputy Chief Executive Officer of the Agricultural and Rural Development Bank (ARDB), with more than 20 years of experience in the banking sector.

His Excellency was appointed as Deputy Chief Executive Officer of ARDB in 2008. Prior to his role at ARDB in 2001, he worked at the National Bank of Cambodia and commercial banks for many years. Academically, His Excellency holds a master's degree in finance from the National University of Management in 2004 and a bachelor's degree in Banking from the University of Banking, Vietnam, in 1991.

His Excellency PECH Sany
Deputy CEO

His Excellency BAN Lim joins the Agricultural and Rural Development Bank (ARDB) as a Deputy Chief Executive Officer in 2021. His Excellency had been working as a legal adviser, an internal auditor, and a banking supervisor at the National Bank of Cambodia for more than 20 years.

His Excellency holds a Master of Business Administration from the National University of Management, where he graduated in 2005, and a Bachelor of Law from the Royal University of Law and Economics in 1998. In addition to his role at ARDB, His Excellency is currently a part-time professor of law at the Law Training Center (LTC) and a former professor of banking law and regulations at the Center for Banking Studies (CBS) of the National Bank of Cambodia and the Institute of Banking and Finance (IBF) of the Association of Banks in Cambodia for many year



His Excellency BAN Lim
Deputy CEO

2. Corporate Governance

Bank's Committee

The Audit Committee is an independent body under the Board of Directors. The Committee plays a crucial role in strengthening corporate governance and risk management as follows:

- Verify the accuracy of the annual report of the Independent Accounting Firm, ensuring that the information provided to the public and NBC is accurate and transparent.
- Verify and recommend to the Board of Directors the shortcomings found by the Accounting Firm, the inspection team of the regulator, and the Guardian Ministry.
- Evaluate the appropriateness of the accounting methods used for setting up separate and combined accounts.
- Examine the effectiveness of the ARDB's management and operation system through the financial statements and policies of the internal control system, particularly the evaluation of the measuring and monitoring procedures for identification, evaluation of reports, and operations to ensure consistency with policies, plans, procedures, and regulations.
- Approve the report of the Internal Audit to the Board of Directors.
- Evaluate the internal auditor's work efficiency, personality, and independence and review the internal audit's annual plan to ensure effective risk management of the bank.

Risk Management Committee

The Risk Management Committee, a committee under the Board of Directors, is responsible for overseeing risk management as follows:

- Review and approve risk management strategies, frameworks, and risk identification
- Evaluate the appropriateness of risk policies and frameworks to identify, measure, monitor, and manage risks
- Ensure the effectiveness of all risk management processes, structures, resources, and systems
- Monitor developments in both domestic and international financial markets, as well as political situations.
- Update the ARDB's policies and risk management procedures
- Identify potential implementation challenges and present them to the Board of Directors for guidance and decision-making

State Property Inventory Committee

The State Property Inventory Committee has the following roles and responsibilities:

- Supervise and coordinate the preparation and recording of ARDB's inventory
- Check and monitor the completion of documents and procedures to obtain certificates of ownership over immovable property or Certificates of Immovable Property Possession
- Consolidate and prepare the state property inventory for the Chief Executive Officer of ARDB to review and make decisions

2. Corporate Governance

- Review and recommend requests to clear the state property inventory of the utility unit, submitting them to the Chief Executive Officer of ARDB for review and decision-making
- Review and propose the sale, lease, transfer, and exchange of lands and buildings as well as the removal of real property from ARDB's inventory
- Take practical measures to ensure the accuracy, comprehensiveness, and timeliness of the preparation and recording of the state property inventory as well as the clearance of state property from the inventory
- Manage, maintain, and monitor the use of all types of ARDB vehicles
- Review the report on the preparation and recording of the annual state property inventory and propose solutions to any challenges related to the accountability and integrity of preparing and recording the state property inventory, as well as the removal of state property from the inventory, for the Chief Executive Officer of ARDB to review and make decisions
- Propose the inspection and audit of the management of the state property inventory of the utility unit, as well as the removal of state property from the inventory, for the Chief Executive Officer of ARDB to review and make decisions

Disciplinary Council

The Disciplinary Council is a special committee under the authority of the executive management. The responsibilities of the Disciplinary Council are as follows:

- Review and evaluate the request for appointment, promotion, and salary to all levels of staff who hold either a permanent or contractual position
- Review the salary rate and other benefits
- Review and evaluate work performance of probationary contract staff to be included as permanent staff
- Review and evaluate all levels of staff to provide incentives and rewards for those who have excellent work performance as stated in employment status
- Review and evaluate the punishment for those who do not comply with the rules and conditions that have been set.
- Review and search for mistakes of all levels of staff

Asset and Liabilities Management Committee

The Assets and Liability Management Committee has following roles and responsibilities:

- Develop policy frameworks and determine the authority surrounding the determination of the level of acceptance and management of financial risks related to the ARDB's balance sheet for the review and approval by the Board of Directors of ARDB.
- Review and monitor the levels of risks of ARDB that may affect ARDB's asset price, liabilities, and shareholders' equity to take appropriate measures in accordance with the level of ARDB's risk taking.

2. Corporate Governance

- Review, monitor, and analyze any changes in business, economic, and financial trends, especially liquidity, interest rates, and exchange rates which may affect asset price, liabilities, and shareholders' equity of ARDB to take appropriate measures.
- Monitor and review the regulations, legal norms, policies, and procedures that may affect the management of assets, liabilities, and shareholder's equity of ARDB, including reserve requirements, liquidity levels, asset and liability classification, provision, and disposal of assets.
- Review and make investment proposals on subsidiaries and/or joint ventures with other business partners.
- Review and make proposals on the new annual budget plans related to the assets, liabilities, and shareholders' equity based on ARDB's strategic business plan.

Information Technology Risk Management Committee

- Information Technology Risk Management Committee has the following roles and responsibilities: Improve Information technology risk management capability of ARDB, including facilitating the development of ARDB's information technology management skills.
- Establish effective risk management and internal monitoring systems to ensure the confidentiality of data, cybersecurity, and data restoration in the Bank.
- Establish an integrated information technology risk management system that includes the measurement of risk levels, impacts, and types of risks by incorporating robust risk management systems and implementation procedures to manage risks.
- Implement and monitor ARDB's operation to mitigate risks and regularly update and review periodic risk assessments to be integrated and changed in information technology system, environmental, or operational conditions which could affect risk analysis.
- Ensure the implementation of policies and procedures which are set by ARDB.

Information Technology Steering Committee

Information Technology Steering Committee has the following roles and responsibilities:

- Manage and lead the work which is assigned by the Information Technology Strategy Committee
- Identify prioritized projects and re-evaluate the strategies in accordance with the information technology plan
- Review the implementation of information technology and identify information technology techniques in response to ARDB's business activities.
- Assist in managing, identifying, and reviewing risks by monitoring the management process of the key information technology techniques.
- Advise on the use of information technology products and provide directions on the proper implementation of information technology techniques and ensure that the adoption of new technologies is feasible and minimally risky.
- Ensure the compliance with applicable laws and regulations and guidelines of technology standards

Information Technology Strategy Committee

Information Technology Strategy Committee has the following roles and responsibilities:

- Operate in accordance with the decision of the Board of Director of ARDB.
- Supervise the activities of the Information Technology Orientation Committee of ARDB.
- Update information technology strategies in response to the demands or business plans of ARDB.
- Ensure the structure of the information technology unit to further fulfil the businesses' demands.

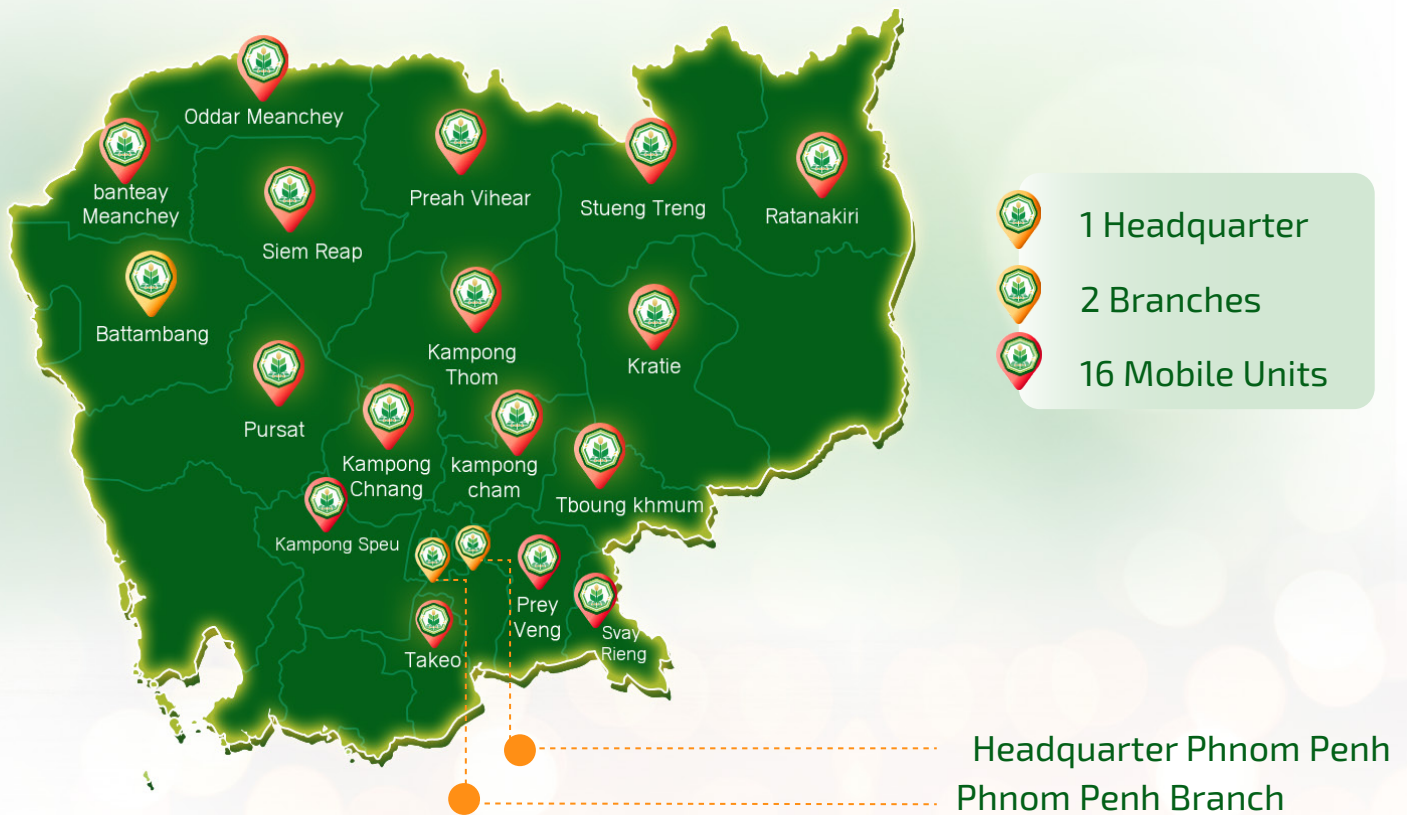
Ensure adequate information technology for operations and information technology risk management.



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ARDB 's Presence in Cambodia



Presently, ARDB has 1 headquarters, 2 Branches, and 16 mobile units. Those include 1 headquarter in Phnom Penh, 2 Branches in Battambang and Phnom Penh, and 16 mobile units in some provinces such as Banteay Meanchey, Oddar Meanchey, Pursat, Kampong Thom, Preah Vihear, Prey Veng, Tbong Kmom, Svay Rieng, Kampong Speu, Takeo, Stung Treng, Siem Reap, Kampong Cham, Kampong Chhnang, Kratie, and Rattanakiri.

Each unit has expanded its network of operation by promoting greater loan provision, in line with the ARDB's 10-year roadmap, which aims to expand the bank's branch networks and mobile units to reach all provinces and cities within a provision of digital banking service, in order to expand ARDB's services provision to the target customers and contributing to promote financial inclusion, especially in the rural areas

3. ARDB Achievement in 2025

ARDB's Partners



ARDB has become a member of 2 regional development institutions, which include Asia-Pacific Rural and Agricultural Credit Association (APRACA) and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).



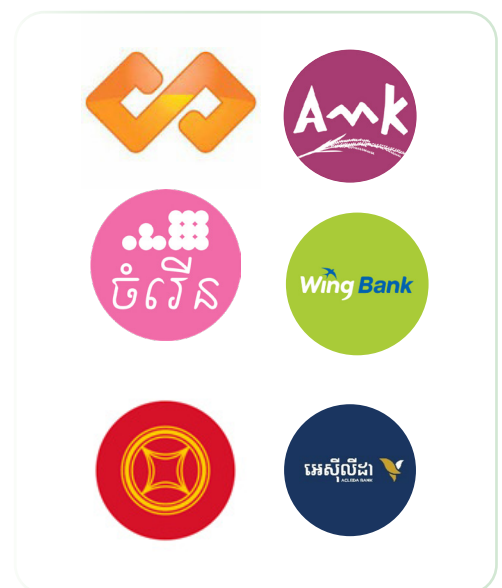
ARDB has cooperated with several international and national partners on the implementation of ARDB's development projects to improve socioeconomic development. National partners include Ministry of Economy and Finance (MEF), the Association of Banks in Cambodia (ABC), Ministry of Commerce (MOC), Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Environment (MOE), Ministry of Water Resources and Meteorology (MOWRAM), Electricite du Cambodge (EDC), Cambodia Rice Federation (CRF), the National Committee for Subnational Democratic Development (NCDD), The Council for Agricultural and Rural Development (CARD), Cambodia Veterans and Pensioners association (CVP), One Village One Product National Committee (OVOP National Committee), and Cambodia-China Councils Association for Economic Development, Youth Development Department (CICC-CAFED, YDD).

3. ARDB Achievement in 2025

International partners include the World Bank (WB), the International Fund for Agricultural Development (IFAD), the Asian Development Bank (ADB), The French Development Agency (AFD), Korea Development Bank (KDB), and Green Climate Fund (GCF). Agricultural Development Bank of China (ADBC), Industrial and Commercial Bank of China (ICBC Phnom Penh), Cross-Border Inter Bank Payment System (CIPS), National Bank For Agriculture and Rural Development (NABARD), Bank for Agriculture and Agricultural Cooperatives (BAAC), and Guangxi Beibu Gulf Bank (BGB).



ARDB has collaborated with number of financial institutions in Cambodia. Those include Cambodia Post Bank (CP bank), AMK Microfinance Institution and CHAMROEUN Microfinance Plc. as project partners, Wing Bank as a credit payment partner, Canada Bank as a banking partner in facilitating cheque issuing, CIMB of Thailand and ACLEDA Bank Plc as banking partner in expanding risk-sharing cofinance, and Bank for Agriculture and Agricultural Cooperatives (BAAC) as a collaborative partners in addition to the Royal Government's special financing scheme, aiming at supporting the agriculture sector.



3. ARDB Achievement in 2025

Financial Highlights

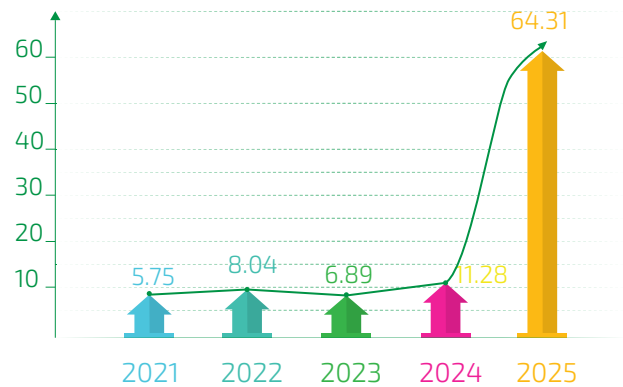
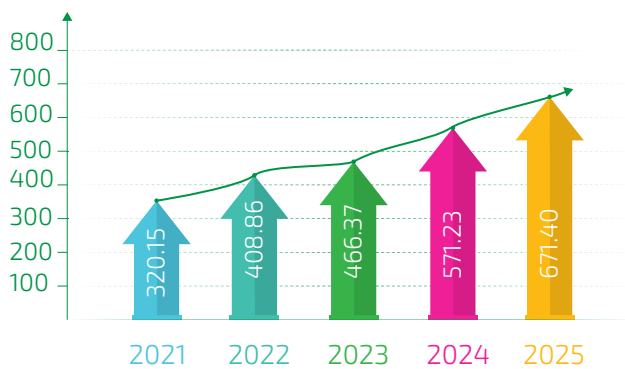
Revenue: 25,659,678

Profit /Loss: (1,756,496)



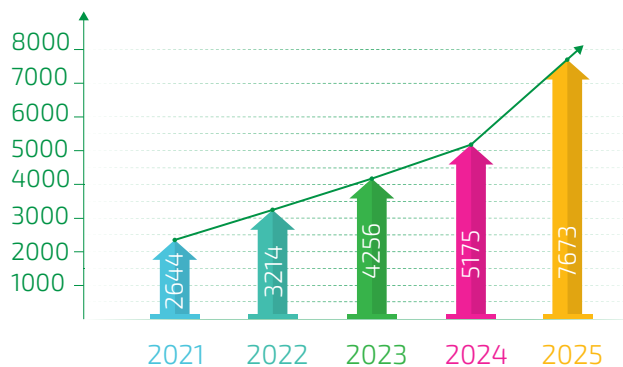
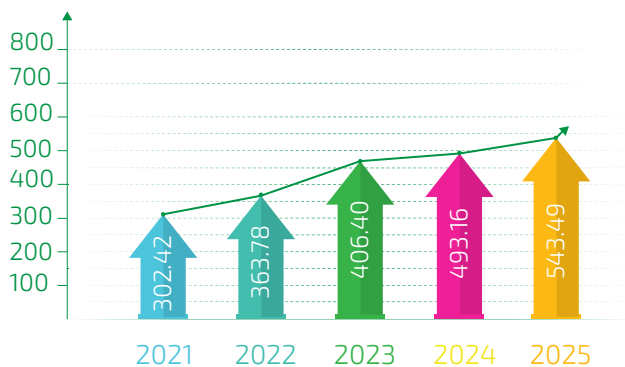
Total Assets (as in million US dollar)

Total Deposits Balance (as in million US dollar)



Loan and Advancement (as in million US dollar)

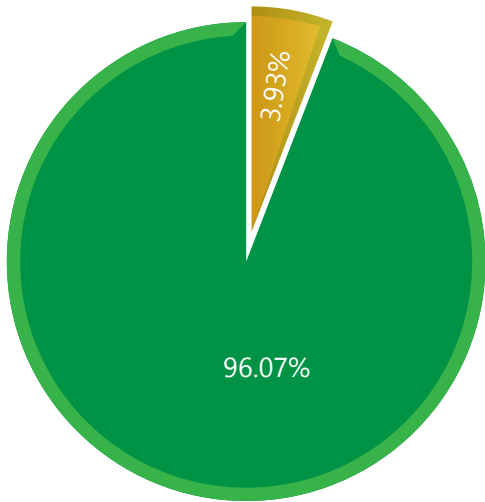
Total Deposit Accounts



3. ARDB Achievement in 2025

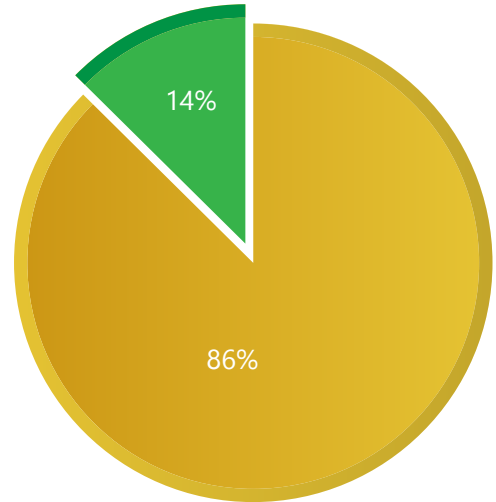
Loan Portfolio and Customer in 2025

Loan Portfolio



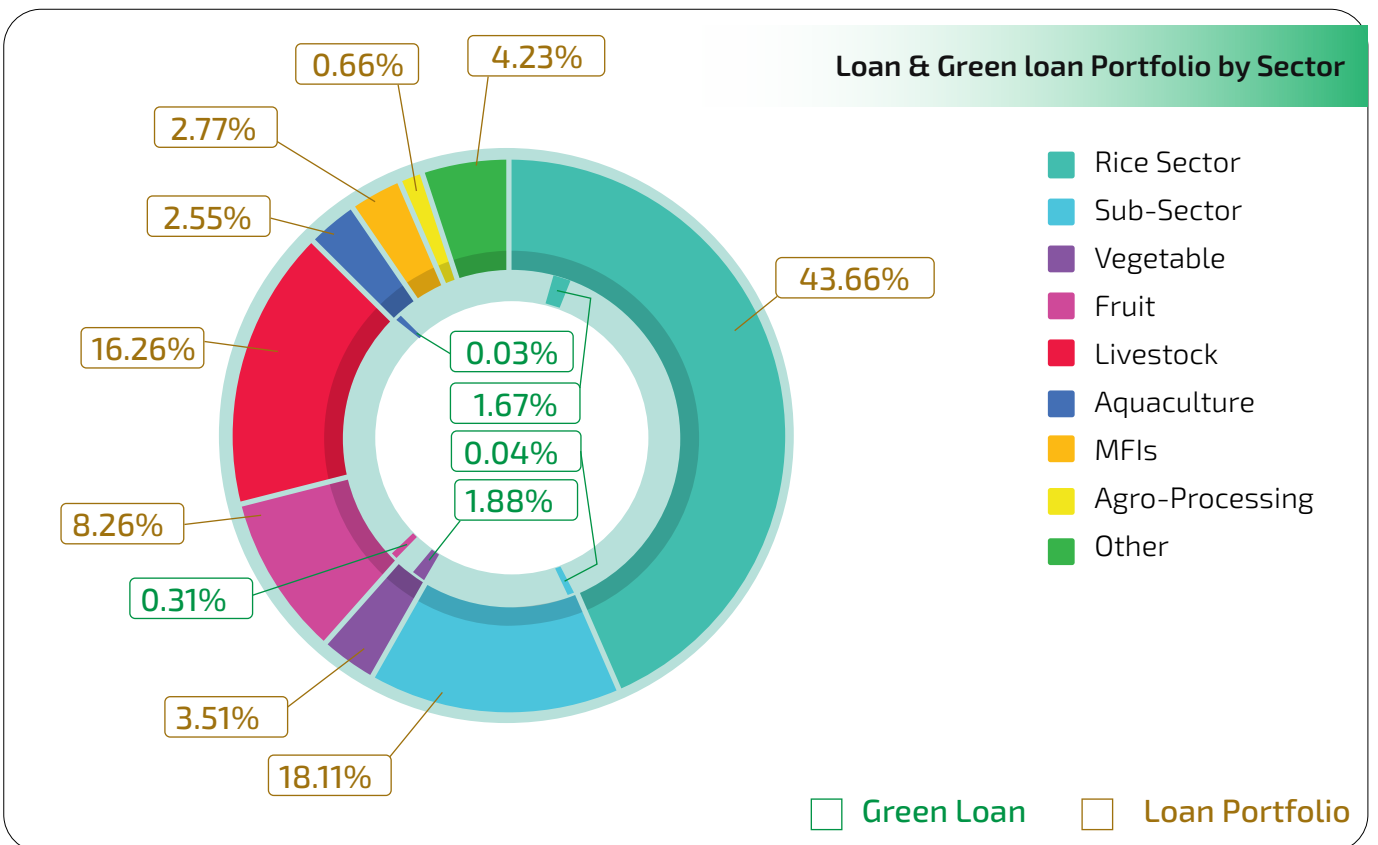
- Loan Portfolio
- Green Loan Portfolio

Loan Customers



- Loan Customer (Credit Dept)
- Loan Customer (Green Dept)

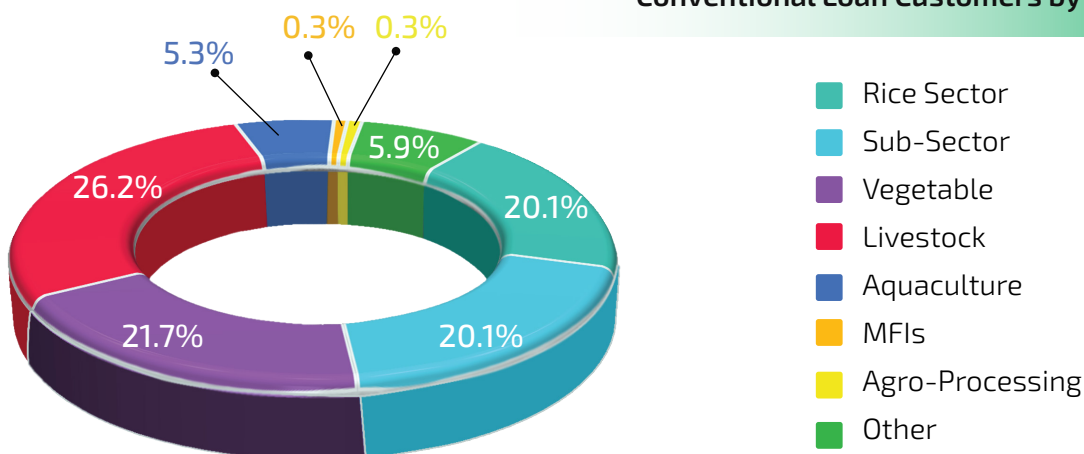
Loans Portfolio by Sector



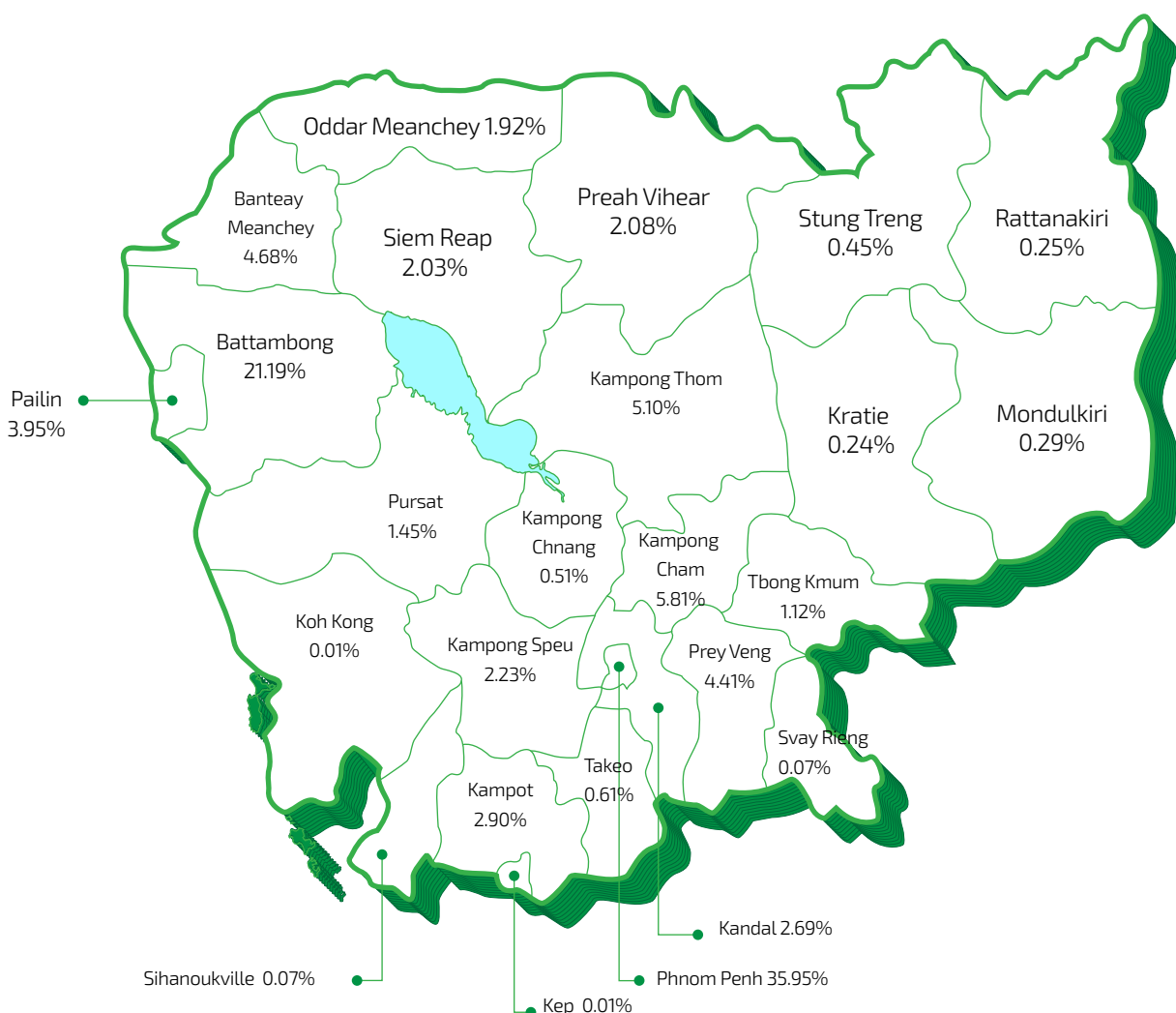
GRI 2-6: Activities, value chain and other business relationships
 GRI 201-1: Direct Economic Value Generated and Distributed

3. ARDB Achievement in 2025

Conventional Loan Customers by sector



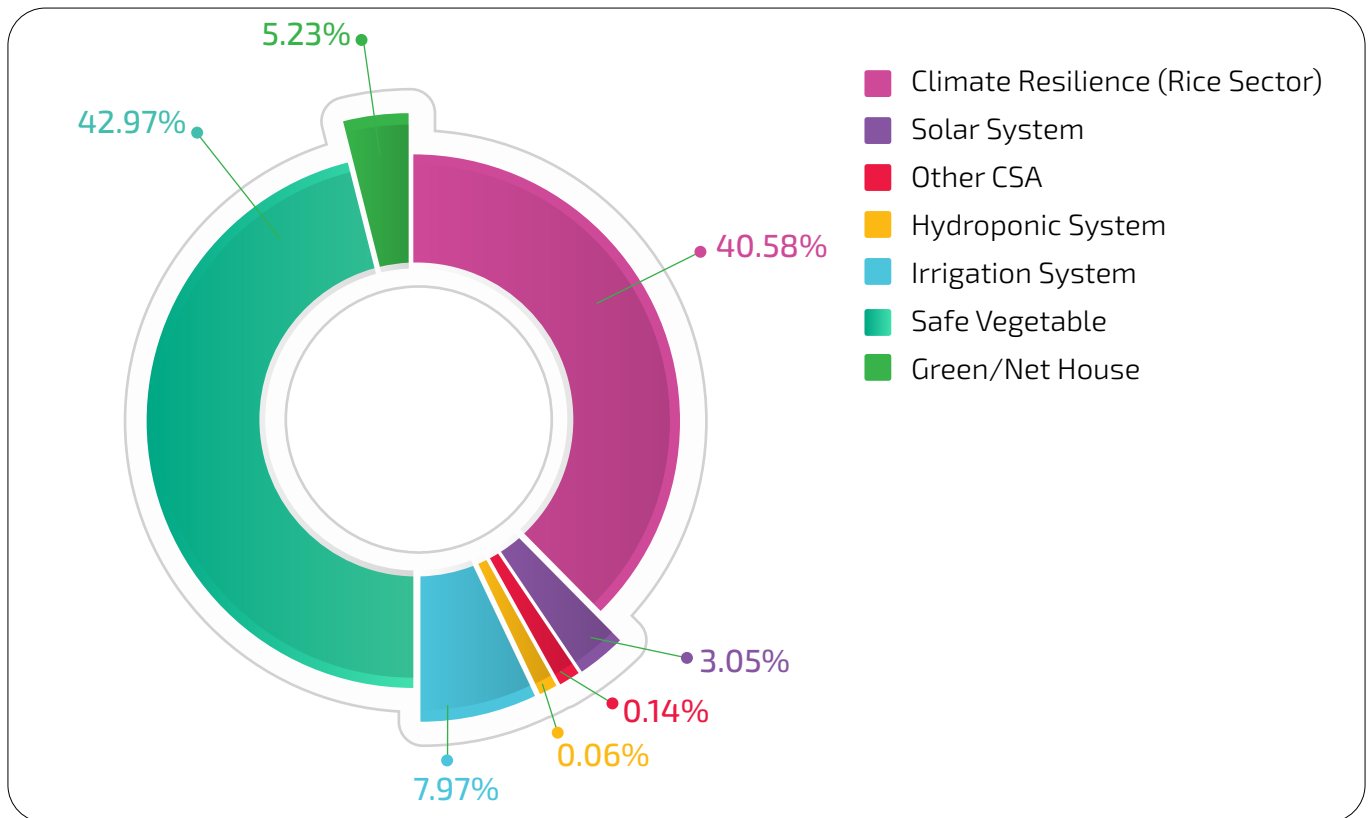
Loan Size by Geography



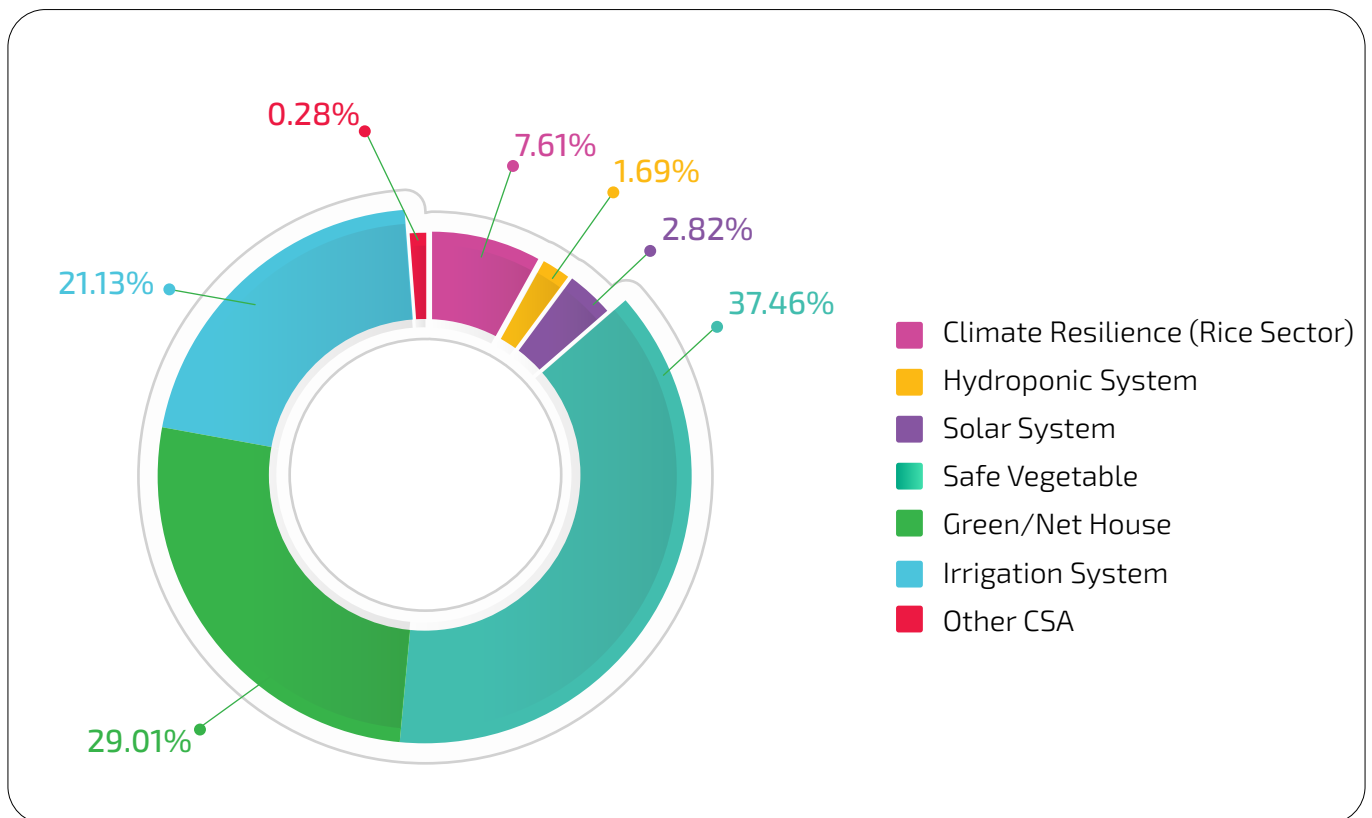
GRI 2-6: Activities, value chain and other business relationships
 GRI 201-1: Direct Economic Value Generated and Distributed

3. ARDB Achievement in 2025

Green Loan Portfolio by Sector



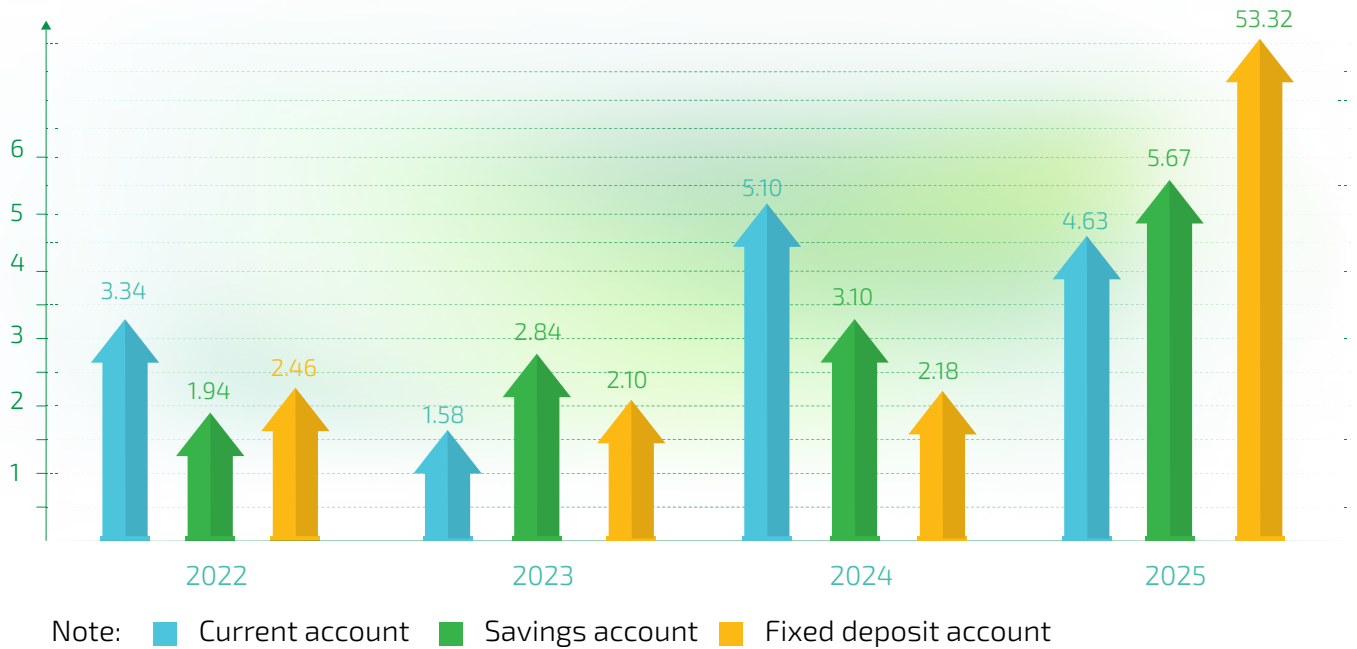
Green Loan Customer by Sector



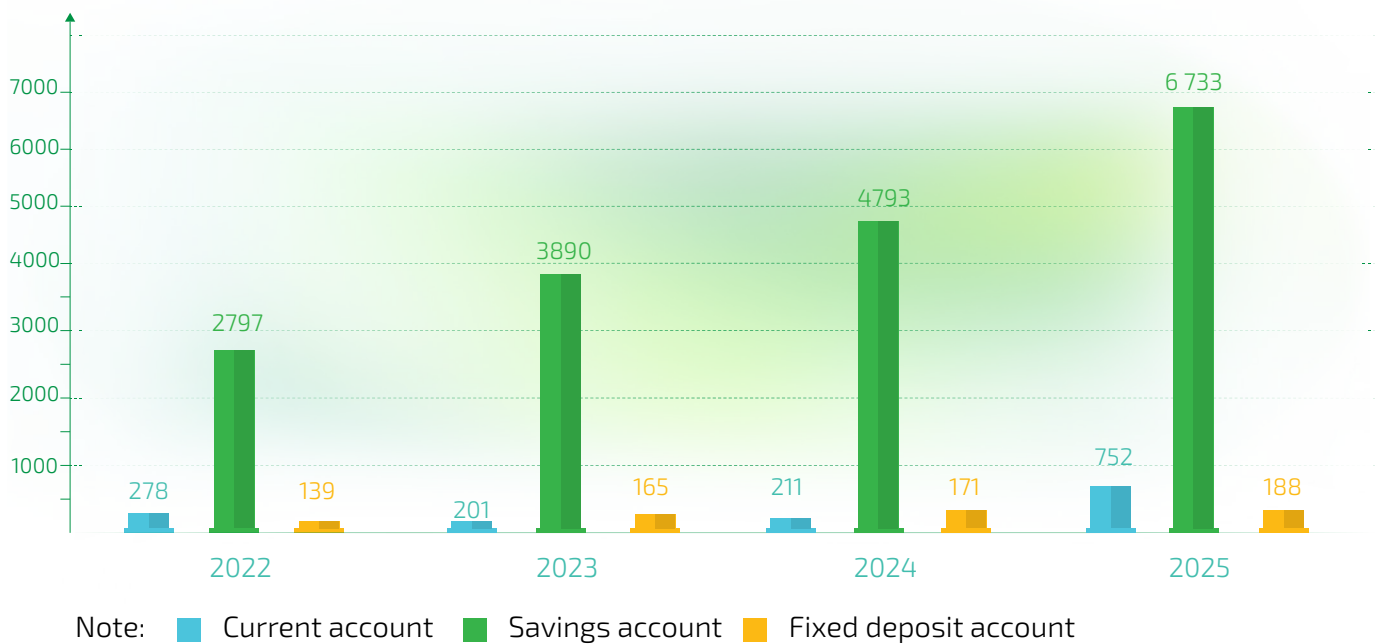
3. ARDB Achievement in 2025

Deposits

Deposit Balance by Account Type (in Million US dollars)



Number of Accounts by Deposit



3. ARDB Achievement in 2025

Products and Services

Loan

ARDB provides financing and banking services to key stakeholders involved in the agricultural value chain, including farmers, agricultural cooperatives, micro, small, and medium enterprises (MSMEs), as well as other rural clients. Our loan products and credit services are designed to enhance access to capital and promote sustainable rural and agricultural development. We offer working capital and investment capital tailored to the needs of businesses and producers engaged in the cultivation, processing, storage, distribution, and export of agricultural products.



SMEs in Agriculture Sector Loan:

This loan facility is extended to both natural and legal people participating in the agricultural value chain. Eligible borrowers include stakeholders engaged in the production, processing, storage, distribution, and export of agricultural commodities, particularly in the rice sector and other priority subsectors contributing to socio-economic development. The facility is offered at concessional interest rates in alignment with development financing objectives.

តំណទាន
សហគ្រាសតុនតូច មធ្យម និងធំ ម្ចាស់អាជីវកម្ម ដែលស្ថិតក្នុងវិស័យកសិកម្ម រួមមានការផលិត ស្តុកទុក កែច្នៃ ចែកចាយ និងការនាំចេញ

- អត្រាការប្រាក់ទាប
- កម្ចីមានរយៈពេលវែង
- ការសងត្រលប់បត់បែនតាមលំហូរសេចក្តី

Agricultural Cooperatives Loan:

This loan is provided to support the strengthening and expansion of business activities of agricultural communities, producer clusters, and other communities to sustainably increase the income of the community members or producer clusters. The interest rate depends on the source of the Fund.

តំណទានសហគមន៍កសិកម្ម
សហគមន៍ ដែលស្ថិតនៅក្នុងខ្សែច្រវាក់ផលិតកម្មកសិកម្ម និងមានកម្មវត្ថុបម្រើផលប្រយោជន៍រួមរបស់សមាជិក

- អត្រាការប្រាក់ទាប
- កម្ចីមានរយៈពេលវែង
- ការសងត្រលប់បត់បែនតាមលំហូរសេចក្តី

3. ARDB Achievement in 2025

Small-holder Farmers Loan:

This loan is provided to an individual person whose businesses are related to the agricultural sector to increase farmers' capabilities to grow, process, and supply in high quantity and quality to increase their income at the maximum level with concessional interest rates.



Wholesale Loan to Financial Institution:

This credit facility is extended to licensed microfinance institutions (MFIs) supporting the agricultural sector, including deposit-taking microfinance institutions (MDIs), microfinance institutions, and financial leasing companies duly licensed by the National Bank of Cambodia and compliant with applicable regulatory requirements. In addition, ARDB provides wholesale lending to Participating Financial Institutions (PFIs) under the Cambodia Agricultural Sector Diversification Project (CASDP) in accordance with the project's financing framework.



Loan to Rice Sector:

This credit facility is extended to eligible rice procurement centers, paddy rice mills, storage facilities (including rice banks), licensed rice traders, grain drying facility operators, and other agricultural silo owners. The facility is offered at concessional interest rates under the applicable policy framework.



3. ARDB Achievement in 2025

ARDB's Green Loan:

The Green Loan is a dedicated financing facility designed to support environmentally sustainable and climate resilient agricultural investments. Eligible activities include safe vegetable cultivation, greenhouse and net-house infrastructure, irrigation systems, solar and other renewable energy systems, biogas installations, hydroponic (soilless) cultivation, aquaponic systems, and other climate-smart agriculture initiatives. The facility is offered at concessional interest rates in line with green financing principle.



Women Entrepreneurs in Agriculture Loan:

This newly developed loan facility is designed to provide targeted financial support to women entrepreneurs engaged in the agricultural value chain and agro-industry. The program aims to enhance their productive and innovative capacities to meet market demand efficiently. By facilitating access to finance, the loan seeks to expand employment opportunities, increase income, and contribute to the broader socioeconomic development of Cambodia.



Deposits

Saving Deposits:

A savings deposit account is an account that allows deposits and withdrawals as needed, with no fixed term. It can be used with passbooks, ARDB Mobile App digital banking services, Bakong services, ATM cards, and POS machines.



Demand Deposit:

A current account is a deposit account that allows customers to withdraw and deposit money as needed. It gives the account holder the right to issue checks, and withdrawals from the current account can be made based on the available balance in the account.



Fixed Deposit:

A fixed deposit account is an account where customers can choose a specific term to save their money and earn a higher interest rate from ARDB Bank, with terms available for up to 24 months.



3. ARDB Achievement in 2025

Digital Banking Services

ARDB Mobile Application:

As ARDB has seen the potential of mobile banking is growing steadily, ARDB is putting an effort to accelerate, enhance, and improve new features in its mobile application to create a quality and competitive ARDB Mobile Application. Moreover, the ARDB Mobile Application has many functions such as checking account balance, checking credit balance, transferring money, paying bills, mobile top-up, applying for a loan, exchange rate information, and even be able to find documents and information related to agricultural sector via connecting directly to ARDB's website conveniently, speedy, and safely.



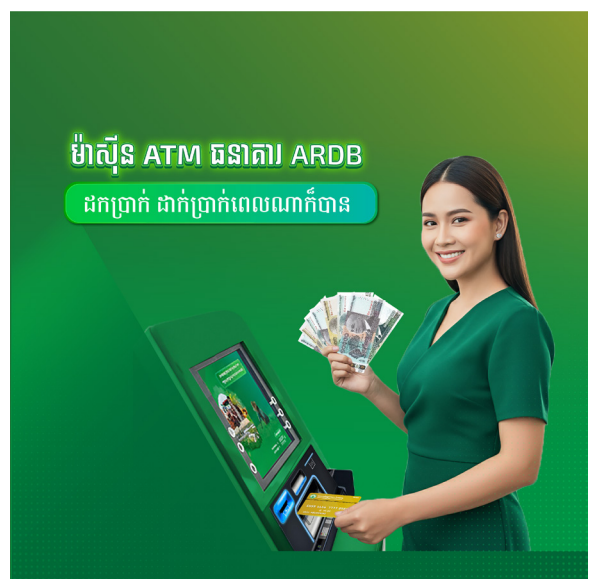
Bakong System and KHQR:

ARDB has successfully become a member of the National Bank of Cambodia's Bakong System, which aims to provide a convenient and fast digital banking service to all customers for use and be able to operate from all local banks that are members of the Bakong System. Bakong Payment Service is a retail pay system.



ATMs and Debit Cards:

ARDB has launched its ATMs for its staff and customers, as well as for those who wish to receive automatic withdrawal and deposit services. The customers and staff also be able to operate anytime and anywhere that have ATMs, within three options of ATM cards including Debit Card: Classic, Gold, and VIP.



3. ARDB Achievement in 2025

Traders/Merchants:

For all traders and merchants who wish to use payment services provided by ARDB for their business operations, you may apply for ARDB's payment services and if you meet our requirements, you will gain instant access.



Trade Finance:

The trade finance instruments and products of ARDB include:

- International Remittance
- Documentary Collection
- Documentary Letter of Credit
- Bank Guarantee



Online Account:

An online account is a type of savings deposit account that allows new customers, who do not yet have an account with ARDB Bank, to open an account by themselves and start using it immediately through the ARDB Mobile app.



3. ARDB Achievement in 2025

ARDB TV online



ARDB TV has continued its broadcasts through DTH satellite (24/7), totaling 2,522 annual production programs with a total of 6,164,292 views. These include 565 domestic agricultural news programs, 503 international news programs, 48 news highlight videos, 217 management news, 84 agricultural policies, 93 technology and innovation, 85 benefits of vegetables and fruits, 97 farmer development, 15 livestock and aquaculture, 28 features, 9 agriculture technicals and innovations, 9 financial literacies, 21 entertainment programs, 36 specials interviews, 148 daily commodities' prices, 15 bank events, 518 other news, and 31 holiday programs, music, and TVC programs.

Local Community Technical Support

In 2025, ARDB continued to support local community agricultural technical and financial literacy training across 23 provinces in Cambodia. The Bank developed and disseminated 18 agricultural technical guideline documents and 13 agricultural newsletters focusing on crop diseases, pest management, and preventive measures. In order to support agricultural development activities, ARDB prepared 15 analytical documents on agricultural production costs and risk management. In addition, ARDB's agricultural technical team conducted technical support missions across 23 different provinces to support farmers, agricultural communities, and producer groups by providing guidance on agricultural production techniques and improving farmers' capacity which benefited 76 farming households. Moreover, 10 training sessions were organized on agricultural techniques and household financial literacy, reaching 66 farming households in order to strengthen farmer's awareness in sustainable farming practices and financial management. Throughout these activities, ARDB has always shown a commitment to promote agricultural development and rural livelihood improvement



3. ARDB Achievement in 2025

Sustainability Assessment

In 2025, ARDB completed an internal “Sustainability Policy Assessment” in efforts to achieve the Bank’s vision to become a Leading Green and Sustainable Financial Institution in Cambodia by 2033. It serves as an evaluation of ARDB to integrate Environmental, Social, and Governance (ESG) principles into its strategy, governance, risk management, and operations. This initiative demonstrates ARDB’s driven approach in aligning with international sustainable banking practices and strengthening its long-term institutional resilience.

The assessment framework evaluates ARDB across five conceptualized dimensions of sustainable banking which includes (I) Internal Sustainability Policies and Strategic Commitments, (II) Corporate Governance, (III) Transparency and Communication, (IV) Risk management, and (V) Products and Services. This five-dimensional framework ensures that sustainability is examined holistically from strategy and governance to risk and implementation.

The findings indicate that ARDB is currently in the “Formulating Phase” of its sustainability transition. At this stage, the Bank demonstrates strong strategic intent and active engagement in green financing initiatives, while further institutional strengthening is required to formalize governance structures and fully integrate ESG considerations across all core processes. The Sustainability Assessment therefore serves as a foundational baseline to guide the Bank’s structured and measurable transition toward sustainable banking.

Sustainability Assessment is the starting point which reflects ARDB’s strong institutional commitment to:

- Establishing a Sustainability Baseline
- Aligning with International Best Practices
- Moving from Fragmentation to Coordination
- Strengthening Institutional Resilience
- Transitioning from Strategy to Implementation

Through this structured Sustainability Assessment, ARDB expects to achieve a centralized and accountable sustainability governance structure. ESG considerations are being taken into all lending, credit evaluation, and risk management processes, placing sustainability into its core banking operations rather than treating it as a parallel initiative. By strengthening governance and ESG integration, ARDB also seeks to enhance transparency, reinforce stakeholder confidence, and improve access to international green and development finance. Over the long term, climate and ESG risk mitigation measures will contribute to greater portfolio resilience and financial stability, particularly within Cambodia’s climate-sensitive agricultural sector. As a next step, ARDB will prioritize the formal establishment of a Sustainability Committee and the operationalization of ESG integration frameworks to translate assessment findings into measurable actions. The Sustainability Assessment strengthens ARDB’s ability to fulfill its national development mandate while ensuring institutional sustainability in a rapidly evolving global financial landscape.

3. ARDB Achievement in 2025

ARDB Green Taxonomy

ARDB has developed its own taxonomy in 2025 aims to expand its loan portfolio to support sustainable agriculture, rural development, and climate-resilient growth, in line with ARDB's 10-Year roadmap goals. This taxonomy significantly provides a unified definition of activities and practices categorized as "Green", "Transitional", and "Conventional", aligned with national and international standards.

The ARDB Green Taxonomy has adopted the Green Bond Principle by the International Capital Market Association (ICMA) which is a framework with the four components including the use of proceed, process for project evaluation and selection, management of proceeds, and reporting. Moreover, the process will also incorporate the additional criteria including the financing frame-work which explains the alignment and made publicly available in an accessible format and external review to assess alignment with the GBP and, where applicable, to verify the tracking and allocation of proceeds.

The technical screening framework of ARDB Green Taxonomy comprises two main scopes, includes:

- Mitigation Scope stands on three key components are to avoid, reduce, and remove
- Adaptation Scope stands on adaptive and resilience capacity.



4. Management Main activities

International Engagement	38-40
National Forum	41-43
ARDB MoU	44-46

International Engagement

His Excellency Dr. Kao Thach, Delegate of the Royal Government in charge as Chief Executive Officer of the Agricultural and Rural Development Bank (ARDB) and Chairman of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), representing ARDB, participated in several significant international events, including:

Muscat, Oman

- **The 98th Board of Directors Meeting and the 48th Annual Meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), held under the theme: "Economic Gardening and Development Impact",** focusing on promoting local economic growth, building an ecosystem for entrepreneurs, providing financing for specific development goals, and bridging financing gaps, particularly through green finance and sustainable financing.
- **High-level working discussions with Secretary General of the Ministry of Finance of Oman and Chairman of the Board of Directors of the Development Bank:** The discussions aimed to strengthen cooperation and support the successful organization of the 48th ADFIAP Annual Meeting. The delegation also undertook a study visit to a fish farming project facilitated by the Oman Development Bank.
- **Invitation to participate as a speaker in a panel discussion on the topic "Human Factor: Building an Entrepreneurial Community":** H.E. Dr. Kao Thach highlighted key strategies of the Royal Government and ARDB Bank in developing an entrepreneurial ecosystem in Cambodia.

Activities in Muscat, Oman



4. Management Main activities

Macao, of China

- **The 99th ADFIAP Board of Directors Meeting:** To discuss strategic priorities, share knowledge and insights, and strengthen cooperation toward sustainable and inclusive growth, while reviewing the Association's progress and defining its future implementation direction.
- **Participation in the "ADFIAP-AADFI Joint International CEO Forum 2025" under the theme: "Resilient Future: Harnessing Sustainable Finance for Development in Asia and Africa"** to promote sustainable finance and strengthen partnerships between Asia and Africa.
- **Participation in the official opening ceremony of the 25th China International Fair for Investment and Trade** and serving as an honorary guest speaker at the High-Level Plenary Discussion of the conference on "Investment for the Future." The discussion focused on perspectives on future-oriented investment strategies, global investment financing sources, infrastructure investment, and future energy development.
- **Meetings and discussions with Development Financial Institutions in the African Region:** Discussions were held with the Development Bank of Southern Africa, Land and Agricultural Bank of South Africa, and the Association of African Development Finance Institutions (AADFI) to strengthen cooperation in development finance, capacity building, and experience sharing.

Activities in Macao, China

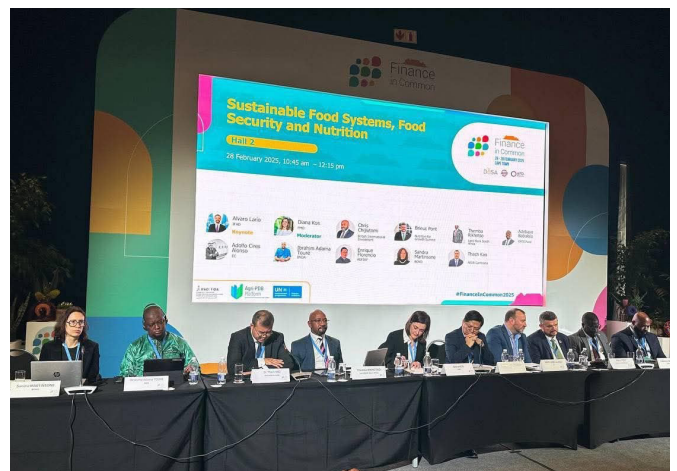


4. Management Main activities

Cape Town, Republic of South Africa:

- **Participation in the Finance in Common Summit (FiCS):** The Summit provided a platform to discuss the development of sustainable food systems and the strengthening of cooperation among development banks. ARDB shared key inputs on the role of development banks in supporting financing for sustainable food systems, mobilizing capital, and identifying common priorities for inclusive development. The opening ceremony of the **2025 Finance in Common Summit** was attended by distinguished leaders, including the Minister of Finance of the Republic of South Africa, the Deputy Secretary-General of the United Nations, the Governor of the Central Bank of France and Chair of the Bank for International Settlements (BIS), and the Chief Executive Officer of the French Development Agency.
- **Bilateral discussion with Mr. Alvaro Lario, President of the International Fund for Agricultural Development (IFAD):** The discussion focused on the proposal to strengthen the **Cambodia Climate Financing Facility (CCFF)**, a project supported by the **Green Climate Fund (GCF)**, to contribute to the achievement of sustainable development goals and support the development of a low carbon national economy. The priority areas include forestry and land use, agriculture, water resources, renewable energy, energy efficiency, and transportation.
- **Participation as a speaker to present ARDB's role:** ARDB highlighted its role in providing sustainable financing throughout the food value chain, from smallholder farmers to processing and packaging enterprises, in order to promote food security, nutrition, and sustainable development. The Bank also emphasized its efforts to promote green finance through support for solar energy systems, biogas facilities, aquaponics systems, and climate-resilient agriculture, as well as the implementation of the **CCFF project**, supported by the **Green Climate Fund (GCF)**, to contribute to low-carbon economic development and climate resilience.

Activities in Cape Town, Republic of South Africa



4. Management Main activities

National Forum

His Excellency Dr. Kao Thach, Delegate of the Royal Government in charge as Chief Executive Officer of the Agricultural and Rural Development Bank (ARDB), representing ARDB, participated in several significant national events, including:

- **Attended the Closing ceremony of the 4th Mandate General Assembly of the Cambodia Rice Federation** and the election of the Federation's President, as well as the President and members of the Board of Directors for the 5th mandate.
- Attended as an honored guest at the **2025 National Accounting Forum held at Koh Pich Convention and Exhibition Center, Phnom Penh.**
- Participated in the **Cambodia Cashew and Pepper Business Forum 2025** under the theme: "Opening Market Access to the European Union."
- Participated in the **Working Group Meeting on Promoting Investment in the Northeastern Region**, focusing on reviewing requests for special incentives, exemptions, and procedural facilitation for 11 companies' investment projects under the special program to promote investment in the four northeastern provinces.
- Served as a guest of honor and key speaker in the discussion session on the topic "**Financing the Future: Connecting Capital to Impact on Climate**" at the 2025 Annual Microfinance Conference held in Siem Reap Province.
- Participated in a meeting on measures to address excess rice stock and enhance market competitiveness.
- Conducted a field inspection to monitor the progress of the nethouse vegetable production project of the **Sasy Modern Agricultural Community** in Siem Reap Province.
- Conducted monitoring and inspection activities on the utilization of loans for livestock raising, agricultural cultivation, and agro-processing businesses of ARDB customers across various provinces.

Activities in Closing ceremony of the 4th Mandate General Assembly of the Cambodia Rice Federation



4. Management Main activities

Activities in 2025 National Accounting Forum



Activities in Cambodia Cashew and Pepper Business Forum 2025



Activities in the meeting on measures to address excess rice stock and enhance market competitiveness



4. Management Main activities

Activities in Sasy Modern Agricultural Community



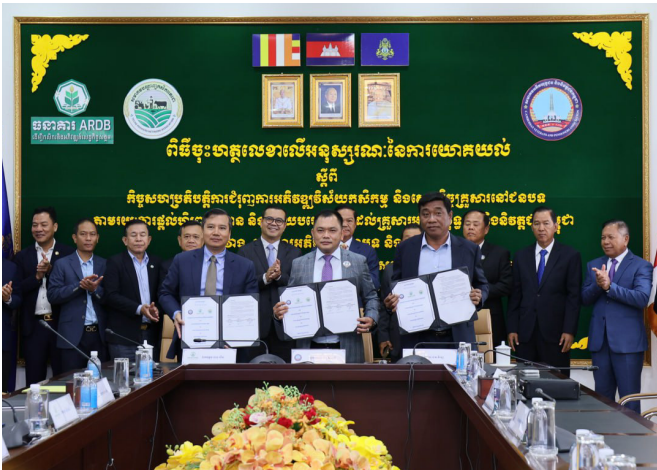
Activities in Photos of field inspection and monitoring activities regarding the use of credit facilities for livestock production, agricultural cultivation, and agro-processing enterprises.



4. Management Main activities

Memorandum of Understanding

The signing ceremony of the Memorandum of Understanding between the Cambodian Veterans and Retirees Association, the Rural Development and Agriculture Bank, and the Techo Farmers Network Association.



On December 25 2025, The signing ceremony was held under the high presidency of H.E. Kun Kim, Senior Minister, Vice President and Secretary-General of the Cambodian Veterans and Retirees Association; H.E. Dr. Kao Thach, Delegate of the Royal Government in charge and Chief Executive Officer of the Agricultural and Rural Development Bank (ARDB); and Mr. Chet Phearum, Vice President of the Techo Farmers Network Association. The event was attended by leaders of the Cambodian

Veterans and Retirees Association, the management of ARDB, and representatives of the Techo Farmers Network Association, with a total of more than 50 participants. This Memorandum of Understanding aims to establish cooperation, exchange information, and share agricultural experience; to provide financial support to enhance the family economy of Cambodian veterans and retirees; to promote rural economic development; and to provide technical agricultural assistance and market linkages for the sale of agricultural products.

The Memorandum of Understanding between the Rural Development and Agriculture Bank and the Cambodia International Chamber of Commerce – Cambodia-China Councils Association for Economic Development, Youth Development Department.

The signing ceremony was held under the high presidency of H.E. Dr. Kao Thach, Delegate of the Royal Government in charge and Chief Executive Officer of the Rural Development and Agriculture Bank, and Mr. Johnny Mo, Director of the Youth Development Department. The event was attended by the leadership of ARDB, relevant staff members, and representatives of the Cambodia-China Councils Association for Economic Development, with a total of 100 participants. This Memorandum



of Understanding aims to promote the development of the agricultural sector and support Cambodian farmers through media platforms, education, and other cooperative projects.

4. Management Main activities

The Rural Development and Agriculture Bank signed a Memorandum of Understanding with the National Bank for Agriculture and Rural Development of India to expand cooperation between the two banks.



The signing ceremony of the Memorandum of Understanding between the Rural Development and Agriculture Bank (ARDB) and the National Bank for Agriculture and Rural Development (NAB-ARD) of India took place on Friday, July 18, 2025, in Mumbai, India.

On this occasion, H.E. Dr. Kao Thach, Delegate of the Royal Government in charge and Chief Executive Officer of the Agricultural and Rural

Development Bank (ARDB), presided over the signing ceremony between ARDB and NABARD, an Indian development bank focused on providing development financing in rural areas.

This Memorandum of Understanding aims to expand cooperation between the development bank of Cambodia and the development bank of India by creating a platform for sharing best practices in agricultural finance innovation, particularly the digitalization of financing for agricultural and agro-industrial value chains. Furthermore, the MoU will foster collaboration in promoting the activities of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), contributing to sustainable regional development.

The Ministry of Environment and ARDB Bank signed a Memorandum of Understanding

The Ministry of Environment and ARDB Bank signed a Memorandum of Understanding with the aim of collaborating to support the Royal Government's policies in addressing climate change through action (mitigation) and increasing climate resilience through green financing, between promoting effective green financing and green investment On February 5, 2025.



4. Management Main activities

The signing ceremony of a Memorandum of Understanding (MOU) between the Ministry of Agriculture, Forestry and Fisheries, the Agricultural and Rural Development Bank (ARDB), and the Cambodia Credit Guarantee Corporation (CGCC)



H.E Chan Seyha, DCEO, and colleagues attended the signing ceremony of a Memorandum of Understanding (MOU) between the Ministry of Agriculture, Forestry and Fisheries, the Agricultural and Rural Development Bank (ARDB), and the Cambodia Credit Guarantee Corporation (CGCC) under the chairmanship of HE Dith Tina, Minister of Agriculture, Forestry and Fisheries and attended by the Secretary of State, Deputy Secretary of State, Director General of the Credit Corporation of Cambodia, senior leaders of foreign commercial banks of Cambodia, and many other leaders. At the Ministry of Agriculture, Forestry and Fisheries, on Thursday afternoon, July 10, 2025.

The signing ceremony of a Memorandum of Understanding (MOU) between the Agricultural and Rural Development and Catalyst's Organization

The Agricultural and Rural Development Bank (ARDB) and Catalyst's Organization signed a Memorandum of Understanding on "Partnership in the Acceleration Program to Empower Women through Training in Broadcast Content Production Skills on September 19, 2025.





5. Sustainability Policy Statement

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Sustainability Policy Statement

Agricultural and Rural Development Bank (ARDB), in alignment with its renewed vision to be a leading **Green and Sustainable** development financing institution, is committed to the effort in transforming the bank towards **Sustainability**, integrating sustainable practices into the bank's business strategies, financial products and services, human resource management, and overall bank's operation.

In recognition of the important role that development financing institutions play in contributing to the economic development of a nation, ARDB is moving forwards with an exemplary vision for other development banks in the country, leading Cambodia's pathway towards a **Green and Sustainable** economic development with its new vision, and missions.

Towards such exceptional pursuit, ARDB commits to the following goals and measures to fuel Cambodia's pathway towards sustainability by 2050.

- Aligning its business strategies to the United Nations (UN) Sustainable Development Goals, Paris Agreement Under the United Nations Framework Convention on Climate Change, Cambodia's Nationally Determined Contributions, Cambodia's Sustainable Finance Principles, and other relevant national and international frameworks and agreements
- Developing and implementing relevant internal policies within the bank's operation to ensure sustainable practices (Sustainable Compliance Principles)
- Promoting **Green and Sustainable** financial services and products especially in agriculture, rural, and green sectors in Cambodia
- Promote social equity and inclusion focusing on empowering marginalized groups, women, and more.

ARDB's commitment towards green and sustainable economic development is showcased through the bank's effort in addressing the crucial issues in global warming and climate change by shifting its focus from being a conventional financial institution to a **Green and Sustainable** financial institution. ARDB adheres to its commitment to contribute towards a **Green and Sustainable** economic growth in Cambodia through its continuing tireless support for agricultural and rural development in Cambodia.

5. Sustainability Policy Statement

ARDB's Social & Environmental Protection Policy

As a bank with a policy and development focus, ARDB must participate in socially and environmentally responsible banking practices that honor the Cambodian people, their culture, and the environment. ARDB views Social & Environment protection as the responsibility of each staff member. However, to prioritize this task, ARDB has formed a Social & Environmental Committee, under the Risk Management Department who ensures the correct lending decisions are made which align with the bank's social and environmental policies which manage the social and environmental impacts of both the institution and its customers.

In February 2017, ARDB issued a Social and Environmental Protection Policy for the purpose of providing a framework of guidelines for staff involved to identify, to assess and to manage possible environmental and social risks.



5. Sustainability Policy Statement

Cambodian Sustainable Finance Principles

ARDB is committed to upholding the Cambodian Sustainable Financial Principles, established in 2019 by the Association of Banks in Cambodia (ABC) with the support of the National Bank of Cambodia (NBC), in the development and integration of the bank's sustainable finance strategy. Our commitment includes supporting the successful implementation of Cambodia's Nationally Determined Contributions (NDCs), the Paris Agreement under the United Nations Framework Convention on Climate Change, and the Sustainable Development Goals (SDGs). Additionally, ARDB will provide training and raise awareness of environmental, social, and governance (ESG) issues among our stakeholders.

This initiative aims to manage risks, enhance capacity building, improve the implementation of our Environmental and Social Management System (ESMS), provide sustainable financial products, and leverage all available resources to mitigate negative impacts in accordance with international best practices and relevant standards.

Moreover, ARDB has transitioned to a voluntary banking model by adopting the Cambodian Sustainable Finance Principles. These principles, which were officially introduced in 2019, encompass a set of nine guidelines designed to promote sustainable financial practices in Cambodia and help banks integrate sustainability considerations into lending operations

Cambodian Sustainable Finance Principles

Protecting the Environment, our People and our cultural Heritage

Principle 1. Assessing and managing environmental risk

Principle 2. Assessing and managing social risk

Principle 3. Assessing and managing risks to protect cultural heritage

Financing the Future of Cambodia

Principle 4. Raising financial literacy & customer protection

Principle 5. Expanding access to finance

Principle 6. Financing innovation with green finance

Leading the Way

Principle 7. Building capacity and raising awareness

Principle 8. Managing our own footprints

Principle 9. Reporting annually on progress against commitments

5. Sustainability Policy Statement



សហគមន៍ធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA



CAMBODIAN SUSTAINABLE FINANCE PRINCIPLE

<p>1 ENVIRONMENT PROTECTION</p> <p>We will assess and manage environmental risks relating to climate change, pollution and waste management and the protection of our critical natural resources</p> 	<p>2 PEOPLE PROTECTION</p> <p>We will assess and manage risks that could potentially negatively impact our people, in particular local communities, workers, and indigenous/minority populations</p> 	<p>3 CULTURE PROTECTION</p> <p>We will assess and manage risks that could potentially negatively impact aspects of our cultural heritage, including our language, culture, traditions and monuments</p> 
<p>4 FINANCIAL LITERACY</p> <p>We will increase the financial awareness and literacy of the Cambodian people and improve our approach to customer/client protection</p> 	<p>5 FINANCIAL INCLUSION</p> <p>We will expand our reach to those who previously had no or limited access to the formal banking sector, as well as providing more innovative solutions to improve banking access and service levels</p> 	<p>6 FINANCIAL INNOVATION</p> <p>We will finance innovations that create efficiencies and improvements of existing, traditional sectors and business activities as well as for developing new green economy activities</p> 
<p>7 ENVIRONMENTAL & SOCIAL STANDARDS</p> <p>We will seek to build capacity across the banks to deliver on our commitments as well as raise awareness of our customers and communities about sustainable, inclusive finance</p> 	<p>8 ENVIRONMENTAL & SOCIAL FOOTPRINTS</p> <p>We will manage our own environmental and social (E&S) footprints and request similar standards to our suppliers</p> 	<p>9 TRANSPARENCY & ACCOUNTABILITY</p> <p>We will annually report our individual and sector progress against these commitments to hold ourselves accountable and to share the story and outcomes of our journey and the value we believe can be created for Cambodia</p> 

ARDB's Green Loan and the Socioeconomic Impacts

After 26 years of contributing to socioeconomic development by providing small loans to the agricultural value chain, ARDB Bank has adopted a new vision: to be a leading green and sustainable finance institution focused on the development of agriculture, rural areas, and green sectors in the Asia-Pacific region. The provision of Green Loans emphasizes support for green businesses within the agricultural value chain, from the initial production stage to distribution. These business activities aim to reduce environmental impacts, adapt to climate change, incorporate new technologies, and contribute to rural economic development.

ARDB has established a Green Lending Policy as a financial instrument to support green projects in the agricultural value chain (AVC), focusing on businesses that address the following key areas:

- Climate change mitigation
- Climate change adaptation
- Adoption of new technologies and sustainable agriculture
- Waste management

5. Sustainability Policy Statement

Environmental Impact

SDGs Integration: ARDB's Green Loan aligns with SDG Goal 13 (Climate Action) by financing agribusinesses that prioritize climate change mitigation, climate change adaptation, and the adoption of sustainable technologies and/or techniques.

Transition to Green Agriculture: Encourage farmers to transit from conventional to sustainable agricultural practices by offering them green loans with lower interest rates and other add-on services (e.g., technical consultation on agriculture practice, market information, and financial and digital literacy). Green sectors financed include safe vegetables, greenhouses, irrigation systems, solar systems, hydroponic systems, and climate-resilience paddy post harvesting facilities in the rice sector.

Carbon Emission Reduction: By financing green agriculture practices, ARDB contributes to lower greenhouse gas emissions.

Economic Impact

Sectoral Contribution: As of December 2025, ARDB has financed 280 green agribusiness, which represents approximately 41.8% of the total loan portfolio, including rice sector, vegetables and fruits. This initiative underscores the bank's role in transforming Cambodia's agriculture economy.

Improving Rural Livelihoods: Green loan initiative enables smallholder farmers and green agribusinesses to transition to sustainable business models, which mitigate physical and transition risks while ensuring stable, long-term financial returns. This transition also fosters intergenerational business sustainability, improving living standards for rural communities.

Community Development: By strengthening local economies in rural areas, green loan programs enhance job creation and economic resilience, especially in the agriculture sector.

Social Impact

Gender Empowerment: ARDB is constantly considering promoting gender inclusivity, with 27% of the green loan portfolio allocated to women-led agribusinesses. This empowerment enhances women's roles in agriculture and fosters gender equity.

Food Security Integration: The largest contributor, accounting for 20.1% of the green loan portfolio, is the rice sector. This demonstrates ARDB's proactive role in advancing green finance to ensure long-term food security while safeguarding environmental integrity.

Policy Influence and Advocacy: Through Green Finance initiatives, ARDB can actively contribute to the development of sustainable finance policies and regulatory frameworks, which will influence and serve as a model for the financial sector.

5. Sustainability Policy Statement

Infrastructure Investments and Services Supported

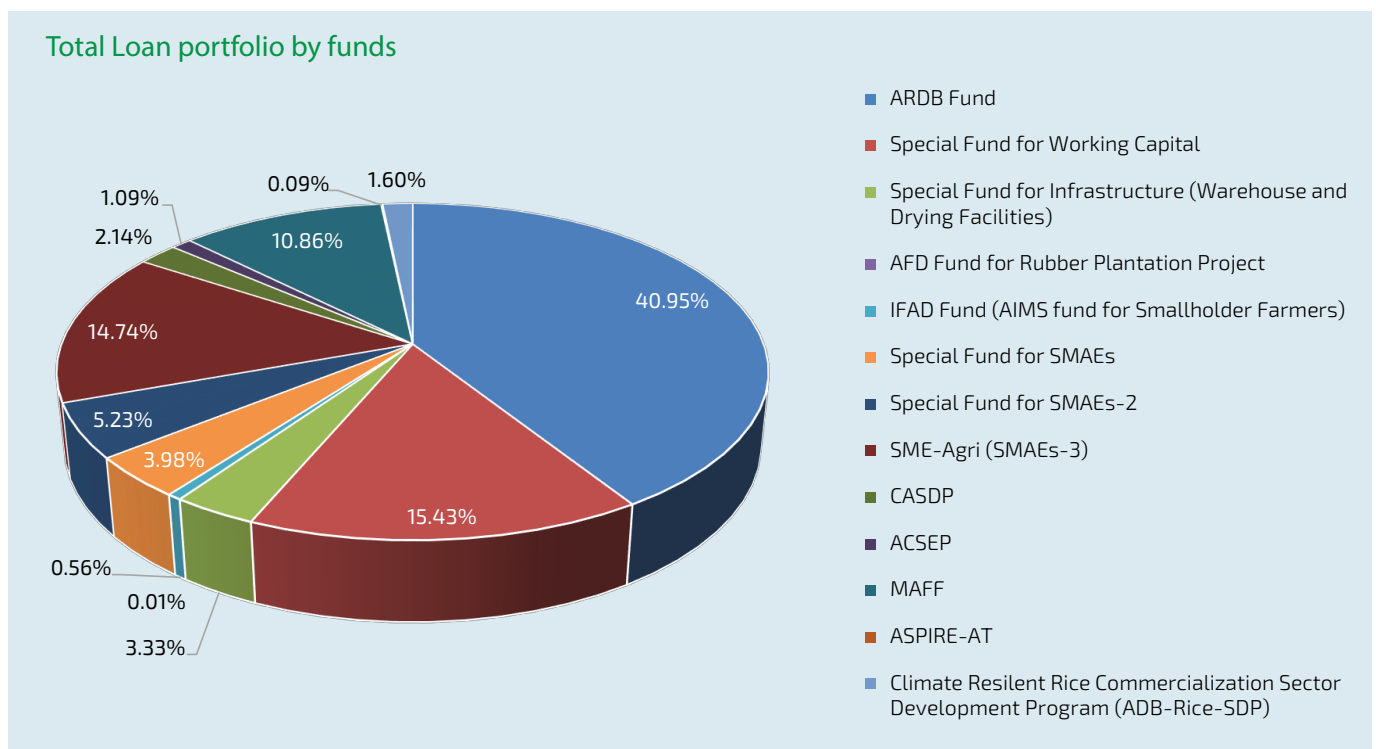
Warehouse and Drying Facilities

The Agricultural and Rural Development Bank (ARDB) has been one of the key players in supporting and promoting the rice sector in Cambodia, providing financial resources to support the sector.

The Royal Government's special program loan for market intervention in the development and operation of storage and drying kilns for rice, corn, or other agricultural products (Special Fund) is aimed at target customers such as rice collection centers, rice mills, rice storage warehouses, and rice collectors, as well as owners of warehouses and drying kilns or other agricultural silos who are willing and able to collect fragrant rice and other agricultural products.

The loan provision requires that the storage capacity can guarantee the storage of at least 3,000 tons of rice, and the drying kiln capacity must be able to dry at least 50 tons of rice per day. Technical specifications stipulate that the storage warehouse must be located separately from the rice mill and equipped with sufficient technical equipment such as forklifts and wheel loaders. Additionally, a fire protection system and fire insurance are required.

As of December 31, 2025, the government's special program loan for market intervention purposes, which supports the development mechanisms and operations of rice storage and drying kilns, as well as the procurement of rice, corn, or other agricultural products (Special Fund), accounted for 3.33% of the total loan amount.



5. Sustainability Policy Statement

Storage and Milling Capacities

As of 2025, Cambodia's rice sector has developed significant post-harvest infrastructure to support domestic food security and export competitiveness. According to the Ministry of Agriculture, Forestry and Fisheries, Cambodia possesses approximately 240 medium and large-scale rice mills, including around 80 medium and large-scale rice mills capable of meeting international export standards. The sector has a milling capacity of approximately 1,200 tonnes per hour, a drying capacity of 50,000 tonnes of paddy per day, and storage facilities capable of holding approximately 2 million tonnes of paddy per harvest season. Collectively, these facilities can process more than 4 million tonnes of paddy annually, strengthening Cambodia's agricultural value chain and supporting sustainable economic development.

Indicator	Capacity
Rice Milling Capacity	1,200 tonnes/hour
Rice Drying Capacity	More than 50,000 tonnes/day
Rice Storage Capacity	Approximately 2 million tonnes per harvest season
Total Milling and Processing Capacity	More than 4 million tonnes/year
Medium and Large-Scale Rice Mills	Approximately 240 mills
Rice Mills Meeting International Export Standards	Approximately 80 mills

During the first eight months of 2025, Cambodia exported 472,803 tons of milled rice to 66 countries and territories around the world, generating a total value of US\$348.18 million.

This export volume increased by 14.75% compared with the same period in 2024, when exports totaled 412,023 tons. Export revenue also rose by 14.1%, from US\$305.15 million during the corresponding period in 2024.

In addition to exporting milled rice, Cambodia also exported more than 4.84 million tons of paddy rice through border trade to neighboring countries, generating approximately US\$1.114 billion in revenue.

According to the Cambodia Rice Federation (CRF), the major export markets were: Europe (26 countries): 226,910 tons, valued at US\$156.92 million, China and its autonomous regions: 116,320 tons, valued at US\$68.86 million, ASEAN member states (7 countries): 62,158 tons, valued at US\$43.50 million, and other markets (32 countries): 67,411 tons, valued at US\$59.48 million

Regarding the types of rice exported, fragrant rice accounted for the largest share, representing 87% of total export volume. This was followed by white rice: 9.72% , parboiled rice: 1.00% , organic rice: 1.83, and other rice varieties: 0.45%.

Source: Cambodia Rice Federation (CRF), January–August 2025.



5. Sustainability Policy Statement

Financial Assistance Received by the Government

As a state-owned bank under the supervision of the Ministry of Economy and Finance (MEF), ARDB benefits from financial assistance facilitated by the government. While ARDB could not receive direct funding from the international development partners by law, the facilitation of financial support from development partners (DPs) through the government plays a crucial role in our operations and project implementation.

Some of our sources of funding come from international development partners, including the Asian Development Bank (ADB), the ASEAN Infrastructure Fund (AIF), the International Fund for Agricultural Development (IFAD), and the World Bank (WB). These funds are critical in enabling ARDB to support all value chain actors in the agriculture sector, from upstream to downstream, namely smallholder farmers, MSMEs, entrepreneurs, processors, exporters and rural communities in Cambodia. This support fosters sustainable growth and resilience in the agricultural sector within the scope of each project

Table: Summary of Accumulated Credit Line Funding Received from Development Partners by Project

Project	Period	As of 31 Dec 2024	As of 31 Dec 2025	Development Partners
CASDP	2023-2025	USD 9,747,476	USD 13,536,397	World Bank
AIMS	2018-2024	USD 5,000,000	USD 5,000,000	IFAD
ACSEP	2023-2025	USD 2,611,000	USD 8,065,000	ADB
		USD 0	USD 1,000,000	AIF
ASPIREAT	2025	USD 0	USD 1,700,000	IFAD

Table: Summary of Accumulated Grant Funding Received from Development Partners by Project

Project	Period	As of 31 Dec 2024	As of 31 Dec 2025	Development Partners
AIMS	2018-2024	USD 5,540,738	USD 0	IFAD
AIMS-AF	2025	USD 0	USD 1,017,975	IFAD
ASPIRE-AT	2025	USD 0	USD 469,100	IFAD

5. Sustainability Policy Statement

Market Presence

Ratios of standard entry-level wage by gender compared to local minimum wage

In compliance with the national labor legislation of the Kingdom of Cambodia, ARDB consistently upholds a number of national regulations and pays entry-level wages to all employees, regardless of gender. The Ministry of Labor and Vocational Training released a new minimum wage announcement on September 20, 2024. It stated that the minimum wage, which is 208 USD for internships and 210 USD for full-time employment, will formally take effect on January 1, 2025 for labor-intensive sectors in Cambodia, particularly the Garment, Footwear, and Travel goods sector (GFT), which also acts as a benchmark for all sectors in the country.

Additionally, in ARDB's Standard Operating Procedure (SOP) of Human Resource, the bank has set out the salary policy that employees receive in accordance with their qualification for the job, amount of work they performed. However, the salaries of individual employees shall be kept confidential and shall not be disclosed to any other employee or institution.

Proportion of senior mgt hired from the local community

As of December 31, 2025, ARDB consisted of 399 employees in total, with senior management; Executive Management and Department Level (Heads to Deputy Heads of Departments), are all hired from local communities across the country and are all holding permanent residency in Cambodia. As a result, the proportion of senior management of ARDB showcased credibility and positionally for the bank to effectively outreach its impact in overall operations across Cambodia.



6. ARDB's Corporate Social Responsibility Activities

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6. ARDB's Corporate Social Responsibility Activities

ARDB's Donation to Kantha Bopha Foundation of Cambodia

The management and staff of Agricultural and Rural Development Bank (ARDB) have voluntarily participated in making monthly contributions to the Kantha Bopha Foundation by authorizing deductions directly from their personal savings accounts.

In 2025, ARDB's management and staff continued to donate monthly. As of 2025, the total amount donated reached \$19,818.00.

ARDB's Donation to Cambodian Red Cross Society



Bun Rany Hun Sen, President of the Cambodian Red Cross, expressed her deepest gratitude to Kao Thach, Delegate of the Royal Government in charge and CEO of ARDB and Lok Chumteav Suor Sokkim, as well as the management and all staff of ARDB.

They generously donated USD 7,380 to the Cambodian Red Cross on the 162nd Anniversary of World Red Cross and Red Crescent Day (May 8, 2025) and the 70th Anniversary of the Cambodian Red Cross, held under the theme: "Together Volunteering for Healthy and Climate-Resilient Communities."

ARDB's Engagement to Support Culture



The Agricultural and Rural Development Bank (ARDB) actively engages in supporting the cultural practices through the donation of food and essential equipment to the pagodas. This initiative reflects ARDB's commitment to social responsibility while preserving Cambodian cultural and religious traditions. Such activities also foster the spirit of compassion, and unity of ARDB, as well as promoting moral values and strengthening collective engagement within society.

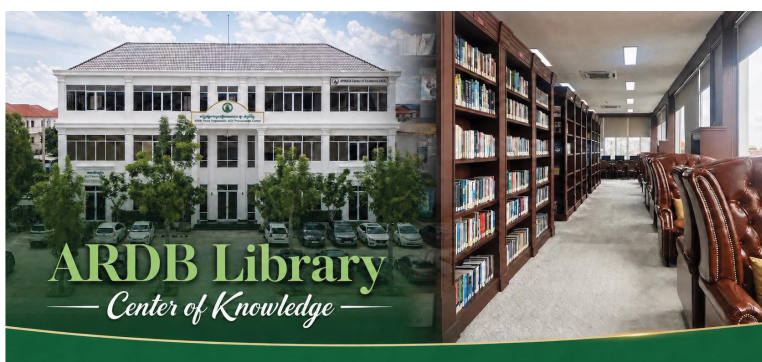
6. ARDB's Corporate Social Responsibility Activities

His Excellency Dr. Kao Thach, Delegate of the Royal Government, and his spouse, together with staff members of ARDB and philanthropists from within the country and abroad, visited and expressed support to citizens who had been displaced by the Cambodia–Thailand border conflict and were temporarily residing in safety centers. Essential supplies and food provisions were prepared and delivered to frontline soldiers as a gesture of deep gratitude for their bravery and invaluable sacrifices for the nation. This program took place on the morning of August 4, 2025.

In the spirit of Cambodian national solidarity “**Khmer helping Khmer**” and in contribution to the Royal Government of Cambodia, His Excellency Dr. Kao Thach and his spouse, along with together with staff members of ARDB and philanthropists from within and outside the country, provided food supplies and materials to 2,650 displaced families, supported volunteer medical teams stationed at the centers, and delivered essential items to Cambodian frontline troops with the total val-ue of contributions amounted to USD 73,508.29.



ARDB created a library at the Head Quarter



The Agricultural and Rural Development Bank (ARDB) is pleased to acknowledge and express its sincere appreciation for the generous contribution of books from both its internal and external stakeholders. A total of 1,255 books were kindly donated by ARDB's staff and management, reflecting their strong commitment to

knowledge sharing, continuous learning, and institutional development. This internal contribution demonstrates the collective spirit and dedication of ARDB personnel toward promoting education and capacity building. In addition, ARDB gratefully received 1,060 books from external sources. These valuable contributions further enhance the Bank's learning resources and strengthen collaboration with partners who share the same vision of advancing education and professional development. In total, ARDB has received 2,315 books, which will serve as important resources to support staff learning, research, and knowledge enhancement initiatives especially “With a particular focus on the 2025 goal of human capital development.”

Akkak Pundit Sapheachar AUN Pornmoniroth Center for Policy Studies and Training (APM Center)

APM Center is established to advance knowledge, foster innovation, and enhance capacity across a wide range of stakeholders to support economic development and the development of the bank-ing sector in Cambodia through its research and human resource development functions.



Vision



Mission

The APM Center strives to become an institution dedicated to producing and disseminating knowledge and cultivating experts to support evidence-based policymaking surrounding economic development and the development of the banking sector, contributing to the achievement of a prosperous, sustainable, and inclusive future for Cambodia.

In pursuit of its vision, the APM Center is committed to examining and communicating critical challenges facing the economy and the banking industry to key actors, identifying practical and effective development strategies, and improving the capacity of ARDB staff and other relevant stakeholders to support development efforts and achieve development goals at both national and international levels.

6. ARDB's Corporate Social Responsibility Activities

ARDB Center of Excellence - Green Finance to Agriculture (ARDB ACE-GFA)

The ARDB ACE-GFA was officially launched in April 2025, at ARDB Headquarters, which is built on five strategic pillars designed to transform the landscape of green finance for agriculture across the region through: (1) research and knowledge dissemination, (2) training and capacity building, (3) policy dialogues and forums, (4) Pilot project implementation, and (5) advisory and consulting services.



Vision

A leading Center of Excellence in green and Climate Finance for agrifood systems, advancing sustainable practices and fostering inclusive rural development across the Asia-Pacific region.



Mission

Advocate for sustainable finance, influence policies, and integrating green and climate finance for agrifood systems

Act as a hub research, training, and best practices in green finance and climate-resilience agriculture.

Develop innovative financial solutions, provide technical support, and foster collaboration for sustainable agrifood systems in the Asia-Pacific region.



7. Environmental Responsibility

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7. Environmental Responsibility



As a proactive participant in the collaborative effort to combat international climate change and environmental degradation, ARDB undertakes the effort to integrate environmentally conscious practices into the bank's daily operations, in addition to its primary mission of supporting Cambodia's national climate and environmental goals.



7. Environmental Responsibility

Energy

Energy Consumption

Fuel and Electricity consumption are the main advantages of ARDB's energy consumption within the organization. The total energy consumption has increased in the semester 02 of the year since ARDB had moved to the new building. Typically, ARDB consumes energy through various channels, including gasoline and diesel for transportation and machinery as well as electricity for lighting and cooling systems.

2025 Energy Use Profile: Energy Dashboard

Fuel	Gasoline	Diesel	Total
Head Office	2.777	7.523	10.300
Provincial Branch	0.000023	2.829	2.829
Mobile Units	2.206	3.989	6.195
Total	4.983	14.341	19.324

Table1: ARDB 2025 Total Fuel consumption in Megajoules (MJ)

Energy	Fuel	Electricity	Total
Head Office	10.3	2.904.509	2.904.519
Provincial Branch	2.829	717.037	717.040
Mobile Units	6.195	93.150	93.156
Total	19.324	3.714.696	3.714.715

Table2: ARDB 2025 Total Energy consumption in Megajoules (MJ)

7. Environmental Responsibility

Energy Consumption Compared to 2024

The total energy consumption in 2025 increased by 33% compared to 2024, driven by several factors. Notably, in 2024, ARDB relocated its office during the second quarter 2, resulting in partial-year operations at the new office. In this regard, 2025 reflects a full year of operations at the new office, which drives higher energy consumption compared to 2024.

Additionally, in 2025, ARDB officially inaugurated the new Phnom Penh branch building, along with the library, APM center, and ARDB ACE-GFA Center. The commencement of operations at these facilities further contributed to the overall increase in energy consumption as

Commitment to Energy Efficiency

To promote and commit to energy efficiency, ARDB has also developed the strategy through many initiatives to reduce energy consumption in the next year. Those include:

- **Workplace Energy Awareness Campaign:** ARDB has introduced a workplace energy saving campaign aimed at fostering a culture of responsible energy use among employees. This includes setting air-conditioning temperatures guidelines and weekly reminders to turn off computers, lights, and other equipment after work hours.
- **Daily security checks after office hours:** Ensuring all electrical equipment is turned off after office hours.
- **Initial on LED Lighting installation:** The Bank has begun switching to LED lighting as a pilot initiative to assess potential energy savings.
- **Solar Panel System Set up:** ARDB has initiated the installation of solar panel system to generate clean energy aiming to enhance energy efficiency, reduce electricity consumption, and contribute to environmental sustainability.

Water and Effluents

Water Consumption

ARDB's water consumption is basically from Phnom Penh Water Supply Authority (PPWSA) and has been consumed directly including the toilet utilization, staff drinking, cleaning the organization transportation, which is spread over the organization without any storage methods.

2025 Water Consumption Profile

Water Consumption	
Head Office	6,765,000
Provincial Branch	18,081,000
Mobile Units	1,799,000
Total	26,645,000

Table3: ARDB 2025 Total Water Consumption in cu.m

7. Environmental Responsibility

Furthermore, ARDB has also considered water consumption efficiency. To keep the water consumption efficient, ARDB does include some activity as a commitment toward sustainability as follows:

Cleaner staff should check the toilets and water faucets daily. Any issues or defects noted by staff will be reported to the General Administrative and Public Relation Department, for immediate maintenance or repair.

Emissions

As of 2025, ARDB has not monitored the emission of greenhouse gases (GHGs) yet. Therefore, ARDB has been aware of the significance of GHGs calculation since GHGs has been the major contribution to the climate change issue. In reducing the bank's GHG emissions, ARDB has been focused on many perspectives such as energy-saving technologies such as LED light initiatives, switching off lights and other devices after office hours.

Furthermore, ARDB is considering cooperating with consultants or third-party organizations for the GHGs emission scope 1 calculation.

Waste

Green Loan Product

As part of its Green Loan assessment process, ARDB incorporates Environmental and Social (E&S) considerations, encouraging borrowers to adopt responsible waste management practices. This assessment aims to identify potential environmental impacts such as water and air pollution, land degradation, and the generation of solid and liquid waste while promoting mitigation strategies. The measures are actively implemented through integrating ESG criteria in Green Loan's Environmental and Social (E&S) assessment, although these practices are not mandatory, which include waste management such as implementing proper waste storage and management, and adopting good waste management practices based on 4Rs framework:

Reduce: minimize waste generation by using fewer resources and reducing consumption.

Reuse: utilize materials again for the same or a different purpose by finding new uses for old products, we keep them out of the waste stream for longer.

Recycle: It's a key element in the circular economy, where materials are reused rather than disposed of after one use.

Refuse: avoid using products that are not essential or leading to producing a lot of waste.

7. Environmental Responsibility

ARDB's been committed to improving the environment in how we approach our global business strategy, work with partners, make our operations more sustainable, support our employees, manage risks and govern our activities. Activity in 2025 included:

Paper less

To cut down on the amount of paper and plastic stationery used for applications and approvals, ARDB used tablets and PCs for our process documents. ARDB used Tablet and PC on our process document for the application and approval that reduced paper and plastic stationary consumption:

a) Digital Document Management

- **Application Processing:** Customers can submit applications electronically through secure online platforms. This eliminates the need for physical paperwork and promotes faster processing time.
- **Approval Workflow:** Tablets and PCs allow for an efficient approval workflow, where employees can review, comment, and approve documents digitally, significantly speeding up turnaround times.

b) Reducing Resources

- **Reduced Paper Consumption:** By digitizing documents, we can use less paper, which lowers our carbon footprint and helps protect the environment.
- **Reduced Plastic Use:** Our sustainability objectives are in line with a decreased demand for physical stationery, such as plastic folders and binders.

c) Higher Efficiency

- **Remote Access:** All staff of ARDB can access the required documents from any location, which promotes improved teamwork and flexibility in work schedules, particularly for remote teams.
- **Optimized Process:** Digital tools assist the simplification of several banking activities by facilitating rapid information retrieval, simpler editing, and effective team document sharing.

d) Security and Compliance

- **Data Security:** Digital documents can be encrypted and stored securely on the cloud, reducing risks associated with lost or damaged physical documents.
- **Regulatory Compliance:** Electronic record-keeping aligns with regulatory requirements while making it easier to maintain accurate records and audits.

7. Environmental Responsibility

e) Customer Engagement

- **Enhanced Customer Experience:** Customers benefit from quicker service and the convenience of online transactions. Digital signatures and online approvals make the entire process more user-friendly.
- **Feedback and Communication:** Utilizing digital platforms for customer feedback enhances communication and allows for the direct collection of customer insights.

f) Hand dryer

- ARDB has installed hand dryers in all rest rooms on each floor. This will help reduce the usage of sanitary papers or tissues to dry hands.

g) Paperless sign

- ARDB has put up the "Please use fewer toilet tissues to help protect the environment." in every restroom stall on each floor.

Reusing Plastic Containers

ARDB purchased products from **Good Refills** using refillable containers to avoid single use of plastics. (For example, A stainless cup, Stainless Steel bottle for refill soap, Refill Ink Pen) by switching from single-use plastic containers to reusable stainless-steel bottles is a sustainable practice that aligns with reducing environmental waste. With the durability of Stainless-steel bottles are robust, long-lasting, and resistant to wear.

By significantly reducing plastic waste, these actions have a positive environmental impact by lowering overall pollution levels, particularly in waterways and landfills, as less plastic will be discarded and more likely to be recycled or reused, thereby mitigating the harmful effects of plastic on wildlife and ecosystems.

Health Safety Unlike plastic, stainless steel does not leach harmful chemicals like BPA. Over time, reusable bottles reduce the need for repeated purchases of single-use plastics and it's a part of offering reusable bottles as part of promotional campaigns or rewards programs.

Renewable Energy

In order to support our employees in recycling their used batteries and to promote sustainable development and responsible consumption, we launched an internal battery recycling project. This initiative aims to promote environmental sustainability through reducing battery waste, promoting employee participation in recycling programs, improving the circular economy through the safe disposal and an opportunity for reuse of battery materials, and raising awareness of the importance of responsible consumption.

7. Environmental Responsibility

Waste Disposal

While already abiding by the waste management rules and regulations in Cambodia, ARDB is currently working hard to develop various environmental-friendly initiatives and internal regulations for the management of waste disposal at the bank's headquarters and potentially at other branches and mobile units.

Supplier Environmental Assessment

ARDB, under the technical and financial supervision of the Ministry of Economy and Finance, adheres to the principle of sustainable procurement as outlined in Article 56 of the Law on Public Procurement. This law, promulgated by Royal Proclamation No. NS/RKAM/0523/005 issued on May 16, 2023, explicitly states: *"Public procurement shall adhere to the principles of sustainable procurement. Sustainable procurement entails compliance with technical standards, requirements, and criteria that prioritize environmental protection and the management of socio-economic consequences. The terms, conditions, and procedures for sustainable procurement shall be established by Anukret."*

SUSTAINABLE PROCUREMENT

ARDB is a state-owned bank serving the Royal Government's policies. The procurement process of ARDB follows a structured framework that aims to ensure that the purchasing decisions of the bank contribute not only to the efficient use of resources but also to sustainable development goals. The sustainable procurement process is primarily governed by the Law on Public Procurement (2023) and its associated regulations by Ministry of Economy and Finance.



Cambodia Law on Public Procurement (2023), which was promulgated on May 16th, 2023, has included one article regarding the establishment of Sustainable Public Procurement in Cambodia. Article 56 of the Law stated that

"The Implementation of Public Procurement shall be in accordance with the context of sustainable procurement. Sustainable Public Procurement shall require the technical specifications, conditions, and criteria by prioritizing the environmental protection and socio-economic impact management. Conditions, Rules, and Procedures for implementing Sustainable Public Procurement shall be determined by SubDecree."

Lastly, procurement activities of the bank are subjected to be audited and reviewed by the General Department of Public Procurement of the Ministry of Economy and Finance to assess compliance with regulations and to identify any irregularities or areas for improvement.

GRI 306-4: Waste Diverted from Disposal

GRI 306-5: Wasted Directed to Disposal

GRI 308: Supplier environmental assessment

GRI 3-3: Management of material Topic



8. Governance and Diversity

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8. Governance and Diversity

ARDB recognizes that diversity, equity, and inclusion are of significant value to the bank's institutional capacity and its impact in delivering socioeconomic benefits across various communities, provinces, and regions in Cambodia. The bank constantly strives to improve its integration of core values such as integrity, collaboration, and innovation to ensure a workplace that upholds the highest standards of integrity, fairness, and inclusion.

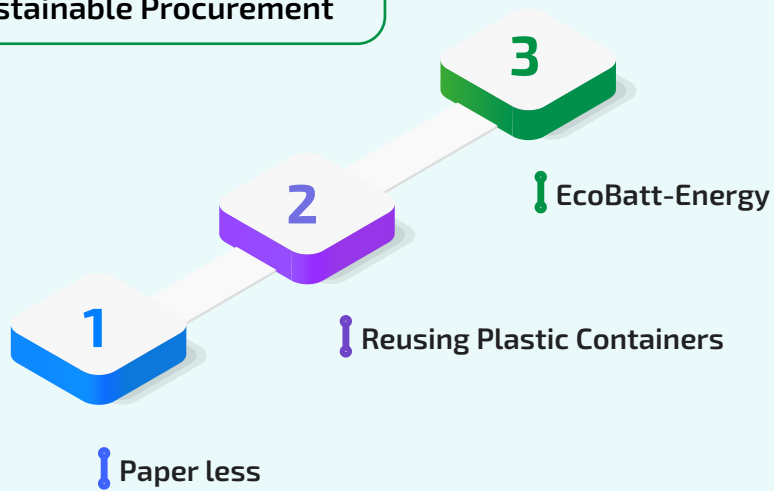


Management Approach

The Management approach and its Components



Sustainable Procurement



8. Governance and Diversity

Ethics and Integrity

Code of Conduct

Code of Conduct was established and promulgated by the decision letter No. 002/17 dated 25 Jan 2017 which is a framework for employee behavior, emphasizing professionalism, respect, and integrity.

ARDB consistently communicates and provides training to all employees on the Code of Conduct, ensuring that everyone understands the expected behaviors and standards. This proactive approach fosters a culture of compliance and integrity, empowering employees to uphold organizational values in their daily interactions.

BFI Code of Conduct: ARDB also complies with the Banking and Financial Institution Code of Conduct to ensure the stability and sustainability of the banking sector's growth, thereby fostering a culture of integrity and trust with stakeholders.

Customer Complaint Policy

For instance, ARDB actively adheres to the customer complaint policy outlined in Decision Letter No. 139/21, dated December 10, 2021, which permits ARDB customers to file complaints on any inconvenient product or service. Complaints can be submitted verbally or in writing. Verbal complaints can be addressed to front desk staff, including customer service representatives and any employee designated to handle complaints. For written complaints, customers may reach out via email at complaint@ardb.com.kh or through our website at ardb.com.kh.

Verbal complaints will be resolved with prompt resolution within two days of receipt. Written complaints, on the other hand, will be resolved within 30 days from the date of submission, allowing for a thorough investigation and response.

Mechanisms for Advice and Concerns about Ethics Whistleblower Protection Policy

ARDB is in the process of formulating a Whistleblowing Policy and Procedure that will enhance the avenues for reporting concerns and suggestions, addressing not only our products and services but also the conduct of all employees and management at ARDB. This policy is currently in the drafting phase, with the objective of finalizing and implementing it by 2025.

Anti-Corruption

During the reporting period, there are no legal cases related to corruption filed against ARDB or its employees, nor have there been any outcomes related to such cases. This absence underscores ARDB's commitment to ethical conduct and compliance with relevant laws and regulations.

Conflict of Interest

ARDB is determined that the Bank must manage conflict of interest fairly, both between itself and its customer. Fair and ethical practices by all individuals involved within ARDB are fundamental

GRI 2-23: Policy commitments

GRI 2-26: Mechanism for seeking advice and raising concerns

GRI 205-1: Operating Assessed for Risks Related to corruption

GRI 205-2: Communication & Training about Corruption Policies & Procedures

GRI 205-3: Confirmed Incidents of Corruption and Actions Taken

GRI 206-1: Legal Action for Anti-Competitive, Anti-Trust and Monopoly Practices

8. Governance and Diversity

to support the ARDB's mission and its business operations. All employees are expected to carry out their functions, duties, and responsibilities with the highest standards of integrity and fidelity at all times, ensuring that they avoid any potential conflicts of interest. ARDB's Code of conduct also provided circumstances which may give rise to a conflict of interest such as: providing or receiving benefit, favor or gift, use of ARDB's services, supplies, or facilities for personnel interest., etc.

Training about Corruption

To reinforce our Bank's dedication to ethical excellence, the Human Resources department integrates a comprehensive session on the Code of Conduct during the new staff onboarding, ensuring that all employees are fully informed about the ethical behavior and conflict of interest.

This foundational knowledge is further strengthened through annual HR Talks, where key policies are revisited, and employees are updated on any regulatory changes. By continuously reinforcing these principles, ARDB ensures that all staff members remain well-informed, vigilant, and aligned with our commitment to transparency and ethical conduct throughout their careers with ARDB.

Anti-Competitive Behavior

Anti-Competitive, Anti-Trust and Monopoly Practices

Currently, there are no recorded actions or incidents pertaining to anti-competitive behavior, antitrust infringements, or monopolistic practices. ARDB is dedicated to upholding a fair and competitive marketplace and rigorously monitors compliance with all relevant legal and regulatory standards

GRI 205-3: Confirmed incidents of corruption and actions taken

GRI 205-1: Operating Assessed for Risks Related to Corruption

GRI 205-2: Communication & Training about Corruption Policies & Procedures

GRI 206-1: Legal Action for Anti-Competitive, Anti-Trust and Monopoly Practices

8. Governance and Diversity

Diversity and Equal Opportunity

ARDB has paid attention to gender equality, with equal rights for all staff to work and provide equal opportunities without discrimination. In addition, from one year to another year the bank has been steadily growing, and the number of employees has increased significantly, especially the number of women. The bank always provides opportunities for all employees with achievements and merits, regardless of gender.

Diversity of Governance Bodies and Employee

Senior Management Team				
Age - Gender	Executive Management (CEO-DCEO)		Department Level (HoD-DHoD)	
	Male	Female	Male	Female
Under 30 Years old	0%	0%	2%	5%
30 to 50 Years old	0%	0%	54%	21%
Over 50 Years old	100%	0%	15%	3%
Total	100%	0%	70%	30%
Non-Management Team				
Age - Gender	Division Level (Chief-Vice chief)		Officer Level (Senior officer, officer, assistant)	
	Male	Female	Male	Female
Under 30 Years old	8%	25%	32%	19%
30 to 50 Years old	47%	19%	33%	15%
Over 50 Years old	2%	0%	1%	1%
Total	56%	44%	66%	34%

Percentage (%) of individuals within the organization's governance and Employees bodies in each following diversity categories:

8. Governance and Diversity

Ratio of Basic Salary and Remuneration by Gender

- Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.

The bank always cares about all employees, whether male or female. In addition, the bank has carefully considered employee benefits such as salaries and other subsidies to encourage and show the care of employees.

Ratio of Basic Salary by Gender (Women to Men)		
Department Level (HoD-DHoD)	Division Level (Chief-Vice chief)	Officer Level (Senior officer, officer, assistant)
0.88	0.80	1.00

Support Staff

Ratio of Basic Salary by Gender (Women to Men)
Support Staff (Security, Driver, Cleaner)
0.78

Support Staff (Security, Driver, Cleaner)		
Age - Gender	Male	Female
Under 30 Years old	26%	6%
30 to 50 Years old	38%	19%
Over 50 Years old	9%	2%
Total	72%	28%

8. Governance and Diversity

Occupational Health and Safety

As a prominent policy bank dedicated to the economic and social development of Cambodia, the Agricultural and Rural Development Bank (ARDB) prioritizes the health, safety, and well-being of its employees and partners. To safeguard the well-being of employees, ARDB provides access to occupational health services and medical consultations through health insurance from Figtree Blue, life insurance from Manulife, and National Social Security Fund (NSSF).

Our Occupational Health and Safety (OHS) framework complies with the GRI 403 standards and incorporates the Cambodian Labor Laws, set by the Ministry of Labour and Vocational Training (MLVT), and the Universal Health Coverage (UHC) Roadmap for 2024–2035, which is a commitment of all country members of the World Health Organization (WHO). Furthermore, ARDB aligns its OHS framework with the strategies outlined in Cambodia's Third Occupational Safety and Health (OSH) Master Plan (2023–2027). Our approach ensures a comprehensive commitment to protecting our workforce while contributing to relevant Sustainable Development Goals (SDGs).

Occupational Health and Safety Management System

Health and safety are overseen by ARDB's Human Resources, which proactively identifies, mitigates, and monitors workplace hazards. Fully compliant with Cambodian labor laws and policies, the system ensures a safe and hygienic environment through routine audits and compliance checks to maintain high safety standards, risk assessments for all operational sites, robust emergency response protocols, and health surveillance mechanisms.

Hazard Identification, Risk Assessment, and Incident Investigation

Hazard identification and risk management are critical components of our OHS strategy. ARDB aims to reduce work-related hazards to a minimal level and control the risks associated, by ensuring regular risk assessments, thorough hazard identification, and diligent investigation of workplace and travel incidents. The HR department takes measures in monitoring and reporting hazards, conducting incident analysis to determine root causes and implement corrective actions, and managing risk protocols.

Occupational Health Services

To safeguard employee well-being, ARDB provides access to occupational health services and medical consultations through health insurance policies from Figtree Blue (2024: SafetyNet) and life insurance from Manulife. In full compliance with the MLVT laws, all employees are enrolled in the National Social Security Fund (NSSF) pension and health schemes, covering 376 staff in 2024 and 399 in 2025. These services are administered confidentially, adhering to Cambodian labor standards, thereby ensuring the privacy of personal health information and participation.

GRI 403: Occupational Health and Safety

GRI 403-1: Occupational Health and Safety Management System

GRI 403-2: Hazard Identification, Risk Assessment, and Incident Investigation

GRI 403-3: Occupational Health Services

8. Governance and Diversity

Total Staff Claiming Insurance

Type of Insurance	Description	2024	2025
Health Insurance	Number of beneficial staff	379	399
	Number of claims	366	370
	Inpatient	121	19
	Outpatient	245	351
Life Insurance	Number of beneficial staff	371	399
	Number of claims	0	0

Worker Participation, Consultation, and Communication on Occupational Health and Safety

ARDB ensures active worker participation in OHS through its established Health Committee and HR Talks program. This committee, comprising both management and worker representatives, meets regularly to review safety improvement initiatives and address employee concerns. The HR Talks program initiates employees' participation in health discussions and consultations. Additionally, ARDB encourages philanthropy, with employees voluntarily donating monthly to the Kantha Bopha Foundation. This collaborative approach supports SDG 8 and OSH Master Plan's Strategy IV.

Donation to Kantha Bopha Foundation

Year	Number of staff	Total Amount
2024	379	USD 17,976
2025	390	USD 19,818

Worker Training on Occupational Health and Safety

Regular health and safety training is central to ARDB's commitment to workforce safety. The HR department annually arranges tailored programs covering hazard awareness, safe work practices, emergency preparedness and first aid, mental health recognition, and disease prevention, delivered in Khmer and English to ensure accessibility for all employees.

Promotion of Worker Health

The Bank's Health Committee and HR run regular awareness-raising and engagement campaigns to promote overall health and well-being and provide workplace counselling. They also conduct wellness programs that include preventive health check-ups, special leave benefits, and women health workshops.

GRI 403: Occupational Health and Safety

GRI 403-4: Worker participation, Consultation, and Communication on occupational health and safety

GRI 403-5: Worker Training on Occupational Health and Safety

GRI 403-6: Promotion of Worker Health

8. Governance and Diversity

Prevention and Mitigation of Occupational Health and Safety Impacts

ARDB extends its safety measures to contractors and partners by enforcing compliance with OHS standards outlined in Article 230 of Cambodian Labor Law. In order to prevent negative effects of occupational health and safety, ARDB is working to implement contractual OHS requirements for partners and periodic evaluations to identify and address safety gaps, following Article 56 of the Law on Public Procurement, before establishing business relationships.

Workers Covered by an Occupational Health and Safety Management System

The OHS management system comprehensively covers 100% of employees, contractors, temporary staff, and other workers under ARDB's operational control. Through regular communication of safety policies and monitoring of compliance, we ascertain that all workers benefit from a safe working environment.

Work-Related Injuries

ARDB maintains detailed records of all work-related injuries and complies with Cambodian labor law by reporting serious incidents to the MLVT. Using this data, we implement targeted measures to reduce injury rates, supporting OSH Master Plan's Strategy III through detailed injury tracking and analyzing data for preventive measures, and SDG 3 by improving workplace safety and reducing health risks.

Work-Related Ill Health

Cases of work-related illnesses are monitored and addressed promptly to prevent further occurrences. ARDB collaborates with healthcare providers through insurance companies to support affected employees and ensure recovery. These measures align with OSH Master Plan's Strategy VI, tackling occupational diseases by offering preventive programs and SDG 3 by ensuring access to quality occupational health services.

Special Leave Benefits and Family-Friendly Policies

To further support employee well-being and work-life balance, ARDB offers a range of benefits tailored to the needs of its diverse workforce:

- **Special Leave Benefits and Privileges for Women:** Female employees are entitled to additional leave benefits for health-related issues specific to their needs, including recovery periods after childbirth or health complications during pregnancy. They also receive a monetary incentive in addition to their fully paid three-month maternity leave salary.
- **Parental Leave:** Both mothers and fathers are granted paid parental leave to bond with and care for their newborns. Fathers are encouraged to take paternity leave in line with the bank's commitment to gender equality.

GRI 403-7: Prevention and Mitigation of Occupational Health and Safety Impacts

GRI 403-8: Workers Covered by an Occupational Health and Safety Management System

GRI 403-9: Work-Related Injuries

GRI 403-10: Work-Related Ill Health

8. Governance and Diversity

- **Existing Leaves Benefits:** ARDB offers standard leave benefits, including annual leave 1.5 day per month, sick leave, special leave 7 days per year, maternity leave 90 days, weekend holiday, public holiday, and paid leave to ensure that employees have the flexibility to address personal and family needs. The remaining leave balance accrued at the end of the year is returned to the employee as calculated using the base salary. Employees with full scholarships abroad are allowed 50% of their salary to pursue their education.
- **Other Special Leave Benefits:** ARDB offers standard leave benefits, including annual leave, sick leave, and other special leave categories, ensuring that employees have the flexibility to address personal and family needs. Any remaining leave balance accrued at the end of the year is returned to the employee, calculated using the base salary. Employees with full scholarships abroad are permitted to receive 50% of their salary while pursuing their education.

GRI 403-7: Prevention and Mitigation of Occupational Health and Safety Impacts

GRI 403-8: Workers Covered by an Occupational Health and Safety Management System

GRI 403-9: Work-Related Injuries

GRI 403-10: Work-Related Ill Health

Social Responsibility

Employment

Total Number of ARDB Employees by Gender:

Number of employees by gender	
2025 FULL-TIME	
FEMALE	141
MALE	258
Total	399

Total Number of ARDB Employees by Gender and Age Group:

Age Group	Female	Male	Percentage %
Under 30 years	68	75	36%
30-50 years	69	163	58%
Over 50 years	4	20	6%
Total	141	258	100%

New employee hires and employee turnover

At the end of the reporting period, ARDB hired 38 new employees, representing 10% of the overall workforce. This increase is driven by ARDB's development. Due to this, our bank's operations started to increase which required a great number of employees. Total turnover was 19 employees, or 4.55% of the workforce, with reasons including leaving to start their own business, exploring other career experiences, and taking time to care for their children. This reflects strong employee retention and effective workforce management. This low turnover rate demonstrates that ARDB offers a stable and supportive work environment, which is critical as the organization scales. However, the number of male new hires (21) exceeds female hires (17), indicating an opportunity for ARDB to further enhance gender diversity in the workforce. By promoting a more inclusive hiring process, ARDB can ensure a balanced representation of talent, which will foster innovation and better reflect the diverse community it serves. The rates and numbers of new hires and turnover are shown in the tables below:

8. Governance and Diversity

New employee hires by age group and sex

Age Group	Female		Male		Total	
Under 30 years	11	65%	9	43%	20	53%
30-50 years	6	35%	11	52%	17	45%
Over 50 years	0	0%	1	5%	1	3%
Total	17	100%	21	100%	38	100%

New employee hires by region

Region	Number of New Employee Hires
Phnom Penh	34
Kampong Speu	1
Battambang	1
Svay Rieng	1
Takeo	1
Total	38

Number of employee turnover by age group and sex

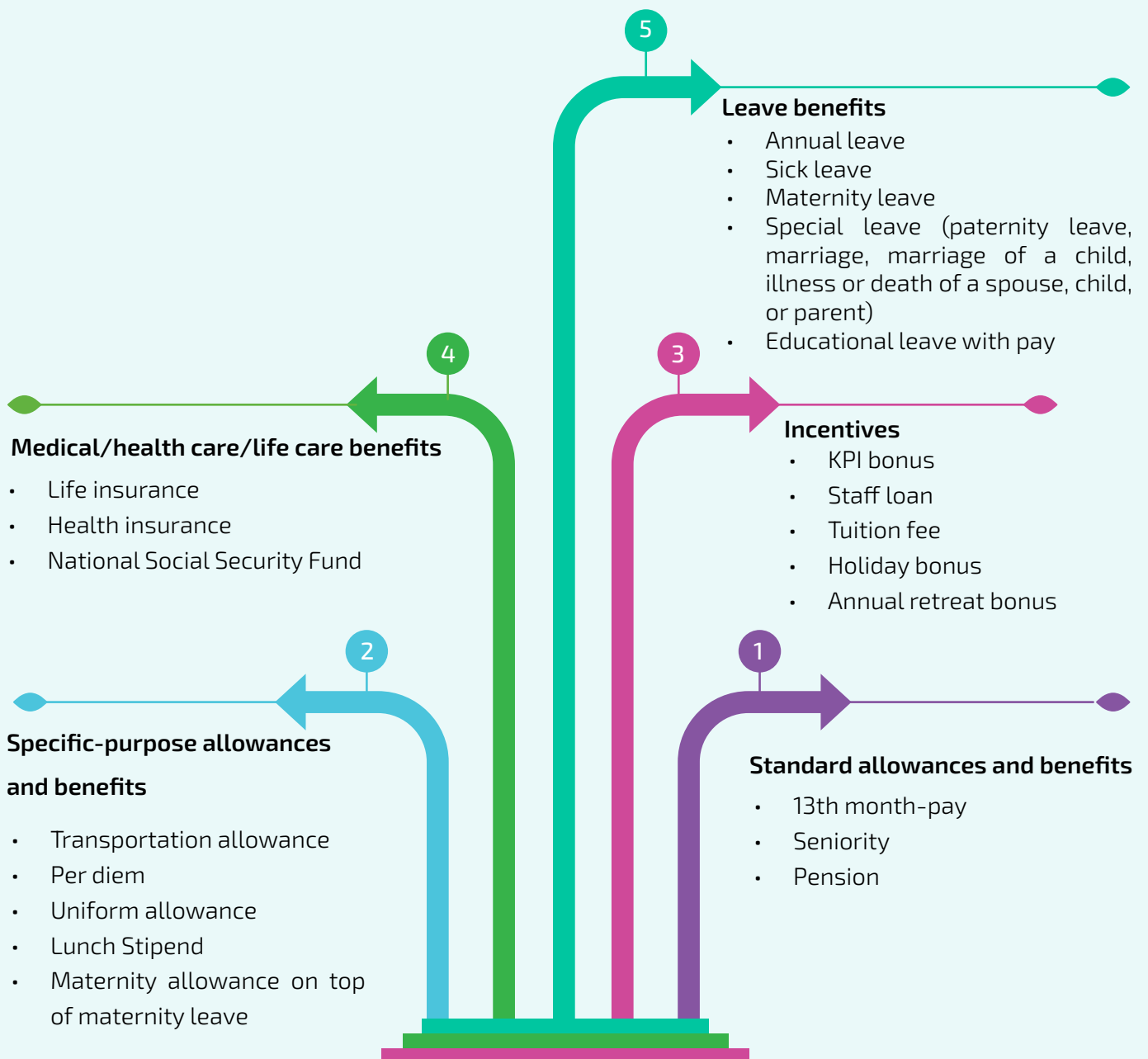
Age Group	Female		Male		Total	
Under 30 years	6	86%	3	25%	9	47%
30-50 years	1	14%	8	67%	9	47%
Over 50 years	0	0%	1	8%	1	5%
Total	7	100%	12	100%	19	100%

Number of employee turnover by region

Region	Number of New Employee Hires
Phnom Penh	15
Takeo	1
Stoeng Treng	1
Battambang	1
Kampong Cham	1
Total	19

Employment Benefits

All full-time employees at ARDB are eligible for a wide range of benefits as described below:



8. Governance and Diversity

Parental Leave

Definition: Parental leave is granted to men and women employees on the grounds of the birth of a child.

Parental Leave	Female	Male	Total
Employees that were entitled to parental leave	141	254	395
Employees who took parental leave	10	11	21
Employees who return to work after parental leave ended	7	11	21
Employees returned to work after parental leave ended and were still employed 12 months after their return to work	7	11	21

Return to work and retention rate after parental leave ended

Formula:

Return to Work = (total number of employees that did return to work after parental leave/ total number of employees due to return to work after parental leave) x 100

Retention Rate: (total number of employees remained 12 months after returning to work following a period of parental leave/ total number of employees returning from parental leave in the prior reporting periods) x 100. (Calculate by gender)

Return to Work and Retention Rate	Female	Male	Total
Return to Work Rate	100%	100%	100%
Retention Rates	100%	100%	100%

Performance Rewards Management

The Agricultural and Rural Development Bank (ARDB) established an HR Policy that includes Performance Management, which was approved by the Chief Executive Officer through Decision Letter No. 004/17 $\text{A.}\dot{\text{A}}$, dated January 25, 2017.

In 2022, ARDB revised enhanced work efficiency. During the same year, the bank formed a KPI working group, led by the Chief Executive Officer, to review and update the performance procedures.

ARDB conducts regular performance evaluations for all employees, using Key Performance Indicators (KPIs) set at the start of each year. These KPIs assess both individual performance and behavior, focusing on key areas such as Financial Performance, Customer Centricity, Internal Business Process and Development, and Learning and Growth.

Based on the bank financial capability and bank need, good performers can receive benefits, promotion opportunities, and access to professional development programs.

8. Governance and Diversity

Strategic Talent Management and Acquisition

Acquisition

ARDB has established comprehensive policies and procedures to ensure fair and transparent recruitment, employee development, and workplace inclusivity. The bank is committed to enhancing employer branding and expanding its talent pool and professional network to attract and retain top talent. ARDB implements the principles of equal opportunity for men and women, fosters a diverse and inclusive workforce, and enforces a non-discriminatory hiring process that prioritizes fairness and merit-based selection. By integrating these principles, ARDB reduces turnover, fosters innovation, and ensures long-term organizational sustainability.

Pension Fund

ARDB has introduced a Pension Fund, which is a Retirement Plan, as part of its commitment to supporting the long-term welfare and financial security of its employees. Recognizing that employees are one of the bank's most valuable assets, ARDB established this initiative to ensure that staff members are financially protected after their retirement.

The pension fund serves as a long-term savings mechanism in which contributions are accumulated over the course of an employee's service with the bank. These funds are managed and invested to generate returns, enabling employees to receive financial benefits once they reach retirement age. Through this program, ARDB aims to provide employees with a stable source of income during their retirement years.

By introducing the pension fund, ARDB demonstrates its strong commitment to employee well-being, motivation, and loyalty. The retirement plan not only helps employees plan for their future but also reflects the bank's dedication to responsible and supportive human resource management. This initiative contributes to creating a more secure and supportive working environment, reinforcing ARDB's role as a caring and responsible employer.

8. Governance and Diversity

Training and Education

Average Employee's Training Hours Per Year

In 2025, ARDB recorded a significant increase in average training hours across all employee categories, demonstrating the Bank's strong commitment to staff development and capacity building. At the department level (Head of Department and Deputy Head of Department), female employees completed an average of 38.44 training hours, while male employees averaged 25.89 hours, resulting in an overall average of 29.54 hours. This represents a 38.03% increase compared to 21.40 hours in 2024. At the division level (Chief and Vice Chief of Division), female employees recorded an average of 46.97 hours and male employees 45.51 hours, with a combined average of 46.09 hours. This reflects a substantial year-on-year increase of 81.45%, up from 25.40 hours in 2024. For the officer level (Senior Officer, Officer, and Assistant), average training hours reached 38.47 hours, with female employees completing 38.80 hours and male employees 38.33 hours. This marks an 86.75% increase compared to 20.60 hours in 2024.

Overall, ARDB achieved strong and consistent growth in training hours across all employment categories in 2025. Training participation remained balanced between male and female employees, while the overall volume of training increased significantly year on year. To support this growth, ARDB continues to strengthen staff capacity through systematic training needs assessments conducted across all departments, ensuring that learning initiatives are aligned with the Bank's vision, operational priorities, and the ongoing digitalization of the banking system.

Research and Capacity Development

In line with its vision to become a green bank, ARDB significantly expanded its investment in research, with a particular focus on green finance and policy studies. In August 2024, the Bank signed a Memorandum of Understanding with the Asia-Pacific Rural and Agricultural Credit Association (APRACA) to establish the ARDB APRACA Center of Excellence from Agriculture to Green Finance (ARDB ACE-GFA). Dedicated research working group was formed to support the Center and contribute to applied research in green finance.

In parallel, ARDB launched the Akkak Pundit Saphechar Aun Pornmoniroth Center for Policy Studies and Training (APM Center) to further strengthen its research and policy-oriented capacity. With the establishment of these two centers, the Bank has prioritized skills development for young researchers through a structured series of training programs. In 2026, ARDB plans to deliver training programs ranging from basic to advanced levels to further enhance research skills and institutional knowledge. These initiatives demonstrate ARDB's long-term commitment to human capital development and its contribution to the green development agenda. Through research and evidence-based policy inputs, the Bank aims to address knowledge gaps, support the green sector, and promote sustainable growth in an era of rapid technological and economic change.

GRI 2-7: Employees

GRI 404-1: Average hours of training per year per employee

8. Governance and Diversity

Employee Category	Female	Male	Female	Male	Training Hours		Percentage Change (2024-2025)
	2024	2025	2024	2025	2024	2025	
Department Level (HoD-DHoD)	23.1	20.2	38.44	25.89	21.4	29.54	38.03%
Division Level (Chief-Vice chief)	18.55	32.4	46.97	45.51	25.4	46.09	81.45%
Officer Level (Senior officer, officer, and assistant)	17.05	24	38.80	38.33	20.6	38.47	86.75%

Performance and Career Development Reviews

The Agricultural and Rural Development Bank (ARDB) provides performance evaluations only to employees holding Undetermined Duration Contracts (UDC). In 2025, 380 employees (95% of the total staff) underwent a performance review during the reporting period.

a) Employees by gender who received performance

Gender	Staff	Percentage
Female	134	35%
Male	246	65%
Total	380	100%

b) Employees by Category who received performance

Employee Category	Female	Male
Management Level (CEO-DCEO)	0	4
Department Level (HoD-DHoD)	18	43
Division Level (Chief-Vice chief)	53	70
Officer Level (Senior Officer, Officer and Assistant)	53	102
Support Staff (Security, Driver, Cleaner)	10	27
Total	134	246

GRI 2-7: Employees

GRI 404-1: Average hours of training per year per employee

GRI 404-3: Percentage of Employees Receiving Regular Performance and Career Development Reviews

8. Governance and Diversity

Learning and Development Programs

Employee participation in training and development programs which remained inclusive across gender and employment categories. Participation rates reflected balanced engagement between male and female employees, as well as across senior management and non-management teams, supporting ARDB's objective of equitable access to professional development opportunities.

Employee Participation in Learning and Development Program by Gender and Employment Category

Gender/Employment Type	2024		2025	
	Male	Female	Male	Female
		65%	35%	40%
Senior Management Team	32%		9%	
Non-Management Team	69%		62%	

8. Governance and Diversity

Continuing Professional Education and Development

Supporting Competencies and Capacity Development Programs in 2025

In-Housing Training	
1	ARDB's core values
2	Employee performance evaluation principles
3	Employee healthcare package for 2025
Mandatory Programs	
1	Anti-money laundering and counter-terrorist financing
2	Understanding cybersecurity
3	Using artificial intelligence at work
4	Artificial Intelligence in banking and central bank digital currency
5	Key innovation and sustainable growth
6	Whistleblowing
7	Credit management
8	Green Credit Principles and Policies
9	Campaign workflow, transaction generation, and account creation
10	Clearing and processing of cheques
11	Credit Guarantee and Guarantee Management System(GMS)
Soft Skill Development Program	
1	Effective Communication
2	Sales Techniques
3	Leadership and management
4	Training of trainers (ToT)
Skill Development and Capacity Building for Research Working Groups	
1	Data analysis
2	Basic research methods
3	Basic macroeconomics and policies
4	Mixed-methods research design
5	Qualitative data analysis
6	Global macroeconomic anomalies tracking for lasting change
7	Introduction to project, training, management, and evaluation

8. Governance and Diversity

Other Supporting Programs	
1	Coaching and mentoring
2	Job rotation program
3	Professional certification programs
4	Scholarship grants
5	Management and leadership development program
6	Language training (Australian Center of Education)
7	Talent management program

Programs for Upgrading Employee Skills and Transition Assistance

ARDB's supporting competencies and capacity development programs in 2025. These initiatives are designed to strengthen ethical conduct, operational resilience, innovation, and human capital development across all levels of the organization.

- In-house training programs reinforce the Bank's core values, performance management principles, and employee well-being, including awareness of the 2025 healthcare package. Mandatory programs support regulatory compliance, risk management, and responsible banking practices, while also enhancing operational efficiency through training on campaign workflows, transaction processing, cheque clearing and processing, and guarantee management frameworks.
- To further enhance professional competencies, ARDB delivers soft skills development programs in communication, sales, and leadership. In addition, a comprehensive Training of Trainers (ToT) plan has been developed based on identified skills gaps. This initiative strengthens internal training capacity by equipping staff with both technical expertise and instructional skills. The ToT program is designed to be implemented annually, with varying learning objectives and levels.
- In parallel, skill development and capacity building programs for research working groups aim to strengthen analytical and research capabilities, including data analysis, macroeconomics, qualitative and mixed-methods research, project management, and global macroeconomic monitoring.
- Beyond formal training, ARDB provides additional development opportunities such as job rotation, professional certification programs, scholarship grants, and language training. Collectively, these initiatives demonstrate the Bank's commitment to empowering its workforce, fostering innovation, supporting sustainable finance, and ensuring long-term organizational sustainability.

Employees Receiving Regular Performance and Career Development Reviews

The Agricultural and Rural Development Bank (ARDB) conducts regular performance and career development reviews for all staff, utilizing Key Performance Indicator (KPI) appraisals set at the beginning of each year. These KPIs evaluate both employee performance and behavior, focusing on critical areas such as:

Financial Performance: activities aimed at expanding and sustaining the bank's resources.

Customer Centricity: initiatives that support both external and internal customers. External customers refer to farmers and businesses in the agricultural value chain and ARBD partners and stakeholders, while internal customers refer to the management team and all ARDB employees.

Internal Business Process and Development: initiatives to enhance operations and workflows within an organization to boost efficiency and quality, minimize operational risks, and ensure long-term sustainability.

Learning and Growth: activities aimed at fostering personal and professional development, empowering individuals to enhance their skills, knowledge, and impact, while also supporting the growth and success of others.

As part of this process, all ARDB employees are given the opportunity to assess their colleagues within the same department. This peer evaluation encourages a culture of collaboration, accountability, and constructive feedback, ensuring that employees receive a comprehensive and balanced perspective on their contributions.

In addition, employees at Undetermined Duration Contracts (UDC) also undergo performance appraisals after completing their probation period to ensure alignment with organizational standards and expectations. ARDB is committed to promoting continuous learning, strengthening team dynamics, and supporting both personal and organizational growth.

8. Governance and Diversity

GRI Content Index

This section contains the sustainability performance index of ARDB based on the Global Reporting Initiative's (GRI STANDARD). To learn more about applying G4 guidelines, please go to www.globalreporting.org

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9. Audited Financial Statement

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

AGRICULTURAL AND RURAL DEVELOPMENT BANK

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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AGRICULTURAL AND RURAL DEVELOPMENT BANK

លេខ/N° : 139/ARDB ផ.អ.ជ.ក./ARDB

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DIRECTORS' REPORT

The Board of Directors (the "Directors") hereby submits their report together with the audited financial statements of Agricultural and Rural Development Bank (the "Bank") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the commercial banking and the provision of related financial services in the Kingdom of Cambodia.

There have been no significant changes in the nature of this principal activities during the year.

FINANCIAL RESULTS

	2025
	USD KHR'000
Loss for the year	<u>(1,756,496) (7,045,307)</u>

DIVIDENDS

No dividend has been declared and the Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025.

SHARE CAPITAL

The details of share capital and shareholding structure is disclosed in Note 20 to the financial statements.

RESERVES AND PROVISIONS

Transfers to or from reserves or provisions during the year are disclosed in Note 23 to the financial statements.

BAD AND DOUBTFUL LOANS AND ADVANCES

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of any doubtful loans and advances and the estimating of allowance for doubtful loans and advances, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for doubtful loans and advances.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for doubtful loans and advances, or the amount of allowance for impairment losses in the financial statements of the Bank inadequate to any material extent.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

DIRECTORS' REPORT

ASSETS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Bank had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Bank that had arisen since the end of the year to secure the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Bank that had arisen since the end of the year other than in the ordinary course of Banking business.

In the opinion of the Directors, no contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which will or may affect the ability of the Bank to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors,

- (i) the results of the operations of the Bank for the year were not substantially affected by any item, transaction or event of material and unusual nature; and
- (ii) no item, transaction or event of material and unusual nature had arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Bank for the year in which this report is made.

ISSUANCE OF SHARES AND DEBENTURES

During the year, no new shares or debentures were issued by the Bank.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Bank who served during the year and up to the date of this report are as follows:

Name	Position
H.E Ros Seilava	Chairman
H.E Dr. Kao Thach	Director
H.E Dr. San Visal	Director
H.E Khy Kosal	Director
Mr. Pak Sereivathana	Independent Director
H.E Chan Seyha	Director
H.E Chheang Vanarith	Director

DIRECTORS' BENEFITS

Since the end of the previous year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Bank or a related corporation with the Directors or with a firm of which the Director is a member, or with a Bank in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 30 to the financial statements.

Neither during nor at the end of the year, was the Bank a party to any arrangements where the object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of the Bank are responsible for ascertaining that the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended. In preparing the financial statements, the Directors of the Bank are required to:


- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRSs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable the Bank to prepare its financial statements under CIFRSs and an effective system of internal controls;
- (iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- (v) effectively control and direct the Bank and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The Directors confirm that the Bank has complied with the above requirements in preparing its financial statements.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

DIRECTORS' REPORT

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the Directors, the accompanying statement of financial position of the Bank as at 31 December 2025, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements are presented fairly, in all material respects, in accordance with Cambodian International Financial Reporting Standards. 

Signed on behalf of the Board of Directors,



.....
Ros Seilava
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 30 APR 2026

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Notes	2025		2024	
		USD	KHR'000	USD	KHR'000
ASSETS					
Cash on hand	5	5,334,969	21,409,231	2,869,685	11,550,482
Deposit and placement with other banks	6	12,755,283	51,186,951	13,871,350	55,832,183
Deposit and placement with National Bank of Cambodia ("NBC")	7	22,888,683	91,852,285	6,037,742	24,301,912
Loans and advances to customers - net	8	524,134,878	2,103,353,265	474,834,367	1,911,208,327
Other assets	9	1,535,618	6,162,435	2,473,088	9,954,179
Statutory deposits	10	17,987,783	72,184,973	16,332,566	65,738,578
Foreclosed properties	11	57,927,354	232,462,472	29,382,995	118,266,555
Right-of-use assets	12	176,103	706,701	288,309	1,160,444
Property and equipment	13	21,685,627	87,024,421	20,082,618	80,832,537
Intangible assets	14	6,133,975	24,615,642	4,218,715	16,980,328
Income tax receivables		847,896	3,402,607	847,896	3,412,782
TOTAL ASSETS		671,408,169	2,694,360,983	571,239,331	2,299,238,307
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from other banks and financial institutions	15	23,409	93,940	62,368	251,031
Deposits from customers	16	64,314,534	258,094,225	11,222,792	45,171,738
Borrowings	17	438,435,249	1,759,440,654	390,620,937	1,572,249,271
Subordinated debts	18	1,044,084	4,189,909	1,044,084	4,202,438
Lease liabilities	12	193,138	775,063	303,929	1,223,314
Other liabilities	19	1,214,107	4,872,212	626,212	2,520,503
Provision for financial guarantee contracts		10,281	41,258	10,126	40,757
Current income tax liability		-	-	656,344	2,641,785
Deferred tax liabilities - net	29(b)	2,134,856	8,567,177	2,134,856	8,592,795
TOTAL LIABILITIES		507,369,658	2,036,074,438	406,681,648	1,636,893,632
EQUITY					
Share capital	20	137,233,606	556,475,330	137,233,606	556,475,330
Other capital	21	(3,900,956)	(15,351,271)	(4,421,717)	(17,440,043)
Capital reserves	22	3,988,589	16,201,880	3,272,026	13,327,746
Regulatory reserves	23	31,685,286	128,323,476	12,791,396	52,540,083
(Accumulated losses)/Retained earnings		(4,968,014)	(18,385,922)	15,682,372	64,442,778
Exchange differences		-	(8,976,948)	-	(7,001,219)
TOTAL EQUITY		164,038,511	658,286,545	164,557,683	662,344,675
TOTAL LIABILITIES AND EQUITY		671,408,169	2,694,360,983	571,239,331	2,299,238,307

The accompanying notes form an integral part of the financial statements.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025		2024	
		USD	KHR'000	USD	KHR'000
Interest income	24	29,798,364	119,521,238	26,117,514	106,324,399
Interest expense	25	(4,588,145)	(18,403,050)	(3,145,992)	(12,807,333)
Net interest income		<u>25,210,219</u>	<u>101,118,188</u>	<u>22,971,522</u>	<u>93,517,066</u>
Other income	26	439,459	1,762,670	83,838	341,304
Operating income		<u>25,649,678</u>	<u>102,880,858</u>	<u>23,055,360</u>	<u>93,858,370</u>
Personnel expenses	27	(9,780,322)	(39,228,872)	(7,740,084)	(31,509,882)
Depreciation and amortisation		(4,511,355)	(18,095,045)	(4,435,449)	(18,056,713)
Other operating expenses	28	(8,223,593)	(32,984,832)	(7,684,141)	(31,282,138)
Minimum tax expense	29(a)	(287,192)	(1,151,927)	(252,491)	(1,027,891)
Operating profit before impairment losses		<u>2,847,216</u>	<u>11,420,182</u>	<u>2,943,195</u>	<u>11,981,746</u>
Net impairment loss on financial instruments		(4,603,712)	(18,465,489)	(2,140,926)	(8,715,710)
(Loss)/Profit before income tax		<u>(1,756,496)</u>	<u>(7,045,307)</u>	<u>802,269</u>	<u>3,266,036</u>
Income tax expense	29(a)	-	-	(2,396,045)	(9,754,299)
Loss for the year		<u>(1,756,496)</u>	<u>(7,045,307)</u>	<u>(1,593,776)</u>	<u>(6,488,263)</u>
Other comprehensive loss					
Exchange differences		-	(1,975,729)	-	(9,902,599)
Total comprehensive loss for the year		<u>(1,756,496)</u>	<u>(9,021,036)</u>	<u>(1,593,776)</u>	<u>(16,390,862)</u>

The accompanying notes form an integral part of the financial statements.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital		Other capital		Capital reserves		Regulatory reserves		Retained earnings/ (Accumulated losses)		Exchange differences	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
At 1 January 2025	137,233,606	556,475,330	(4,421,717)	(17,440,043)	3,272,026	13,327,746	12,791,396	52,540,083	15,682,372	64,442,778	(7,001,219)	164,557,683	662,344,675
Total comprehensive income													
Loss for the year	-	-	-	-	-	-	-	-	(1,756,496)	(7,045,307)	-	(1,756,496)	(7,045,307)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	(1,975,729)	-	(1,975,729)
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(1,756,496)	(7,045,307)	(1,975,729)	(1,756,496)	(9,021,036)
Transactions recognised directly in equity													
Transfers from retained earnings to regulatory reserves			-	-	-	-	18,893,890	75,783,393	(18,893,890)	(75,783,393)	-	-	-
Transfer from capital reserves to other capital	-	-	379,740	1,523,137	(379,740)	(1,523,137)	-	-	-	-	-	-	-
Transfer to other capital	-	-	141,021	565,635	-	-	-	-	-	-	-	141,021	565,635
Repayment of principal	-	-	-	-	1,096,303	4,397,271	-	-	-	-	-	1,096,303	4,397,271
	-	-	520,761	2,088,772	716,563	2,874,134	18,893,890	75,783,393	(18,893,890)	(75,783,393)	-	1,237,324	4,962,906
At 31 December 2025	137,233,606	556,475,330	(3,900,956)	(15,351,271)	3,988,589	16,201,880	31,685,286	128,323,476	(4,968,014)	(18,385,922)	(8,976,948)	164,038,511	658,286,545

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital		Other capital		Capital reserves		Regulatory reserves		Retained earnings		Exchange differences	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
At 1 January 2024	137,233,606	556,475,330	(4,421,717)	(17,440,043)	3,272,026	13,327,746	5,841,874	24,248,579	24,713,267	101,207,552	2,901,380	166,639,056	680,720,544
Total comprehensive loss													
Loss for the year													
(As restated – Note 37)	-	-	-	-	-	-	-	-	(1,593,776)	(6,488,263)	-	(1,593,776)	(6,488,263)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	-	(9,902,599)	-	(9,902,599)
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(1,593,776)	(6,488,263)	(9,902,599)	(1,593,776)	(16,390,862)
Transactions recognised directly in equity													
Transfers from retained earnings to regulatory reserves	-	-	-	-	-	-	6,949,522	28,291,504	(6,949,522)	(28,291,504)	-	-	-
Profit sharing declared*	-	-	-	-	-	-	-	-	(487,597)	(1,985,007)	-	(487,597)	(1,985,007)
	-	-	-	-	-	-	6,949,522	28,291,504	(7,437,119)	(30,276,511)	-	(487,597)	(1,985,007)
At 31 December 2024													
(As restated – Note 37)	137,233,606	556,475,330	(4,421,717)	(17,440,043)	3,272,026	13,327,746	12,791,396	52,540,083	15,682,372	64,442,778	(7,001,219)	164,557,683	662,344,675

On 08 September 2022, the Deputy Prime Minister of the MEF approved the Memorandum of Articles and Association to deduct the annual profit sharing for staff directly from the retained earnings, with an acknowledgement by the NBC on 19 September 2022.

The accompanying notes form an integral part of the financial statements.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025		2024	
		USD	KHR'000	USD	KHR'000
Cash flows from operating activities					
(Loss)/Profit before tax		(1,756,496)	(7,045,307)	802,269	3,266,036
<u>Adjustments for:</u>					
Depreciation and amortisation		4,511,355	18,095,045	4,435,449	18,056,713
Impairment of foreclosed properties	8	-	-	296,798	1,208,265
Net impairment loss on financial instruments		4,603,712	18,465,489	2,140,926	8,715,710
Net interest income		(25,210,219)	(101,118,188)	(22,971,522)	(93,517,066)
Gain on sale of foreclosed properties	26	(99,060)	(397,330)	-	-
Operating loss before changes in working capital		(17,950,708)	(72,000,291)	(15,296,080)	(62,270,342)
<u>Net changes in:</u>					
Statutory deposits		(1,655,217)	(6,639,075)	(1,344,359)	(5,472,885)
Loans and advances to customers		(80,467,762)	(322,756,193)	(95,974,495)	(390,712,169)
Other assets		1,449,360	5,813,383	(920,398)	(3,746,941)
Proceed from sale of foreclosed properties		400,000	1,604,400	-	-
Deposits from other banks		52,344,246	209,952,771	4,257,089	17,330,609
Deposits from customers		(38,959)	(156,265)	55,713	226,808
Other liabilities		443,226	1,777,779	(1,456,844)	(5,930,812)
Net cash used in operation		(45,475,814)	(182,403,491)	(110,679,374)	(450,575,732)
Interest income received		28,355,136	113,732,450	26,133,750	106,390,496
Interest expense paid		(3,917,470)	(15,712,972)	(2,960,129)	(12,050,685)
Income tax paid		(511,674)	(2,052,324)	(1,457,562)	(5,933,735)
Net cash used in operating activities		(21,549,822)	(86,436,337)	(88,963,315)	(362,169,656)
Cash flows from investing activities					
Purchases of property and equipment	13	(5,399,144)	(21,655,967)	(4,893,316)	(19,920,689)
Purchases of intangible assets	14	(2,518,274)	(10,100,797)	(1,965,990)	(8,003,545)
Net cash used in investing activities		(7,917,418)	(31,756,764)	(6,859,306)	(27,924,234)

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025		2024	
		USD	KHR'000	USD	KHR'000
Cash flows from financing activities					
Proceeds from borrowings	17	71,577,897	287,098,945	101,650,853	413,820,623
Prepayment of borrowings	17	(23,667,555)	(94,930,563)	-	-
Repayment of lease liabilities	12	(130,000)	(521,430)	(120,400)	(490,148)
Net cash generated from financing activities		<u>47,780,342</u>	<u>191,646,952</u>	<u>101,530,453</u>	<u>413,330,475</u>
Net change in cash and cash equivalents		18,313,102	73,453,851	5,707,832	23,236,585
Cash and cash equivalents at the beginning of the year		22,796,703	91,756,729	17,088,871	69,808,038
Exchange differences		-	(236,932)	-	(1,287,894)
Cash and cash equivalents at the end of year	31	<u>41,109,805</u>	<u>164,973,648</u>	<u>22,796,703</u>	<u>91,756,729</u>

The accompanying notes form an integral part of the financial statements.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE INFORMATION

Agricultural and Rural Development Bank (the “Bank”) is a wholly state-owned entity established by Anukret (Sub-Decree No.1) with the aim to promote agricultural and rural economic activities in order to alleviate poverty and to raise the standard of living of rural people in the Kingdom of Cambodia. The Bank registered with the Ministry of Commerce under registration No. Co. 3942Et/1998 dated 23 June 1998. On 18 March 2020, the Bank completed its registration with the receipt of certificate No. 0327 from the Ministry of Commerce. On 19 February 2020, the Bank obtained its license from the National Bank of Cambodia to operate as a commercial bank.

The Bank’s registered office is located at Building No. 168, Concrete Road No. 7, Prek Leap Village, Prek Leap Sangkat, Chroy Changvar District, Phnom Penh, Cambodia.

The Bank is principally engaged in commercial banking and the provision of related financial services in the Kingdom of Cambodia.

There have been no significant changes in the nature of these principal activities during the year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

2.2 Basis of presentation

The financial statements of the Bank have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.3 Adoption of new CIFRSs and amendments/improvement to CIFRSs

(a) Amendments/Improvements to standards adopted during the year

The following amendments/improvements were adopted by the Bank but did not have significant impact on the current period or any prior period and it is not likely to affect the future periods.

- Lack of Exchangeability – Amendments to CIAS 21

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (CONTINUED)

2.3 Adoption of new CIFRSs and amendments/improvement to CIFRSs (Continued)

- (a) Standards and amendments/improvements that have been issued but not yet effective

		Effective for financial periods beginning on or after
<u>New Standards</u>		
CIFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments/Improvements</u>		
CIFRS 7 and CIFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

The Bank has not early adopted these new and amended standards. The Bank is currently assessing the potential impact that these standards will have on its financial statements. Given the scope of CIFRS 18, it is expected to have a significant impact on the presentation and disclosure within the statement of profit or loss in future periods.

2.4 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Bank transacts its businesses and maintains its accounting records primarily in United States Dollar ("USD"), the directors have determined the USD to be the Bank's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Bank.

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing and have been using the prescribed official annual closing and average exchange rate of USD1 to 4,013 and USD1 to 4,011 respectively, for the year ended 31 December 2025 (2024: 4,025 and 4,071) as announced by the NBC.

These translations should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Financial instruments

(i) Initial measurement

The Bank initially recognises loans and advances, borrowings and subordinated debts on the date on which they are originated. All other financial instrument (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(ii) Classification

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(ii) Classification

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

(iii) Derecognition

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit and loss as part of the gain or loss on derecognition.
- If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(iv) Modifications of financial assets and financial liabilities

- If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit and loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.
- If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit and loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit and loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(vi) Fair value measurement

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure— are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

The Bank recognises loss allowances for expected credit loss (“ECL”) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(vii) Impairment

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

At each reporting date, the Bank assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region.

The Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12 months ECL.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(vii) Impairment

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than or equal to 30 days past due for long-term facilities or more than or equal to 14 days past due for short-term facilities; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Inputs, assumptions and techniques used for estimating impairment

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(vii) Impairment

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The statistical model has been employed to analyse data collected and generate estimate of remaining lifetime PD of exposure and how these are expected to change as result of passage of time.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(vii) Impairment

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Write-off

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Financial instruments (Continued)

(viii) Interest rate benchmark reform

If the basis of determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional charges.

3.2 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, deposit and placement with other banks and deposit and placement with NBC, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and having been within three months of maturity at acquisition.

3.3 Capital accounts

(i) Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities. Ordinary shares are recorded at all proceeds received, net of directly attributable incremental transaction costs.

(ii) Other capital and capital reserves

Other capital and capital reserves are classified as equity. According to the letter No.536 dated 3 February 2016 from the Ministry of Economy and Finance submitted to the Prime Minister of the Kingdom of Cambodia, and appended with his annotation dated 4 February 2016, ARDB has been granted approval to proceed with the requested actions regarding non-performing loans and advances amounting to US\$18,269,567. These non-performing loans and advances were deducted from equity, removed from the balance sheet, and are being monitored separately. Any subsequent recoveries of these non-performing loans and advances, and related interest will be recognised directly into other capital and capital reserve account, respectively, by the Bank following the approval from the NBC.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Regulatory reserves

Regulatory reserves are set up for the variance of allowance between loan impairment in accordance with CIFRS and regulatory allowance in accordance with NBC's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and allowance on impairment for Banks and financial institutions.

In accordance with the Prakas, the Bank shall compare the provision calculated in accordance with above requirements and the Bank's record which is under CIFRS.

- a. In the case whereby the regulatory provision is lower than provision calculated in accordance with CIFRS, the Bank records the provision calculated in accordance with CIFRS; and
- b. In the case whereby the regulatory provision is higher than provision calculated in accordance with CIFRS, the Bank records the provision calculated in accordance with CIFRS and transfer the differences from retained earnings or accumulated losses to the regulatory reserve in the shareholders' equity under the statement of the financial position.

The regulatory reserves are not an item to be included in the calculation of the Bank's net worth.

3.5 Statutory deposits

Statutory deposit is stated at cost. Statutory deposits represent mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions ("LBFI") and are not available to finance the Bank's day to day operations and hence are not considered as part of cash and cash equivalents for the purpose of cash flow statement.

3.6 Property and equipment

All items of property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

Depreciation is recognised as an expense in profit or loss on a declining basis except for land improvement, buildings and building improvement which is depreciated on a straight-line basis at the following rates:

Land improvement	5% Straight-line
Buildings	5% Straight-line
Building improvement	5% Straight-line
Motor vehicles	25% Reducing Balance
IT equipment	50% Reducing Balance
Office Equipment and furniture	50% Reducing Balance

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Property and equipment (Continued)

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

3.7 Intangible assets

Intangible assets that are acquired by the Bank are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Intangible assets are amortised at a declining balance at a rate of 20% per annum.

Asset-in-progress represents the payments for the installation of the computer software and system. Asset-in-progress starts to be amortised when it is ready to put in use.

Both the period and method of amortisation are reviewed annually.

3.8 Leases

The Bank as a lessee

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Leases (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Short-term lease and lease of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for lease of low-value asset and short-term leases. The Bank recognise the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

3.9 Foreclosed properties

Foreclosed properties consisting of immovable and moveable properties classified as non-current assets held for sale, the asset is measured at the lower of its carrying amount and fair value less costs to sell less impairment losses, if any.

The carrying amounts of foreclosed properties of less costs to sell is lower than the carrying amount, an impairment loss is recognised. This reflects the decline in the asset's value are recognised in profit or loss as incurred.

3.10 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset might be impaired, the carrying value of the asset (or cash-generating unit "CGU" to which the asset has been allocated) is tested for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, if otherwise, it is treated as equity. The subordinated debts which are approved by the NBC are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the NBC. Subordinated debts are stated at their amortised costs.

3.12 Provision

Provisions are recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.13 Net interest income

Interest income and expenses relating to financial instruments measured at amortised cost are recognised in the profit and loss account using the effective interest rate method (“EIR”). The EIR is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial asset. The EIR measurement should take into accounts, if significant, all fees and commissions received or paid that are an integral part of the EIR of the contract and transaction costs.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss provision), except for:

- purchased or originated credit-impaired financial assets (“POCI”), for which the original credit-adjusted EIR is applied to the amortised cost of the financial assets.
- financial assets that are not POCI but have subsequently become credit impaired (or “stage 3”), for which interest income is calculated by applying the EIR to their amortised cost (i.e. the gross carrying amount less the expected credit loss provision).

Interest expenses are recognised by applying the effective interest rate to the gross carrying amount of financial liabilities.

3.14 Fees and commission income

Fees and commission income are income other than those that are an integral part of EIR (see above). The fees included in this part of the Bank’s statement of profit or loss include a diverse range of services it provides to its customers such as fees charged for servicing a loan.

Fee and commission with regard to services are accounted for as the services are rendered.

A contract with a customer that results in a recognised financial instrument in the Bank’s financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

3.15 Other income

Other income is income generated outside the normal course of business and is recognised when it is probable that the economic benefits will flow to the Bank and it can be measured reliably.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

(ii) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit of the period in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with CIFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the year include the following:

4.1 Expected credit loss allowance on financial assets at amortised cost

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- establishing groups of similar financial assets for the purposes of measuring ECL.

The impact of provisioning on the Bank's loans to customers is disclosed in Note 8.

4.2 Measurement of income tax

Significant judgement is required in determining the Bank's estimation for current and deferred taxes because the ultimate tax liability for the Bank as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Bank will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Bank is disclosed in Note 29 to the financial statements.

5. CASH ON HAND

	2025		2024	
	USD	KHR'000	USD	KHR'000
US Dollar	2,905,615	11,660,233	1,197,854	4,821,362
Khmer Riel	2,429,354	9,748,998	1,671,831	6,729,120
	<u>5,334,969</u>	<u>21,409,231</u>	<u>2,869,685</u>	<u>11,550,482</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

6. DEPOSIT AND PLACEMENT WITH OTHER BANKS

	2025		2024	
	USD	KHR'000	USD	KHR'000
	(As reclassified – Note 37)			
In Cambodia:				
Current accounts	12,813,299	51,419,769	13,844,445	55,723,890
Saving accounts	8,667	34,781	8,627	34,724
Outside Cambodia:				
Settlement accounts	64,187	257,582	36,204	145,721
Deposit and placement with other banks	12,886,153	51,712,132	13,889,276	55,904,335
Less: allowance for impairment losses	(130,870)	(525,181)	(17,926)	(72,152)
	<u>12,755,283</u>	<u>51,186,951</u>	<u>13,871,350</u>	<u>55,832,183</u>

The deposit and placement with other banks are analysed as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
	(As reclassified – Note 37)			
(a) By maturity:				
Within 1 month	12,886,153	51,712,132	13,889,276	55,904,335
(b) By currency:				
US Dollar	10,872,135	43,629,878	6,472,200	26,050,605
Khmer Riel	2,008,999	8,062,113	7,412,057	29,833,529
Chinese Yuan	5,019	20,141	5,019	20,201
	<u>12,886,153</u>	<u>51,712,132</u>	<u>13,889,276</u>	<u>55,904,335</u>
(c) By interest rate:				
Current accounts		Nil		Nil
Saving accounts		0.25% - 1.00%		0.25% - 1.00%
Settlement accounts		0.05% - 0.35%		0.05% - 0.35%

The movements of allowance for impairment losses were as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	17,926	72,152	190,169	776,840
Allowance/(Reversal) for the year	112,944	453,018	(172,243)	(701,201)
Exchange differences	-	11	-	(3,487)
At 31 December	<u>130,870</u>	<u>525,181</u>	<u>17,926</u>	<u>72,152</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

7. DEPOSIT AND PLACEMENT WITH NATIONAL BANK OF CAMBODIA ("NBC")

	2025		2024	
	USD	KHR'000	USD	KHR'000
			(As reclassified – Note 37)	
Current accounts	16,748,778	67,212,846	6,037,742	24,301,912
Settlement accounts	6,139,905	24,639,439	-	-
	<u>22,888,683</u>	<u>91,852,285</u>	<u>6,037,742</u>	<u>24,301,912</u>

8. LOANS AND ADVANCES TO CUSTOMERS - NET

	2025		2024	
	USD	KHR'000	USD	KHR'000
Long-term	335,621,686	1,346,849,826	327,865,870	1,319,660,127
Short-term	188,867,312	757,924,523	146,696,734	590,454,354
Staff loan	19,004,029	76,263,168	18,604,002	74,881,108
Gross loans and advances	<u>543,493,027</u>	<u>2,181,037,517</u>	<u>493,166,606</u>	<u>1,984,995,589</u>
Accrued interest receivable	7,046,849	28,279,005	3,570,255	14,370,276
	<u>550,539,876</u>	<u>2,209,316,522</u>	<u>496,736,861</u>	<u>1,999,365,865</u>
Less: allowance for impairment losses	<u>(26,404,998)</u>	<u>(105,963,257)</u>	<u>(21,902,494)</u>	<u>(88,157,538)</u>
Loans and advances to customers - net	<u>524,134,878</u>	<u>2,103,353,265</u>	<u>474,834,367</u>	<u>1,911,208,327</u>

The movements of allowance for impairment losses are as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	21,902,494	88,157,538	19,612,596	80,117,455
Allowance for the year	4,502,504	18,059,544	2,289,898	9,322,175
Exchange differences	-	(253,825)	-	(1,282,092)
At 31 December	<u>26,404,998</u>	<u>105,963,257</u>	<u>21,902,494</u>	<u>88,157,538</u>

Gross amounts of loans and advances to customers by maturity are analysed as follows:

a. By maturity:	2025		2024	
	USD	KHR'000	USD	KHR'000
> 1 to 3 months	66,324,635	266,160,760	29,185,421	117,471,320
> 3 to 12 months	141,757,236	568,871,788	26,313,415	105,911,495
> 1 to 3 years	86,796,732	348,315,286	77,564,121	312,195,587
> 3 to 5 years	95,936,303	384,992,384	198,802,938	800,181,825
Over 5 years	152,678,121	612,697,299	161,300,711	649,235,362
	<u>543,493,027</u>	<u>2,181,037,517</u>	<u>493,166,606</u>	<u>1,984,995,589</u>

For additional analysis of gross amount of loans and advances to customers, refer to Note 33(b).

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

9. OTHER ASSETS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Advances to staff	845,443	3,392,764	2,373,961	9,555,193
Advance payment to suppliers	121,667	488,250	40,992	164,993
Prepaid insurance	65,368	262,321	64,673	260,309
Equity investment	12,500	50,163	12,500	50,312
Accrued interest receivables	2,570	10,313	4,627	18,624
Receivable for foreclosed property disposal	500,000	2,006,499	-	-
	<u>1,547,548</u>	<u>6,210,310</u>	<u>2,496,753</u>	<u>10,049,431</u>
Less allowance for impairment losses	<u>(11,930)</u>	<u>(47,875)</u>	<u>(23,665)</u>	<u>(95,252)</u>
	<u>1,535,618</u>	<u>6,162,435</u>	<u>2,473,088</u>	<u>9,954,179</u>

The movements of allowance for impairment losses were as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	23,665	95,252	7,494	30,613
(Reversal)/Allowance for the year	(11,735)	(47,069)	16,171	65,832
Exchange differences	-	(308)	-	(1,193)
At 31 December	<u>11,930</u>	<u>47,875</u>	<u>23,665</u>	<u>95,252</u>

10. STATUTORY DEPOSITS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Statutory capital deposits	13,282,145	53,301,248	13,208,370	53,163,689
Reserve requirements	4,705,638	18,883,725	3,124,196	12,574,889
	<u>17,987,783</u>	<u>72,184,973</u>	<u>16,332,566</u>	<u>65,738,578</u>

(a) Statutory capital deposit

Under the NBC Prakas No. B7-01-136, dated 15 October 2001, the Bank is required to maintain a capital guarantee deposit of 10% of paid-up share capital. The above amount represents the 10% of paid-up share capital plus other capital on non-performing loans principals minus recoveries during the year (See note 21(i)). This deposit is refundable should the Bank voluntarily cease its operations in Cambodia and it is not available for use in the Bank's day-to-day operations.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10. STATUTORY DEPOSITS (CONTINUED)

(b) Reserve requirements

Reserve requirements are required under NBC's Prakas No. B7-023-005 dated 9 January 2023 for banks and financial institutions to maintain the reserve requirements, in accordance with dates and rates as follows:

- from 1 January 2023 to 31 December 2023, the reserve requirements in foreign currencies shall be at the rate of 9%.
- from 1 January 2024 onwards, the reserve requirements in foreign currencies shall be at the rate of 12.5%.
- the financial institution shall maintain the reserve requirements in local currency (KHR) at the rate of 7%.

However, in the NBC Letter No. B7-023-2621 dated 23 November 2023, the reserve requirements against deposits in foreign currencies was kept at the rate of 7% until 31 December 2024. Subsequently, NBC has issued another letter no. B7-024-1718 dated 21 August 2024, allowing the bank and financial institutions to maintain the reserve requirement rate at 7% until 31 December 2025.

(c) By interest rate (per annum)

	2025	2024
Statutory capital deposits	0.89% - 3%	0.04% - 3%
Reserve requirements	<u>Nil</u>	<u>Nil</u>

11. FORECLOSED PROPERTIES

Foreclosed properties consist of both movable and immovable properties acquired through the foreclosure of collaterals from defaulting loans and advances to customers, where the ownership has been transferred as part of settlement of debts.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

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FOR THE YEAR ENDED 31 DECEMBER 2025**

11. FORECLOSED PROPERTIES (CONTINUED)

These assets are not held for operational purposes and have to be disposed of in order to recover the outstanding amount within the maximum allowable period of twelve months as per the guidelines No. B7-01-186 Prakas issued by the NBC.

	Land USD	Buildings USD	Equipment USD	Total USD
2025				
Cost				
At 1 January 2025	28,567,507	1,383,509	680,386	30,631,402
Addition	29,345,299	-	-	29,345,299
Disposal	(800,940)	-	-	(800,940)
At 31 December 2025	57,111,866	1,383,509	680,386	59,175,761
Accumulated allowance for impairment				
At 1 January 2025/31 December 2025	285,675	282,346	680,386	1,248,407
Carrying amount				
At 31 December 2025	56,826,191	1,101,163	-	57,927,354
At 31 December 2025 (KHR'000)	228,043,505	4,418,967	-	232,462,472

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. FORECLOSED PROPERTIES (CONTINUED)

	Land USD	Buildings USD	Equipment USD	Total USD
2024				
Cost				
At 1 January 2024	3,332,811	1,383,509	680,386	5,396,706
Additions	25,234,696	-	-	25,234,696
At 31 December 2024	<u>28,567,507</u>	<u>1,383,509</u>	<u>680,386</u>	<u>30,631,402</u>
Accumulated allowance for impairment				
At 1 January 2024	-	271,223	680,386	951,609
Additional allowance for impairment loss during the year	285,675	11,123	-	296,798
At 31 December 2024	<u>285,675</u>	<u>282,346</u>	<u>680,386</u>	<u>1,248,407</u>
Carrying amount				
At 31 December 2024	28,281,832	1,101,163	-	29,382,995
At 31 December 2024 (KHR'000)	<u>113,834,374</u>	<u>4,432,181</u>	<u>-</u>	<u>118,266,555</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Bank is a lessee.

(i) Right-of-use assets

The table below describes the nature of the Bank's leasing activities by type of right-of-use assets recognised in the statement of financial position at 31 December 2025:

Right of use asset	No of right of use assets leased	Range of remaining term	Average remaining lease term
Office building	16	3-5 years	3years

	2025		2024	
	USD	KHR'000	USD	KHR'000
Cost				
At 1 January	469,770	1,890,824	372,676	1,522,381
Additions	-	-	97,094	395,270
Exchange differences	-	(5,637)	-	(26,827)
At 31 December	<u>469,770</u>	<u>1,885,187</u>	<u>469,770</u>	<u>1,890,824</u>
Accumulated amortisation				
At 1 January	181,461	730,380	76,836	313,875
Depreciation	112,206	450,058	104,625	425,928
Exchange differences	-	(1,952)	-	(9,423)
At 31 December	<u>293,667</u>	<u>1,178,486</u>	<u>181,461</u>	<u>730,380</u>
Carrying amount				
At 31 December	<u>176,103</u>	<u>706,701</u>	<u>288,309</u>	<u>1,160,444</u>

There is no lease which has not yet commenced to which the Bank is committed.

(ii) Lease liabilities

	2025		2024	
	USD	KHR'000	USD	KHR'000
As at 1 January	303,929	1,223,314	306,246	1,251,015
Additions	-	-	97,094	395,270
Interest expense on lease liabilities (Note 25)	19,209	77,047	20,989	85,446
Payments	(130,000)	(521,430)	(120,400)	(490,148)
Exchange differences	-	(3,868)	-	(18,269)
As at 31 December	<u>193,138</u>	<u>775,063</u>	<u>303,929</u>	<u>1,223,314</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Lease liabilities

	2025		2024	
	USD	KHR'000	USD	KHR'000
Less than one year	109,700	440,226	130,000	523,250
One to five years	96,350	386,653	206,050	829,351
	<u>206,050</u>	<u>826,879</u>	<u>336,050</u>	<u>1,352,601</u>
Less: future interest expense	(12,912)	(51,816)	(32,121)	(129,287)
	<u>193,138</u>	<u>775,063</u>	<u>303,929</u>	<u>1,223,314</u>

Present value of lease liabilities

	2025		2024	
	USD	KHR'000	USD	KHR'000
Current	98,767	396,352	123,900	498,698
Non-current	94,371	378,711	180,029	724,616
	<u>193,138</u>	<u>775,063</u>	<u>303,929</u>	<u>1,223,314</u>

Amounts recognised in profit or loss are as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
Depreciation	112,206	450,058	104,625	425,928
Leases of low value assets	55,760	223,653	77,196	314,265
Interest on lease liabilities	19,209	77,047	20,989	85,446
	<u>187,175</u>	<u>750,758</u>	<u>202,810</u>	<u>825,639</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

13. PROPERTY AND EQUIPMENT

	Land USD	Land improvement USD	Buildings USD	Building improvements USD	Motor vehicles USD	IT equipment USD	Office equipment and furniture USD	Construction in progress USD	Total USD
2025									
Cost									
At 1 January 2025	4,644,531	160,519	8,364,426	755,546	2,820,414	7,232,628	2,355,749	1,893,012	28,226,825
Addition	-	-	-	55,000	299,077	3,163,113	518,787	1,363,167	5,399,144
Write-off	-	-	-	(154,482)	-	(65,040)	(11,907)	-	(231,429)
Transfer to intangible assets	-	-	-	-	-	-	-	(351,150)	(351,150)
Transfer from construction in progress	-	-	755,520	364,212	-	-	708,874	(1,828,606)	-
At 31 December 2025	4,644,531	160,519	9,119,946	1,020,276	3,119,491	10,330,701	3,571,503	1,076,423	33,043,390
Accumulated depreciation									
At 1 January 2025	-	15,876	549,937	246,268	1,790,087	4,545,415	996,624	-	8,144,207
Depreciation	-	8,048	439,476	72,553	305,464	2,025,658	593,786	-	3,444,985
Write-off	-	-	-	(154,482)	-	(65,040)	(11,907)	-	(231,429)
At 31 December 2025	-	23,924	989,413	164,339	2,095,551	6,506,033	1,578,503	-	11,357,763
Net carrying amount									
At 31 December 2025	4,644,531	136,595	8,130,533	855,937	1,023,940	3,824,668	1,993,000	1,076,423	21,685,627
At 31 December 2025 (KHR'000)	18,638,503	548,156	32,627,829	3,434,875	4,109,071	15,348,393	7,997,909	4,319,685	87,024,421

As at 31 December 2025, fully depreciated property and equipment with a total cost of USD2,445,699 (31 December 2024: USD1,338,958) are still in use.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

13. PROPERTY AND EQUIPMENT (CONTINUED)

	Land USD	Land improvement USD	Buildings USD	Building improvements USD	Motor vehicles USD	IT equipment USD	Office equipment and furniture USD	Construction in progress USD	Total USD
2024									
Cost									
At 1 January 2024	4,644,531	160,519	474,583	228,588	2,345,863	5,980,159	1,387,695	9,116,903	24,338,841
Additions	-	-	69,250	403,290	474,551	1,254,069	972,824	1,719,332	4,893,316
Write-off	-	-	-	-	-	(1,600)	(4,770)	-	(6,370)
Transfer to intangible assets	-	-	-	-	-	-	-	(998,962)	(998,962)
Transfer from construction in progress	-	-	7,820,593	123,668	-	-	-	(7,944,261)	-
At 31 December 2024	4,644,531	160,519	8,364,426	755,546	2,820,414	7,232,628	2,355,749	1,893,012	28,226,825
Accumulated depreciation									
At 1 January 2024	-	7,850	246,349	199,215	1,485,046	2,323,966	586,608	-	4,849,034
Depreciation	-	8,026	303,588	47,053	305,041	2,223,049	414,786	-	3,301,543
Write-off	-	-	-	-	-	(1,600)	(4,770)	-	(6,370)
At 31 December 2024	-	15,876	549,937	246,268	1,790,087	4,545,415	996,624	-	8,144,207
Carrying amount									
At 31 December 2024	4,644,531	144,643	7,814,489	509,278	1,030,327	2,687,213	1,359,125	1,893,012	20,082,618
At 31 December 2024 (KHR'000)	18,694,237	582,188	31,453,318	2,049,844	4,147,066	10,816,032	5,470,478	7,619,374	80,832,537

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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14. INTANGIBLE ASSETS

	Software USD	Work in progress USD	Total USD
2025			
Cost			
At 1 January 2025	3,022,251	2,994,954	6,017,205
Additions	920,537	1,597,737	2,518,274
Transfer from property and equipment	-	351,150	351,150
Transfer from work in progress	1,031,737	(1,031,737)	-
At 31 December 2025	<u>4,974,525</u>	<u>3,912,104</u>	<u>8,886,629</u>
Accumulated amortisation			
At 1 January 2025	1,798,490	-	1,798,490
Amortisation	954,164	-	954,164
At 31 December 2025	<u>2,752,654</u>	<u>-</u>	<u>2,752,654</u>
Carrying amount			
At 31 December 2025	2,221,871	3,912,104	6,133,975
At 31 December 2025 (KHR'000)	<u>8,916,368</u>	<u>15,699,274</u>	<u>24,615,642</u>
2024			
Cost			
At 1 January 2024	2,128,253	924,000	3,052,253
Additions	893,998	1,071,992	1,965,990
Transfer from property and equipment	-	998,962	998,962
At 31 December 2024	<u>3,022,251</u>	<u>2,994,954</u>	<u>6,017,205</u>
Accumulated amortisation			
At 1 January 2024	769,209	-	769,209
Amortisation	1,029,281	-	1,029,281
At 31 December 2024	<u>1,798,490</u>	<u>-</u>	<u>1,798,490</u>
Carrying amount			
At 31 December 2024	1,223,761	2,994,954	4,218,715
At 31 December 2024 (KHR'000)	<u>4,925,638</u>	<u>12,054,690</u>	<u>16,980,328</u>

15. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Demand deposits	22,750	91,296	61,726	248,447
Savings accounts	659	2,644	642	2,584
	<u>23,409</u>	<u>93,940</u>	<u>62,368</u>	<u>251,031</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
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15. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (CONTINUED)

	2025		2024	
	USD	KHR'000	USD	KHR'000
a. By maturity:				
Within 1 month	23,409	93,940	62,368	251,031
b. By residency status:				
Residents	23,409	93,940	62,368	251,031
c. By interest rate (per annum):				
Demand deposits		Nil		Nil
Saving accounts		1.00%		1.00% - 1.50%

16. DEPOSITS FROM CUSTOMERS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Demand deposits	4,633,812	18,595,488	5,104,840	20,546,981
Saving account	5,672,417	22,763,409	3,905,503	15,719,650
Fixed deposits	53,325,137	213,993,775	2,184,187	8,791,353
	63,631,366	255,352,672	11,194,530	45,057,984
Accrued interest payables	683,168	2,741,553	28,262	113,754
	64,314,534	258,094,225	11,222,792	45,171,738

	2025		2024	
	USD	KHR'000	USD	KHR'000
a. By maturity:				
Within 1 month	10,553,409	42,350,830	8,719,701	35,096,797
> 1 to 3 months	33,619	134,913	383,554	1,543,805
> 3 to 6 months	238,954	958,922	217,412	875,083
> 6 to 12 months	2,534,810	10,172,193	871,035	3,505,916
> 1 to 3 years	50,953,742	204,477,367	1,031,090	4,150,137
	64,314,534	258,094,225	11,222,792	45,171,738
b. By customer type:				
Corporations	51,797,070	207,861,642	3,950,185	15,899,495
Individuals	12,517,464	50,232,583	7,272,607	29,272,243
	64,314,534	258,094,225	11,222,792	45,171,738
c. By residency status:				
Residents	64,313,929	258,091,797	11,222,203	45,169,367
Non-residents	605	2,428	589	2,371
	64,314,534	258,094,225	11,222,792	45,171,738

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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16. DEPOSITS FROM CUSTOMERS (CONTINUED)

	2025		2024	
	USD	KHR'000	USD	KHR'000
d. By currency:				
US Dollar	11,978,179	48,068,432	10,466,779	42,128,785
Khmer Riel	52,336,355	210,025,793	756,013	3,042,953
	<u>64,314,534</u>	<u>258,094,225</u>	<u>11,222,792</u>	<u>45,171,738</u>
		2025		2024
e. By interest rate (per annum):				
Demand deposits		0.50% - 0.75%		Nil
Saving accounts		1.00% - 1.50%		1.00% - 1.50%
Fixed deposits		1.50% - 4.00%		3.00% - 5.00%

17. BORROWINGS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Royal Government of Cambodia-Special Fund	300,053,446	1,204,114,479	303,221,023	1,220,464,618
Ministry of Economy and Finance (MAFF)	60,175,139	241,482,833	40,115,507	161,464,914
Borrowing fund from Kantha Bopha	39,765,202	159,577,756	20,002,382	80,509,588
Cambodia Agricultural Sector Diversification Projection (CASDP)	13,200,924	52,975,307	9,769,640	39,322,801
Agricultural Value Chain Competitiveness and Safety Enhancement (ACSEP)	9,085,560	36,460,352	3,082,684	12,407,803
Social Protection Finance Fund	7,982,427	32,033,480	7,957,730	32,029,863
International Fund for Agricultural Development (IFAD)	5,014,795	20,124,372	5,017,672	20,196,130
Agriculture Services Program for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)	1,703,457	6,835,973	-	-
Ministry of Economy and Finance (ASDF)	1,205,838	4,839,028	1,205,838	4,853,498
Agence Francaise de Developpement (AFD)	248,461	997,074	248,461	1,000,056
	<u>438,435,249</u>	<u>1,759,440,654</u>	<u>390,620,937</u>	<u>1,572,249,271</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

17. BORROWINGS (CONTINUED)

	2025		2024	
	USD	KHR'000	USD	KHR'000
Current	2,085,701	8,369,918	1,852,564	7,456,570
Non-current	436,349,548	1,751,070,736	388,768,373	1,564,792,701
	<u>438,435,249</u>	<u>1,759,440,654</u>	<u>390,620,937</u>	<u>1,572,249,271</u>

The movements of borrowings are as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	390,620,937	1,572,249,271	288,885,492	1,180,097,235
Proceeds from borrowings	71,577,897	287,098,945	101,650,853	413,820,623
Repayment of borrowings	(23,667,555)	(94,930,563)	-	-
Interest expense (Note 25)	3,821,440	15,327,796	3,044,721	12,395,059
Interest paid	(3,917,470)	(15,712,972)	(2,960,129)	(12,050,685)
Exchange differences	-	(4,591,823)	-	(22,012,961)
At 31 December	<u>438,435,249</u>	<u>1,759,440,654</u>	<u>390,620,937</u>	<u>1,572,249,271</u>

The above borrowings are analysed as follows:

a. By maturity:	2025		2024	
	USD	KHR'000	USD	KHR'000
1 to 3 years	47,747,629	191,611,235	27,960,112	112,539,451
Over 5 years	390,687,620	1,567,829,419	362,660,825	1,459,709,820
	<u>438,435,249</u>	<u>1,759,440,654</u>	<u>390,620,937</u>	<u>1,572,249,271</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

17. BORROWINGS (CONTINUED)

Loan terms	Royal Government of Cambodia - Special fund	Ministry of Economy and Finance - MAFF	Kantha Bopha	Cambodia Agricultural Sector Diversification Project (CASDP)	Agricultural Value Chain Competitiveness and Safety Enhancement (ACSEP)
Loan denomination and outstanding as at 31 December 2025	KHR 570,590,000,000 and USD 158,143,648 or equivalent to a total of USD 300,329,045 (2024: KHR 585,028,812,000 and USD 158,340,250 or equivalent to a total of USD 303,221,023)	USD 60,000,000 (2024: USD40,115,507)	KHR 158,000,000,000 or equivalent to USD 39,372,041 (2024: KHR 80,509,588,000 or equivalent to USD 20,002,382)	KHR 4,325,259,623 and USD 12,102,272 or equivalent to a total of USD 13,180,084 (2024: USD 9,769,640)	USD 9,065,000 (2024: USD 3,082,684)
Interest per annum	Nil	1.7%	3%	1.50%	1.40%
Repayment of principal	Repayment of principals are made upon request by RGC	Repayments of principals are made twice per year equal to the repayments of principal collected from customers	Repayment of principals is paid to Kantha Bopha Foundation at the end of 2-years period on 19 November 2026	Repayment of the principals disbursed under this on-lending agreement will be paid in equal semi-annual payments, on the 15 May and 15 November each year beginning from 15 May 2025 and ending on 15 November 2026	Principals are paid semi-annually on 15 May, and 15 November commencing from 15 May 2029 and ending on 15 November 2052
Loan purposes	To support agricultural and rural development	To support agricultural and rural development	To support agricultural and rural development	To support agricultural and rural development	To support agricultural and rural development
Financial covenants	None	None	None	None	Yes
Collaterals	None	None	None	None	None

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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17. BORROWINGS (CONTINUED)

Loan terms	Social Protection Finance Fund	International Fund for Agricultural Development (“IFAD”)	Agriculture Services Program for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT)	Ministry of Economy and Finance - ASDF	Agence Francaise De Development (“AFD”)
Loan denomination and outstanding as at 31 December 2025	KHR 32,000,000,000 or equivalent to USD 7,974,084 (2024: KHR 32,029,863,000 or equivalent to USD 7,957,730)	USD 5,000,000 (2024: USD 5,017,672)	USD 1,700,000 (2024: Nil)	USD 1,205,838 (2024: USD 1,205,838)	USD 248,461 (2024: USD 248,461)
Interest per annum	3%	1.50%	1.58%	2%	Nil
Repayment of principal	Repayment of principals is paid to Social Protection Finance Fund on 23 January 2026 and 17 March 2027	The Repayments of principals is paid to MEF when the Bank collects the principal repayments from the customers	Repayments of principals are made twice per year in accordance with the proportion as specified in the amortisation schedule.	Repayments of principals are made twice per year equal to the repayments of principal collected from customers	The repayments of principals is paid to MEF when the Bank collects the principal from the customers
Loan purposes	To support agricultural and rural development	To support agricultural and rural development	To support inclusive and sustainable growth in the agricultural sector.	To support agricultural and rural development	To support agricultural and rural development
Financial covenants	None	None	None	None	None
Collaterals	None	None	None	None	None

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18. SUBORDINATED DEBTS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Subordinated debts	<u>1,044,084</u>	<u>4,189,909</u>	<u>1,044,084</u>	<u>4,202,438</u>

This represents a long-term unsecured borrowing with no interest charge from Agence Française de Développement (“AFD”) based on agreement between the Ministry of Economy and Finance (“MEF”) and AFD on 7 May 1999, and between MEF and Agricultural and Rural Development Bank (“ARDB”) on 14 November 2003 with the following terms and conditions:

Total grant facilities	USD1,044,084
Project period	20 years

The Bank obtained an approval from the NBC allowing it to include the above subordinated debts in the Bank’s Tier II capital for the purpose of Net Worth calculation for both subordinated debts on 22 March 2007. The fund is remains classified as subordinated debt because it continues to function as a liability in accordance with regulatory approvals, and remain active in supporting the Bank’s lending activities as the AFD project continues as of 31 December 2025.

19. OTHER LIABILITIES

	2025		2024	
	USD	KHR'000	USD	KHR'000
Deferred grant income	578,244	2,320,493	7,085	28,517
Accrued bonus	517,085	2,075,062	444,726	1,790,022
Taxes payables	82,262	330,117	130,603	525,677
Accrued and other payables	<u>36,516</u>	<u>146,540</u>	<u>43,798</u>	<u>176,287</u>
	<u>1,214,107</u>	<u>4,872,212</u>	<u>626,212</u>	<u>2,520,503</u>

Deferred grant income represents the remaining balances of the grant (out of the total grant of USD1 million) received from the International Fund for Agricultural Development (“IFAD”) - Value Chain Innovation Fund (“VCIF”) based on the subsidiary loan agreement between the MEF and the Bank dated 25 May 2018.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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20. SHARE CAPITAL

Details of share capital based on the Memorandum and Articles of Association of the Bank are as follows:

	2025/2024	USD
	No. of shares	
Ordinary share, registered, issued and fully paid		
At 1 January/31 December	55,647,533	137,233,606
		<u>556,475,330</u>
Equivalent to KHR'000		<u>556,475,330</u>

21. OTHER CAPITAL

	2025		2024	
	USD	KHR'000	USD	KHR'000
Other capital on non-performing loan principals (i)	(3,900,956)	(15,351,271)	(4,421,717)	(17,440,043)
			<u>(4,421,717)</u>	<u>(17,440,043)</u>

The movements of other capital of the Bank were as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	(4,421,717)	(17,440,043)	(4,421,717)	(17,440,043)
Transfer from capital reserves	379,740	1,523,137	-	-
Transfer to other capital	141,021	565,635	-	-
	<u>(3,900,956)</u>	<u>(15,351,271)</u>	<u>(4,421,717)</u>	<u>(17,440,043)</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

21. OTHER CAPITAL (CONTINUED)

- (i) According to the letter No. 536 dated 3 February 2016 from the Ministry of Economy and Finance submitted to Samdech Akkak Monha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia with his annotation on 4 February 2016, ARDB has been granted approval to proceed with the requested actions regarding non-performing loans and advances of the 2015 financial statements:
- Transfer the non-performing loans and advances amounting to USD18,269,567 from the balance sheet and monitor separately as an off-balance sheet item.
 - Recognise the non-performing loans and advances amounting to USD18,269,567 as a capital reduction.
 - Recoverability of the non-performing loans and advances in the future will be recognised directly into capital accounts of the Bank as credit to other capital for the principal amounts received and credit to capital reserve for interest amounts received.

The above actions were approved by the National Bank of Cambodia on 31 March 2016.

The Bank received recoveries of non-performing loans principal during the year amounting to USD379,740 (2024: Nil).

22. CAPITAL RESERVES

This represents the recoveries of interest portion of non-performing loans and advances which were transferred to off balance sheet in 2015. This capital reserve will be transferred to paid-up capital in the future.

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	3,272,026	13,327,746	3,272,026	13,327,746
Repayment principal	1,096,303	4,397,271	-	-
Transfer to other capital	(379,740)	(1,523,137)	-	-
At 31 December	<u>3,988,589</u>	<u>16,201,880</u>	<u>3,272,026</u>	<u>13,327,746</u>

On 20 September 2019, based on Prakas No. 839shv issued by the MEF, the Bank is required to pay dividends of at least 10% of its net profit. On 28 March 2022, according to Letter No. 2209shv issued by the MEF, the Bank was instructed to reserve that dividend for refinancing the Bank with the purpose of expanding financing to the production chain in agriculture and agro-industry sectors. Hence, the Bank is exempted from paying dividends to the government for 10 years (2020–2029) and transfer the accumulated amount from retained earnings to capital reserve following approval from the MEF on 8 September 2022.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. REGULATORY RESERVES

Regulatory reserves represent the variance between allowance for impairment losses on financial instruments in accordance with CIFRS and regulatory provision in accordance with the NBC's guidelines.

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	12,791,396	52,540,083	5,841,874	24,248,579
Transferred from retained earnings	18,893,890	75,783,393	6,949,522	28,291,504
At 31 December	<u>31,685,286</u>	<u>128,323,476</u>	<u>12,791,396</u>	<u>52,540,083</u>

24. INTEREST INCOME

	2025		2024	
	USD	KHR'000	USD	KHR'000
Loan and advances	29,426,168	118,028,360	25,738,666	104,782,109
Balances with other banks	372,196	1,492,878	378,848	1,542,290
	<u>29,798,364</u>	<u>119,521,238</u>	<u>26,117,514</u>	<u>106,324,399</u>

25. INTEREST EXPENSE

	2025		2024	
	USD	KHR'000	USD	KHR'000
Borrowings (Note 17)	3,821,440	15,327,796	3,044,721	12,395,059
Fixed deposits	698,410	2,801,323	46,101	187,677
Saving deposits	49,086	196,884	34,181	139,151
Lease liabilities (Note 12)	19,209	77,047	20,989	85,446
	<u>4,588,145</u>	<u>18,403,050</u>	<u>3,145,992</u>	<u>12,807,333</u>

26. OTHER INCOME

	2025		2024	
	USD	KHR'000	USD	KHR'000
Gain on foreign exchange	217,272	871,478	-	-
Commission fee	52,763	211,632	56,546	230,199
Income from equity investment	44,432	178,217	24,586	100,090
Gain from sale of foreclosed assets	99,060	397,330	-	-
Others	25,932	104,013	2,706	11,015
	<u>439,459</u>	<u>1,762,670</u>	<u>83,838</u>	<u>341,304</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

27. PERSONNEL EXPENSES

	2025		2024	
	USD	KHR'000	USD	KHR'000
Salaries and wages	5,535,069	22,201,162	4,834,625	19,681,758
Bonuses	1,934,672	7,759,969	1,142,812	4,652,388
Employee social welfare expenses	640,727	2,569,956	488,314	1,987,926
Work-related training expenses	435,732	1,747,722	85,952	349,911
Employee insurance expenses	314,317	1,260,725	224,564	914,200
Seniority payment	299,672	1,201,984	465,189	1,893,784
Others	620,133	2,487,354	498,628	2,029,915
	<u>9,780,322</u>	<u>39,228,872</u>	<u>7,740,084</u>	<u>31,509,882</u>

28. OTHER OPERATING EXPENSES

	2025		2024	
	USD	KHR'000	USD	KHR'000
License and subscription fees	1,486,358	5,961,781	68,820	280,166
Repairs and maintenance	1,295,607	5,196,680	815,857	3,321,354
Donations and gifts	780,483	3,130,517	262,760	1,069,696
Court and other legal fees	601,794	2,413,796	440,529	1,793,394
Accommodations expenses	595,129	2,387,062	475,214	1,934,596
Advertising expense	579,589	2,324,731	586,929	2,389,388
Directors' remuneration	478,320	1,918,542	430,838	1,753,941
Utilities	370,712	1,486,926	385,692	1,570,152
Public relations expenses	356,801	1,431,129	368,362	1,499,602
Other supplies expenses	203,781	817,366	205,808	837,844
Social welfare	196,548	788,354	214,397	872,810
Training expenses	172,131	690,417	656,398	2,672,196
Motor vehicle operating expenses	163,222	654,683	144,657	588,899
Professional fees	138,820	556,807	83,492	339,896
Other miscellaneous expenses	-	-	43,647	177,687
Computer supplies expenses	130,049	521,627	143,673	584,893
Rental expenses	55,760	223,653	77,196	314,265
Internet E-commerce expenses	54,368	218,070	50,487	205,533
Stationery and supplies expenses	43,310	173,716	39,544	160,984
Audit fees	41,800	167,660	63,800	259,730
Memberships fee	21,881	87,765	21,939	89,314
Insurance expenses	9,645	38,686	6,627	26,979
Printing costs	9,340	37,463	15,680	63,833
Tax on transportation vehicles	6,387	25,618	7,768	31,624
Impairment of foreclosed properties	-	-	296,798	1,208,265
Loss on foreign exchange	-	-	1,455,984	5,927,311
Others	431,758	1,731,783	321,245	1,307,786
	<u>8,223,593</u>	<u>32,984,832</u>	<u>7,684,141</u>	<u>31,282,138</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

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29. INCOME/MINIMUM TAX EXPENSE

(a) Income/Minimum tax expense

In accordance with the Cambodian Law on Taxation, the Bank has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

	2025		2024	
	USD	KHR'000	USD	KHR'000
Minimum tax expense	287,192	1,151,927	252,491	1,027,891
Current tax				
Under provision in prior year	-	-	276,807	1,126,882
Deferred tax				
Origination of temporary differences	-	-	1,285,350	5,232,660
Under provision in prior year	-	-	833,888	3,394,757
	-	-	2,119,238	8,627,417
	-	-	2,396,045	9,754,299

The reconciliation of income tax computed at the statutory tax rate to the Bank's income tax expense is as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
(Loss)/Profit before income tax	(1,756,496)	(7,045,307)	802,269	3,266,036
Income tax using statutory rate at 20%	(351,299)	(1,409,061)	160,454	653,207
Non-deductible expenses	267,239	1,071,896	116,353	473,674
Deferred tax not recognised	84,060	337,165	-	-
Recognised of previously unrecognised deferred tax	-	-	2,119,238	8,627,418
Income tax expense	-	-	2,396,045	9,754,299
Minimum tax expense	287,192	1,151,927	252,491	1,027,891

The calculation of taxable income is subject to the final review and approval of the tax authorities.

(b) Deferred tax assets and deferred tax liabilities -net

	2025		2024	
	USD	KHR'000	USD	KHR'000
Deferred tax assets	4,194,880	16,834,053	501,933	2,020,280
Deferred tax liabilities	(6,329,736)	(25,401,230)	(2,636,789)	(10,613,075)
Deferred tax liabilities - net	(2,134,856)	(8,567,177)	(2,134,856)	(8,592,795)

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

29. INCOME/MINIMUM TAX EXPENSE (CONTINUED)

(b) Deferred tax assets and deferred tax liabilities -net (Continued)

Deferred tax is attributable to the following:

	2025		2024	
	USD	KHR'000	USD	KHR'000
			(As restated – Note 37)	
Property and equipment	(937,238)	(3,761,136)	(804,654)	(3,238,732)
Intangible assets	(444,374)	(1,783,273)	(244,752)	(985,127)
Business loss carry forward	3,553,507	14,260,224	-	-
Impairment loss on financial instruments	(4,884,343)	(19,600,868)	(1,519,378)	(6,115,496)
Unearned income	574,185	2,304,204	430,804	1,733,986
Right-of-use assets and Lease liabilities	3,407	13,672	3,124	12,574
	<u>(2,134,856)</u>	<u>(8,567,177)</u>	<u>(2,134,856)</u>	<u>(8,592,795)</u>

The movements of deferred tax were as follows:

	2025		2024	
	USD	KHR'000	USD	KHR'000
At 1 January	(2,134,856)	(8,592,795)	(15,618)	(63,800)
Recognised in profit or loss	-	-	(2,119,238)	(8,627,417)
Exchange differences	-	25,618	-	98,422
At 31 December	<u>(2,134,856)</u>	<u>(8,567,177)</u>	<u>(2,134,856)</u>	<u>(8,592,795)</u>

30. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Transactions with related parties

During the year, the following transactions are entered with related parties:

	2025		2024	
	USD	KHR'000	USD	KHR'000
Interest expense				
MEF - Borrowings	798,075	3,201,079	2,229,713	9,077,162
Deposits	<u>7,013</u>	<u>28,129</u>	<u>18,479</u>	<u>75,228</u>

(b) Balances with related parties

	2025		2024	
	USD	KHR'000	USD	KHR'000
Deposits from key management	883,723	3,546,380	1,114,952	4,487,682
MEF - Borrowings (Note 17)	<u>361,434,423</u>	<u>1,450,436,339</u>	<u>344,542,368</u>	<u>1,386,783,031</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

30. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(c) Key management remuneration

	2025		2024	
	USD	KHR'000	USD	KHR'000
Directors' fee	478,320	1,918,542	430,838	1,753,941

31. CASH AND CASH EQUIVALENTS

	2025		2024	
	USD	KHR'000	USD	KHR'000
Cash on hand	5,334,969	21,409,231	2,869,685	11,550,482
Deposit and placement with other banks	12,886,153	51,712,132	13,889,276	55,904,335
Deposit and placement with National Bank of Cambodia ("NBC")	22,888,683	91,852,285	6,037,742	24,301,912
Cash and cash equivalents	41,109,805	164,973,648	22,796,703	91,756,729

32. COMMITMENTS

Off-balance sheet items

	2025		2024	
	USD	KHR'000	USD	KHR'000
Bad and doubtful loans and advances to customers (*)	12,665,797	50,827,844	13,094,360	52,704,799
Unused portion of approved credit facilities (**)	2,245,489	9,011,147	3,536,500	14,234,413
	14,911,286	59,838,991	16,630,860	66,939,212

(*) This represents bad and doubtful loans and advances transferred for monitoring as an off-balance sheet item which was approved by the NBC on 31 March 2016.

(**) In the normal course of business, the Bank makes commitments to its customers for the unused portion of loans. No material losses are anticipated from these transactions.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- credit risk;
- market risk;
- liquidity risk; and
- operational risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure – e.g., individual obligor default risk, country and sector risk.

Credit risk is the potential loss of revenue and principal losses arising mainly from loans and advances and loan commitments as a result of default by the borrowers or counterparties through its lending activities.

(i) Management of credit risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with the NBC guidelines.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) Concentration of risk

Type of credit exposure

	Maximum credit exposure USD	Maximum credit exposure KHR'000	Fully subject to collateral/credit Enhancement %	Partially subject to collateral/credit Enhancement %	Unsecured and not subject to collateral/ credit enhancement %
31 December 2025					
On-balance sheet items					
Deposit and placement with other banks	12,886,153	51,712,132	0%	0%	100%
Deposit and placement with NBC	22,888,683	91,852,285	0%	0%	100%
Loans and advances to customers - gross	543,493,027	2,181,037,517	92.9%	7.1%	0%
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	1,348,013	5,409,576	0%	0%	100%
Total	580,615,876	2,330,011,510			
Off-balance sheet items					
Commitments	2,245,489	9,011,147	100%	0%	0%
Total	582,861,365	2,339,022,657			

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) Concentration of risk

	Maximum credit exposure USD	Maximum credit exposure KHR'000	Fully subject to collateral/credit Enhancement %	Partially subject to collateral/credit Enhancement %	Unsecured and not subject to collateral/ credit enhancement %
31 December 2024					
On-balance sheet items					
Deposit and placement with other banks	13,889,276	55,904,335	0%	0%	100%
Deposit and placement with NBC	6,037,742	24,301,912	0%	0%	100%
Loans and advances to customers - gross	493,166,606	1,984,995,589	97.9%	2.1%	0%
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	2,378,588	9,555,193	0%	0%	100%
Total	<u>515,472,212</u>	<u>2,074,757,029</u>			
Off-balance sheet items					
Commitments	3,536,500	14,234,413	100%	0%	0%
Total	<u>519,008,712</u>	<u>2,088,991,442</u>			

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) Concentration of risk

Concentration risk by industrial sectors

	Deposit and placement with other banks USD	Deposit and placement with NBC USD	Loans and advances to customers-gross USD	Other assets USD	Total USD
31 December 2025					
Financial institutions	12,886,153	22,888,683	23,604,479	-	59,379,315
Private	-	-	497,299,714	-	497,299,714
Associates	-	-	3,552,910	-	3,552,910
Families rubber plantations	-	-	31,895	-	31,895
Staff loans	-	-	19,004,029	-	19,004,029
Others	-	-	-	1,348,013	1,348,013
Total	12,886,153	22,888,683	543,493,027	1,348,013	580,615,876
Total (KHR'000)	51,712,132	91,852,285	2,181,037,517	5,409,576	2,330,011,510

	Deposit and placement with other banks USD	Deposit and placement with NBC USD	Loans and advances to customers-gross USD	Other assets USD	Total USD
31 December 2024					
Financial institutions	13,889,276	6,037,742	24,198,335	-	44,125,353
Private	-	-	284,815,755	-	284,815,755
Associates	-	-	147,023,792	-	147,023,792
Families rubber plantations	-	-	18,524,722	-	18,524,722
Staff loans	-	-	18,604,002	-	18,604,002
Others	-	-	-	2,378,588	2,378,588
Total	13,889,276	6,037,742	493,166,606	2,378,588	515,472,212
Total (KHR'000)	55,904,335	24,301,912	1,984,995,589	9,555,193	2,074,757,029

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) Concentration of risk

Concentration risk by residency and relationship, and large-exposures for loans and advances - gross:

	2025		2024	
	USD	KHR'000	USD	KHR'000
a. By residency status:				
Residents	543,493,027	2,181,037,517	493,166,606	1,984,995,589
b. By relationship:				
External customers	524,488,998	2,104,774,349	474,562,604	1,910,114,481
Staff loans	19,004,029	76,263,168	18,604,002	74,881,108
	543,493,027	2,181,037,517	493,166,606	1,984,995,589
c. By exposure:				
Large exposures (*)	329,324,812	1,321,580,471	-	-
Non-large exposures	214,168,215	859,457,046	493,166,606	1,984,995,589
	543,493,027	2,181,037,517	493,166,606	1,984,995,589
d. By concession:				
Restructure (**)	13,716,803	55,045,530	878,308	3,535,190
Non-restructure	529,776,224	2,125,991,987	492,288,298	1,981,460,399
	543,493,027	2,181,037,517	493,166,606	1,984,995,589

(*) A "large exposure" is defined under the NBC's Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

(**) A "restructured loan" is a loan that original contractual terms have been modified to provide for concessions for the borrowers for reasons related to real temporary financial difficulties.

(iii) Collateral

Whilst the Bank's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Bank's exposure.

The description of collateral for each class of financial asset is set out below.

Deposit and placement with other banks, deposit and placement with National Bank of Cambodia ("NBC"), and other assets

Collateral is generally not sought for these assets.

Loans and advances to customers, contingent liabilities and commitments

Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iii) Collateral

The table below summarises the Bank's security coverage of its financial assets:

	Collateral - properties		Unsecured credit exposure		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000
31 December 2025						
Loans and advances to customers	505,034,762	2,026,704,500	38,458,265	154,333,017	543,493,027	2,181,037,517
Commitments	2,245,489	9,011,147	-	-	2,245,489	9,011,147
	507,280,251	2,035,715,647	38,458,265	154,333,017	545,738,516	2,190,048,664
31 December 2024						
Loans and advances to customers	482,730,036	1,942,988,395	10,436,570	42,007,194	493,166,606	1,984,995,589
Commitments	3,536,500	14,234,413	-	-	3,536,500	14,234,413
	486,266,536	1,957,222,808	10,436,570	42,007,194	496,703,106	1,999,230,002

(iv) Credit quality of gross loans and advances to customers

Pursuant to the NBC guideline Prakas B7-017-344, it has defined each credit grading according to its credit quality as follows:

Normal

Outstanding facility is repaid on timely manner and is not in doubt for the future repayment. Repayment is steadily made according with the contractual terms and the facility does not exhibit any potential weakness in repayment capability, business, cash flow and financial position of the counterparty.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

- (b) Credit risk (Continued)
- (iv) Credit quality of gross loans and advances to customers

Special mention

A facility in this class is currently protected and may not be past due but it exhibits potential weaknesses that may adversely affect repayment of the counterparty at the future date, if not corrected in a timely manner, and close attention by the Institution.

Weaknesses include but are not limited to a declining trend in the business operations of the counterparty or in its financial position, and adverse economic and market conditions that all might affect its profitability and its future repayment capacity, or deteriorating conditions on the collateral. This class has clearly its own rational and should not be used as a compromise between Normal and Substandard.

Substandard

A facility ranked in this class exhibits noticeable weakness and is not adequately protected by the current business or financial position and repayment capacity of the counterparty. In essence, the primary source of repayment is not sufficient to service the debt, not taking into account the income from secondary sources such as the realisation of the collateral.

Factors leading to a substandard classification include:

- Inability of the counterparty to meet the contractual repayments' terms,
- Unfavourable economic and market conditions that would adversely affect the business and profitability of the counterparty in the future,
- Weakened financial condition and/or inability of the counterparty to generate enough cash flow to service the payments,
- Difficulties experienced by the counterparty in repaying other facilities granted by the Institution or by other institutions when the information is available, and
- Breach of financial covenants by the counterparty.

Doubtful

A facility classified in this category exhibits more severe weaknesses than one classified Substandard such that its full collection on the basis of existing facts, conditions or collateral value is highly questionable or improbable. The prospect of loss is high, even if the exact amount remains undetermined for now.

Loss

A facility is classified Loss when it is not collectable, and little or nothing can be done to recover the outstanding amount from the counterparty.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iv) Credit quality of gross loans and advances to customers

Recognition of ECL

The Bank apply a three-stage approach based on the change in credit quality since initial recognition:

3-Stage approach	Stage 1	Stage 2	Stage 3
	Performing	Underperforming	Nonperforming
Recognition of expected credit losses	12 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit impaired assets
Basic of calculation of profit revenue	On gross carrying amount	On gross carrying amount	On net carrying amount

The Bank will measure ECL by using the general approach. The general approach consists of segregating the customers into three different stages according to the staging criteria by assessing the credit risk. 12-month ECL will be computed for Stage 1, while lifetime ECL will be computed for Stage 2 and Stage 3. At each reporting date, the Bank will assess credit risk of each account as compared to the risk level at origination date.

Long-term facilities (more than one year)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} < 30$	Performing
2	Credit risk increased significantly	Special Mention	$30 \leq \text{DPD} < 90$	Underperforming
3	Credit impaired assets	Substandard	$90 \leq \text{DPD} < 180$	Nonperforming
		Doubtful	$180 \leq \text{DPD} < 360$	
		Loss	$\text{DPD} \geq 360$	

Short-term facilities (one year or less)

Stages	Credit Risk Status	Grades	DPD	Default Indicator
1	No significant increase in credit risk	Normal	$0 \leq \text{DPD} \leq 14$	Performing
2	Credit risk increased significantly	Special Mention	$15 \leq \text{DPD} \leq 30$	Underperforming
3	Credit impaired assets	Substandard	$31 \leq \text{DPD} \leq 60$	Nonperforming
		Doubtful	$61 \leq \text{DPD} \leq 90$	
		Loss	$\text{DPD} \geq 91$	

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iv) Credit quality of gross loans and advances to customers

The Bank will use the day past due (DPD) information and NBC's classification for staging criteria. Also, the Bank will incorporate credit watch and control list or more forward-looking elements in the future when information is more readily available. Upon the implementation of internal credit rating system, if the risk level drops by two or more notches as compared to the risk level at origination, the accounts have to be classified under stage 2.

As for financial assets that are short term in nature, simplified approach will be adopted where no staging criteria is required. In this case, it will be either performing (Stage 1) or non-performing (Stage 3).

	31 December 2025			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customer at amortised cost - net				
Normal	360,240,201	-	-	360,240,201
Special Mention	-	110,209,942	-	110,209,942
Substandard	-	-	22,823,647	22,823,647
Doubtful	-	-	10,155,895	10,155,895
Loss	-	-	47,110,191	47,110,191
Total	360,240,201	110,209,942	80,089,733	550,539,876
Less: allowance for impairment loss	(9,042,791)	(1,998,298)	(15,363,909)	(26,404,998)
Carrying amount (USD)	351,197,410	108,211,644	64,725,824	524,134,878
Carrying amount (KHR'000)	1,409,355,206	434,253,327	259,744,732	2,103,353,265
	31 December 2024			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customer at amortised cost - net				
Normal	397,820,575	-	-	397,820,575
Special Mention	-	42,248,017	-	42,248,017
Substandard	-	-	43,591	43,591
Doubtful	-	-	13,415,714	13,415,714
Loss	-	-	43,208,964	43,208,964
Total	397,820,575	42,248,017	56,668,269	496,736,861
Less: allowance for impairment loss	(8,161,629)	(2,237,804)	(11,503,061)	(21,902,494)
Carrying amount (USD)	389,658,946	40,010,213	45,165,208	474,834,367
Carrying amount (KHR'000)	1,568,377,258	161,041,107	181,789,962	1,911,208,327

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

- (b) Credit risk (Continued)
- (iv) Credit quality of gross loans and advances to customers

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the World Bank, and selected private-sector and academic forecasters.

The Bank used the macroeconomic historical data is being taken from the World Bank published data. In order to forecast the probability of default for future years, the known quarterly Observed Default Rates (“ODRs”) are regressed against the quarterly macro-economic variables (“MEVs”) values. The Bank has used a time weighted average methodology in order to forecast future MEVs.

A forward-looking scalar is computed as the ratio of the ODR based on the most recently known MEVs and the forecasted MEVs.

The MEVs are shocked in order to generate base, best- and worst-case scenarios. This has been done by computing the standard deviation of the known historical values of the MEVs and adjusting the base value by +/- 1 standard deviation to generate best- and worst-case scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Additionally, the NBC has issued a circular on loan restructuring during COVID-19 outbreak which requires the institutions to work constructively with affected borrowers and allows for loan restructuring for priority sectors.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Bank; however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Bank.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) Amounts arising from ECL

Loss allowance

The following tables show reconciliation from opening to the closing balance as at 31 December 2025 and 2024 of the loss allowance by class of financial instrument.

	31 December 2025			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customer at amortised cost				
At 1 January	8,161,629	2,237,804	11,503,061	21,902,494
New financial assets originated or purchased	881,162	(239,506)	3,860,848	4,502,504
At 31 December (USD)	9,042,791	1,998,298	15,363,909	26,404,998
At 31 December (KHR'000)	36,288,720	8,019,170	61,655,367	105,963,257

	31 December 2024			
	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Loans and advances to customer at amortised cost				
At 1 January	5,344,362	284,410	13,983,824	19,612,596
New financial assets originated	2,817,267	1,953,394	(2,480,763)	2,289,898
At 31 December (USD)	8,161,629	2,237,804	11,503,061	21,902,494
At 31 December (KHR'000)	32,850,557	9,007,161	46,299,821	88,157,539

(c) Market risk

Market risk is the risk that changes in market prices – e.g., interest rates, foreign exchange rates and equity prices – will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing and cost of funds. The potential reduction in net interest income from an unfavourable interest rate movement is regularly monitored against the risk tolerance limits set.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(i) Interest rate risk

The table below summarises the Bank's exposure to interest rate risk. The table indicates the periods in which the financial instruments reprice or mature, whichever is earlier.

	Up to 1 month USD	> 1-3 months USD	> 3-12 months USD	> 1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate %
31 December 2025								
Financial assets								
Deposit and placement with other banks	72,854	-	-	-	-	12,813,299	12,886,153	0.00 - 1.00
Deposit and placement with NBC	-	-	-	-	-	22,888,683	22,888,683	-
Loans and advances to customers	1,077,216	65,247,419	141,757,236	182,733,035	152,678,121	-	543,493,027	0.00 - 12.00
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	-	-	-	-	-	1,348,013	1,348,013	-
	<u>1,150,070</u>	<u>65,247,419</u>	<u>141,757,236</u>	<u>182,733,035</u>	<u>152,678,121</u>	<u>37,049,995</u>	<u>580,615,876</u>	
Financial liabilities								
Deposits from customers	10,553,409	33,619	2,773,764	50,953,742	-	-	64,314,534	0.50 - 4.00
Deposit from banks and other financial institutions	23,409	-	-	-	-	-	23,409	0.00 - 1.00
Borrowings	-	-	-	47,747,629	390,687,620	-	438,435,249	0.00 - 3.00
Subordinated debts	-	-	-	-	-	1,044,084	1,044,084	-
Lease liabilities	10,696	19,793	68,278	94,371	-	-	193,138	8.00
Other liabilities (excluding tax payables)	-	-	-	-	-	1,131,845	1,131,845	-
	<u>10,587,514</u>	<u>53,412</u>	<u>2,842,042</u>	<u>98,795,742</u>	<u>390,687,620</u>	<u>2,175,929</u>	<u>505,142,259</u>	
Interest sensitivity gap	<u>(9,437,444)</u>	<u>65,194,007</u>	<u>138,915,194</u>	<u>83,937,293</u>	<u>(238,009,499)</u>	<u>34,874,066</u>	<u>75,473,617</u>	
KHR'000 equivalents	<u>(37,872,463)</u>	<u>261,623,550</u>	<u>557,466,674</u>	<u>336,840,357</u>	<u>(955,132,119)</u>	<u>139,949,627</u>	<u>302,875,625</u>	

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(i) Interest rate risk

	Up to 1 month USD	> 1-3 months USD	> 3-12 months USD	> 1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate %
31 December 2024								
Financial assets								
Deposit and placement with other banks	44,831	-	-	-	-	13,844,445	13,889,276	0.00 – 1.00
Deposit and placement with NBC	-	-	-	-	-	6,037,742	6,037,742	-
Loans and advances to customers	612,321	28,573,100	26,313,415	276,367,059	161,300,711	-	493,166,606	0.00 – 12.00
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	-	-	-	-	-	2,378,588	2,378,588	-
	<u>657,152</u>	<u>28,573,100</u>	<u>26,313,415</u>	<u>276,367,059</u>	<u>161,300,711</u>	<u>22,260,775</u>	<u>515,472,212</u>	
Financial liabilities								
Deposits from customers	8,719,701	383,554	217,412	1,902,125	-	-	11,222,792	1.00 - 5.00
Deposit from banks and other financial institutions	62,368	-	-	-	-	-	62,368	1.00 - 1.50
Borrowings	-	-	-	27,960,112	362,660,825	-	390,620,937	0.00 - 3.00
Subordinated debts	-	-	-	-	-	1,044,084	1,044,084	-
Lease liabilities	8,963	18,106	96,831	180,029	-	-	303,929	8.00
Other liabilities (excluding tax payables)	-	-	-	-	-	488,524	488,524	-
	<u>8,791,032</u>	<u>401,660</u>	<u>314,243</u>	<u>30,042,266</u>	<u>362,660,825</u>	<u>1,532,608</u>	<u>403,742,634</u>	
Interest sensitivity gap	<u>(8,133,880)</u>	<u>28,171,440</u>	<u>25,999,172</u>	<u>246,324,793</u>	<u>(201,360,114)</u>	<u>20,728,167</u>	<u>111,729,578</u>	
KHR'000 equivalents	<u>(32,738,867)</u>	<u>113,390,046</u>	<u>104,646,667</u>	<u>991,457,292</u>	<u>(810,474,459)</u>	<u>83,430,872</u>	<u>449,711,551</u>	

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(i) Interest rate risk

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) in equity and profit or loss by the amounts shown below. The analysis assumes that all interest-bearing, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	+1% Increased USD	-1% Decreased USD	+1% Increased USD	-1% Decreased USD
31 December 2025				
Interest-bearing financial instruments	405,996	(405,996)	405,996	(405,996)
KHR'000 equivalents	1,629,262	(1,629,262)	1,629,262	(1,629,262)

	Profit or loss		Equity	
	+1% Increased USD	-1% Decreased USD	+1% Increased USD	-1% Decreased USD
31 December 2024				
Interest-bearing financial instruments	910,014	(910,014)	910,014	(910,014)
KHR'000 equivalents	3,662,806	(3,662,806)	3,662,806	(3,662,806)

(ii) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Concentration of currency risk

The amounts of financial assets and liabilities, by currency denomination, are as follows:

	Denomination USD equivalents			Total
	USD	KHR	Others	
31 December 2025				
Financial assets				
Deposit and placement with other banks	10,872,135	2,008,999	5,019	12,886,153
Deposit and placement with NBC	20,163,950	2,724,733	-	22,888,683
Loans and advances to customers	460,317,444	83,175,583	-	543,493,027
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	1,328,733	19,280	-	1,348,013
	492,682,262	87,928,595	5,019	580,615,876

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(ii) Foreign currency exchange risk

Concentration of currency risk

The amounts of financial assets and liabilities, by currency denomination, are as follows:

	Denomination USD equivalents			Total
	USD	KHR	Others	
31 December 2025				
Financial liabilities				
Deposits from customers	11,988,558	52,325,976	-	64,314,534
Deposits from banks and other financial institutions	3,099	20,310	-	23,409
Borrowings	247,944,121	190,491,128	-	438,435,249
Subordinated debts	1,044,084	-	-	1,044,084
Lease liabilities	193,138	-	-	193,138
Other liabilities	1,131,845	-	-	1,131,845
	262,304,845	242,837,414	-	505,142,259
Net asset position	230,377,417	(154,908,819)	5,019	75,473,617
KHR'000	924,504,574	(621,649,091)	20,141	302,875,625
31 December 2024				
Financial assets				
Deposit and placement with other banks - gross	6,472,200	7,412,057	5,019	13,889,276
Deposit and placement with NBC	3,235,521	2,802,221	-	6,037,742
Loans and advances to customers - gross	449,416,786	43,749,820	-	493,166,606
Other assets (excluding advance payments to suppliers, prepaid insurance, and equity investment)	2,378,588	-	-	2,378,588
	461,503,095	53,964,098	5,019	515,472,212
Financial liabilities				
Deposits from customers	10,466,779	756,013	-	11,222,792
Deposit from banks and other financial institutions	57,421	4,947	-	62,368
Borrowings	216,706,920	173,914,017	-	390,620,937
Subordinated debts	1,044,084	-	-	1,044,084
Lease liabilities	303,929	-	-	303,929
Other liabilities (excluding tax payables)	488,524	-	-	488,524
	229,067,657	174,674,977	-	403,742,634
Net asset position	232,435,438	(120,710,879)	5,019	111,729,578
KHR'000	935,552,638	(485,861,288)	20,201	449,711,551

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(iii) Foreign currency exchange risk

Concentration of currency risk

Sensitivity analysis

The Bank is exposed to changes in USD and other foreign currencies' exchange rates. Due to a reasonably possible strengthening or weakening of the USD against foreign currencies, the Bank's exposure to other foreign exchange movement is not material.

	2025		2024	
	-1% Depreciation USD	+1% Appreciation USD	-1% Depreciation USD	+1% Appreciation USD
KHR	1,549,088	(1,549,088)	1,207,109	(1,207,109)
Others	(50)	50	(50)	50
	<u>1,549,038</u>	<u>(1,549,038)</u>	<u>1,207,059</u>	<u>(1,207,059)</u>
(KHR'000)	<u>6,216,289</u>	<u>(6,216,289)</u>	<u>4,858,412</u>	<u>(4,858,412)</u>

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Bank's operations and investments.

Management of liquidity risk

The Bank manages its liquidity through its Asset Liability Management Committee which is responsible for establishing the liquidity policy as well as monitoring liquidity on an ongoing basis. A Minimum Liquid Asset requirement has been established to ensure that the ratio of liquid assets to qualifying liabilities is subject to a minimum threshold at all times.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The table below summarises the Bank's liabilities based on remaining contractual maturities. The expected cash flows of these liabilities could vary significantly from what is shown in the table.

	Up to 1 month USD	> 1-3 months USD	> 3-12 months USD	> 1 to 5 years USD	Over 5 years USD	No maturity USD	Total USD
31 December 2025							
Financial liabilities							
Deposits from customers	10,553,409	33,619	2,773,764	50,953,742	-	-	64,314,534
Deposit from banks and other financial institutions	23,409	-	-	-	-	-	23,409
Borrowings	-	-	-	47,747,629	390,687,620	-	438,435,249
Subordinated debts	-	-	-	-	1,044,084	-	1,044,084
Lease liabilities	11,075	20,550	78,075	96,350	-	-	206,050
Other liabilities (excluding tax payables)	-	-	-	-	-	1,131,845	1,131,845
	<u>10,587,893</u>	<u>54,169</u>	<u>2,851,839</u>	<u>98,797,721</u>	<u>391,731,704</u>	<u>1,131,845</u>	<u>505,155,171</u>
Loan commitment	2,245,489	-	-	-	-	-	2,245,489
Total (USD)	<u>12,833,382</u>	<u>54,169</u>	<u>2,851,839</u>	<u>98,797,721</u>	<u>391,731,704</u>	<u>1,131,845</u>	<u>507,400,660</u>
Equivalents KHR'000	<u>51,500,362</u>	<u>217,380</u>	<u>11,444,430</u>	<u>396,475,254</u>	<u>1,572,019,328</u>	<u>4,542,094</u>	<u>2,036,198,848</u>
31 December 2024							
Financial liabilities							
Deposits from customers	8,719,701	383,554	217,412	1,902,125	-	-	11,222,792
Deposit from banks and other financial institutions	62,368	-	-	-	-	-	62,368
Borrowings	-	-	-	27,960,112	362,660,825	-	390,620,937
Subordinated debts	-	-	-	-	1,044,084	-	1,044,084
Lease liabilities	10,825	21,650	97,525	206,050	-	-	336,050
Other liabilities (excluding tax payables)	-	-	-	-	-	488,524	488,524
	<u>8,792,894</u>	<u>405,204</u>	<u>314,937</u>	<u>30,068,287</u>	<u>363,704,909</u>	<u>488,524</u>	<u>403,774,755</u>
Loan commitment	3,536,500	-	-	-	-	-	3,536,500
Total (USD)	<u>12,329,394</u>	<u>405,204</u>	<u>314,937</u>	<u>30,068,287</u>	<u>363,704,909</u>	<u>488,524</u>	<u>407,311,255</u>
	<u>49,625,811</u>	<u>1,630,946</u>	<u>1,267,621</u>	<u>121,024,855</u>	<u>1,463,912,259</u>	<u>1,966,309</u>	<u>1,639,427,801</u>

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risk

The operational risk is the risk of losses arising from inadequate or failed internal processes, people or systems or from external factors. This risk is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and oversight provided by the senior Management. This includes legal, compliance, accounting and fraud risk.

The operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streaming procedures and documentation ensuring compliance with regulatory and legal requirements. These are reviewed continually to address the operational risks of its banking business.

(f) Capital management

(i) Regulatory capital

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- To comply with the capital requirements set by the NBC;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of the business.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The above regulated capital is calculated in accordance with the guidance issued by the NBC which may be different in some material respects compared to generally accepted principles applied by financial institutions in other jurisdictions. The above regulated capital information is therefore not intended for users who are not informed about the guidance issued by the NBC.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the statement of financial position date.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed. This includes property and equipment.

The fair value of the Bank's financial instruments such as cash on hand, deposit and placement with other banks, deposit and placement with NBC, other assets, statutory deposits, deposits from other banks and financial institutions, deposit from customers, borrowings, subordinated debts, lease liabilities and other liabilities are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at the statement of financial position date approximate their fair values.

The fair values are based on the following methodologies and assumptions:

Investments

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Financing, advances and others

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The Bank's financial assets and liabilities are not measured at fair value. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities, the fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the balance sheet are a reasonable estimation of their fair values.

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

35. TAXATION CONTINGENCIES

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdiction. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. Management believes that tax liabilities have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have different interpretations and effects could be significant.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements which would require adjustments or disclosures to be made in the financial statements.

37. COMPARATIVE INFORMATION

Certain amounts in the comparative financial statement have been reclassified to conform to the current year's presentation of accounts, and restated to recognised additional deferred tax liabilities in the prior year financial statements. Management believes that this reclassification would better reflect the nature of the transactions.

Summary of the changes arising from the reclassifications are shown below:

Restatement

Statement of financial position

	As previously reported USD	Effected from restated USD	As restated USD	KHR'000
Deferred tax assets - net	858,764	(858,764)	-	-
Deferred tax liabilities - net	-	(2,134,856)	(2,134,856)	(8,592,795)
Income tax receivables	-	847,896	847,896	3,412,782
Retained earnings	17,828,096	(2,145,724)	15,682,372	64,442,778

Statement of comprehensive income

	As previously reported USD	Effected from restated USD	As restated USD	KHR'000
Minimum tax expense	-	(252,491)	(252,491)	(1,027,891)
Income tax expense	(502,812)	(1,893,233)	(2,396,045)	(9,754,299)
Loss for the year	551,948	(2,145,724)	(1,593,776)	(6,488,263)

Statement of cash flow

	As previously reported USD	Effected from restated USD	As restated USD	KHR'000
Cash flows from operating activities				
Profit before tax	1,054,760	(252,491)	802,269	3,266,036

AGRICULTURAL AND RURAL DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

37. COMPARATIVE INFORMATION (CONTINUED)

Summary of the changes arising from the reclassifications are shown below:

Reclassification

Statement of financial position

	As previously reported USD	Effected from reclassified USD	As reclassified USD	KHR'000
Cash and cash equivalents - net	22,778,777	(22,778,777)	-	-
Cash on hand	-	2,869,685	2,869,685	11,550,482
Deposit and placement with other banks	-	13,871,350	13,871,350	55,832,183
Deposit and placement with National Bank of Cambodia ("NBC")	-	6,037,742	6,037,742	24,301,912

Statement of comprehensive income

	As previously reported USD	Effected from reclassified USD	As reclassified USD	KHR'000
Depreciation and amortisation	-	(4,435,448)	(4,435,448)	(18,056,709)
Other operating expenses	(12,119,590)	4,435,448	(7,684,142)	(31,282,142)

Statement of cash flow

	As previously reported USD	Effected from reclassified USD	As reclassified USD	KHR'000
Cash flows from operating activities				
<u>Net changes in:</u>				
Loans and advances to customers	(70,763,070)	(25,211,425)	(95,974,495)	(390,712,169)
Other assets	(897,127)	(23,271)	(920,398)	(3,746,941)
Foreclosed assets	(25,234,696)	25,234,696	-	-
Other liabilities	(1,709,335)	252,491	(1,456,844)	(5,930,812)

38. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Bank for the year ended 31 December 2025 were authorised for issue by the directors dated 30 April 2026.

Our ref: GA/0063/0426/A040-0032/KMT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGRICULTURAL AND RURAL DEVELOPMENT BANK

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agricultural and Rural Development Bank (the "Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 5 to 73.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audit of financial statements of public interest entities and the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other matter

The financial statements of the Bank for the year ended 31 December 2024 was audited by another auditor, whose report dated 28 March 2025 expressed an unqualified opinion on those statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and supplementary financial information required by the National Bank of Cambodia but does not include the financial statements of the Bank and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Bank, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a misstatement therein, we are required to communicate the matter to the directors and respond to that matter in accordance with the requirement of CISA 720 (revised).

Responsibilities of the Directors for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements so as to give a true and fair view in accordance with CIFRSs. The Directors are also responsible for such internal controls as the Directors determine are 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 of the Bank, the Directors are 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 the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank 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 CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Bank, 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 the Directors.
- conclude on the appropriateness of the Directors' 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 of the Bank 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.
- evaluate the overall presentation, structure and content of the financial statements of the Bank, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

For Baker Tilly (Cambodia) Co., Ltd.



Oknha Tan Khee Meng
Partner

Phnom Penh, Kingdom of Cambodia

Date: 30 April 2026

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