

ANNUAL REPORT 2022



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KEY FINANCIAL RESULT

	2022(USD)	2022('000KHR)	2021(USD)	2021('000KHR)
Profit/Loss before tax	(679,997)	(2,779,147)	25,671	104,430
Income tax	-	-	-	-
Net profit/Loss	(679,997)	(2,779,147)	11,400	46,376
Currency transaction differences	-	237,932	-	(147,586)
Total comprehensive income	(679,997)	(2,541,215)	11,400	(101,210)

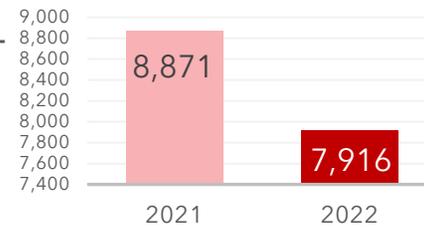
NUMBER OF CUSTOMER



AMOUNT OF DISBURSEMENT



LOAN OUTSTANDING BALANCE



A Business Development Manager and Assistant Manager had been appointed directly under the CEO to carry out the above tasks and a Back Office Manager of the administration department had been appointed so that I could concentrate on sales and new business development. As a result, we were able to strengthen our management and assessment functions.

Ultimately, 2022 resulted in flat sales and an increase in the number of prolonged delinquent customers. Serious delinquent customers were written off as a result of strict deliberations.

It had been a challenging year for our customers, and for us, despite a year of high hopes for recovery from the COVID 19 pandemic. However, we were determined to pass the baton to 2023, believing all that we had accomplished in the year 2022 was the seeds of the future, waiting to sprout rather than being swept away by the flood.

We hope that JC FINANCE will continue to be the one and only financial institution rooted in the lives of Cambodian farmers.

A message from the CEO

In 2022, under my leadership, the following measures were implemented aiming to increase new loan disbursements.

- Strengthening the partnership with RMA, which sells John Deere agricultural machineries.
- Expanding agricultural working capital loan initiatives for farmers
- Strengthening the approach to existing customers
- Launch of business loans of more than USD 100 000 to SMEs..

Suguru Tomari
2023 June

FACING THE CLIMATE CHANGE

Background of Climate change in Cambodia

The country is presently ranked 12th out of 181 countries in the Global Climate Risk Index (over the period 1999–2018)¹¹² and 17th out of 180 countries in the World Risk Index in 2019.¹¹³ In 2014, Standard & Poor's rated Cambodia's economy as the most vulnerable to the effects of climate change worldwide. Similarly, the Notre Dame Global Adaptation Index presently assigns high-vulnerability and low-readiness scores to Cambodia.

In 2014, Cambodia's domestic vulnerability assessments indicated that 17.2% of Cambodia's communes (279 communes) were rated highly vulnerable and 31.5% (512 communes) were categorized quite vulnerable to multiple climate hazards. Projections suggest that average rainfall will increase and become more concentrated, causing dry periods during the wet season and leading to more flood events; mean temperatures will rise, and drought periods will be extended. A recent study reports that 10% of GDP could be lost by 2050 without adaptation to climate change.

There are two types of flooding in the country. First, floods resulting from overflows of the Mekong River, its tributaries, and the Tonle Sap Lake contribute to soil sedimentation and fertility, but also encroach on urban areas and seal soil. Second, heavy rains in mountainous areas can trigger flash floods in tributaries of the Mekong River and in streams. These floods can destroy crops and infrastructure in and along the tributaries of the Tonle Sap Lake. In the absence of other supports, unpaid work may be transferred to elder women in the family or to girls, often with negative impact on their education.

The need to balance livelihoods with unpaid responsibilities keeps many women in vulnerable work, and is a barrier to women expanding businesses, advancing in their careers, or taking leadership roles.

Time poverty affects women's health and reduces opportunities for further education, community involvement or leisure.

Think together

Source:
CAMBODIA AGRICULTURE, NATURAL RESOURCES, AND RURAL
DEVELOPMENT SECTOR ASSESSMENT, STRATEGY, AND ROAD MAP (ASIAN
DEVELOPMENT BANK JULY 2021)

FACING THE CLIMATE CHANGE

Major flooding in 2022

Total 14 province affected by flood disaster in 2022.

And the damage has been extensive, with long-term damage to agricultural customers, particularly in Kampong Thom, Battambang, Siam Reap, Banteay Meanchey and Pursat around Tonle Sap Lake in our operation area.

On 28 October, NBC quickly issued a Directive to financial institutions in response to flood damage.

Reference Number: #B. 7-022-1014

Title: Continue to cooperate within the framework of consumer protection and continue to provide possible benefits to borrowers who have been affected by the severe floods.

In response, we have taken the following actions

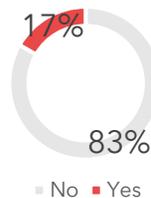
1. [Rescheduled principal repayments to affected borrowers](#)
2. [Rescheduling of interest payments for affected borrowers](#)
3. [Reduction or exemption of late payment charges](#)

Majority of our valued customers live in rural areas and are at risk from climate change.

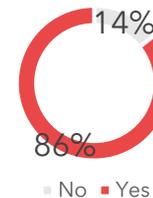
As a financial institution that walks alongside them, we believe that the way to achieve true sustainability with JCF and our stakeholders is to first provide the greatest possible cooperation to help our customers return to normal times, and then tackle environmental issues through finance. In the future, we will continue to work not only on the quantity and quality of access to finance, but also on various measures to tackle environmental challenges.

Stand together

% of delay customer by flood disaster



% of reschedule amount by flood disaster



Amount of penalty on flood disaster

Total amount (USD)
6,921

Background of Gender Gap in Cambodia

Cambodia is a party to all core international human rights treaties including the Convention on the Elimination of all forms of Discrimination against Women. However, work still needs to be done in Cambodia to achieve gender equality.

Structural inequalities are apparent in the labour-market, with women over-represented in lower paid, less valued positions and under-represented in more senior and higher paying roles. And although women are more than 40% of waged workers in agriculture, they are almost entirely absent from managerial or professional roles (Gavalyugova & Cunningham, 2020).

The gender wage gap is also biggest in male-dominated industries; in some

industries the gap is small at the lowest paid levels but tends to increase at higher salary levels. Differences in education and experience account for very little of the gender wage gap, with discrimination being the main factor. Restrictive gender norms are reflected in the vastly unequal distribution of unpaid domestic and care work, with women doing, on average, 90% of that work. Carrying most of the unpaid care work also impacts women in waged employment. For example, women's wages flatten after having a child, while men's increase (Gavalyugova & Cunningham, 2020).

The Asia Foundation and partners (2021) also found statistically significant increases in the gender pay gap for waged workers between January and April 2020.

SDGS AND GENDAR EQUALITY



Source:

Gender Equality Deep-Dive for Cambodia (2022 UNITED NATIONS CAMBODIA)
Global Gender Gap Report 2023 (2023 WORLD ECONOMIC FORUM)

Take an action together

Our action for Gender gap

The percentage of women employed in JCF is approximately 37% at the end of 2022. This is due to JCF's previous human resources policy of not appointing women as field officers. This policy has been set up to protect employees from crime and danger caused by the low status of women in Cambodia.

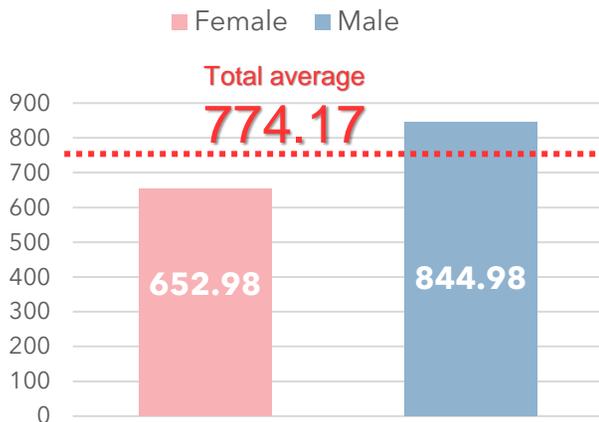
Our company is proactive in the employment of women on the Board of Directors and has been designed with gender diversity in focus from the beginning of the establishment. This is in respect of Cambodia's policy initiatives to address this social issue, such as the establishment of the Ministry of Women's Affairs and the Women Entrepreneurs Association. On the other hand, the design of the salary gap is a work in progress. The deviation from the average salary of all employees shows that men were 9.15% higher and women -15.65% lower. (FY2022 note average).

To face this situation, we have made significant improvements in the number of women in management positions in FY2022. From just 20% at the beginning of the year, the proportion rose to 42.86%.

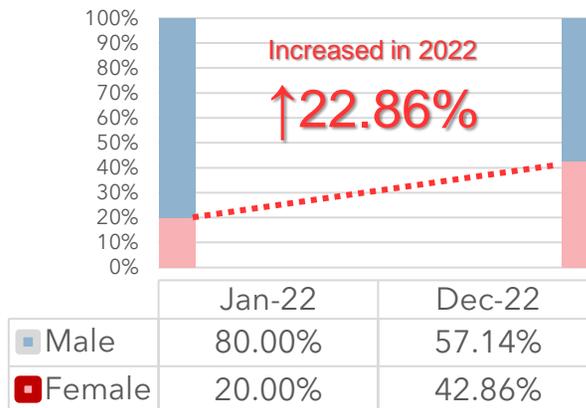
Creating equal employment conditions and promotion opportunities for all employees not only enhances the wellbeing of employees, but also creates a conscious and competent employment of all genders in the country with a high turnover rate.

Although the percentage of women among JCF's clients is still not large, we believe that the next step is to link these principles to our efforts in the provision of financial services in the future.

AV. SALARY BY GENDER (USD)



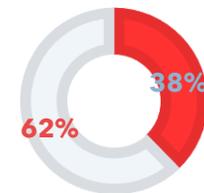
NUMBER OF MANAGER BY GENDER



SDGS AND GENDER EQUALITY

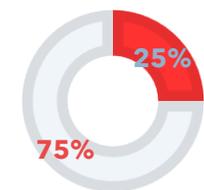
NUMBER OF STAFF

Female Male



FEMALE ON BOD

Female Male



FINANCIAL STATEMENT

Balance Sheet	2022(USD)	2022('000KHR)	2021(USD)	2021('000KHR)
ASSETS				
Cash and cash equivalents	521,432	2,146,736	217,592	886,470
Statutory deposits	2,534,972	10,436,480	1,734,127	7,064,833
Loans and Advance to Customers	7,272,671	29,941,587	8,698,219	35,436,544
Other Assets	55,676	229,218	44,631	181,828
Property and Equipment	34,072	140,274	15,209	61,961
Intangible Asset	89,251	367,446	26,141	106,498
Total Assets	10,508,074	43,261,741	10,735,919	43,738,134
LIABILITIES AND SHAREHOLDER'S EQUITY				
LIABILITIES				
Borrowings	4,095,304	16,860,367	4,949,568	20,164,540
Amount due to related party	2,500,000	10,292,500	4,250,000	17,314,500
Other Liabilities	77,069	317,293	20,331	82,828
Income tax payable	974	4,010	1,296	5,280
Total Liabilities	6,673,347	27,474,170	9,221,195	37,567,148
SHARE HOLDERS' EQUITY				
Share Capital	5,000,000	20,157,800	2,000,000	8,000,000
Regulatory Reserve	-	-	79,964	323,288
Accumulated Losses	(1,165,273)	(4,739,169)	(565,240)	(2,283,310)
Currency Translation Reserves	-	368,940	-	131,008
Total Shareholders' equity	3,834,727	15,787,571	1,514,724	6,170,986
Total Liabilities and Shareholders' equity	10,508,074	43,261,741	10,735,919	43,738,134
Profit and Loss				
Interest income	1,224,023	5,084,322	1,266,246	5,151,089
Interest expense	(354,726)	(1,449,765)	(331,129)	(1,347,033)
Other operation income	57,675	235,717	68,841	280,045
Admin expense	(1,090,261)	(4,455,897)	(830,946)	(3,380,288)
Loan Loss Provision	(523,507)	(2,139,573)	(147,341)	(599,383)
Profit/Loss before tax	(679,997)	(2,779,147)	25,671	104,430
Income tax	-	-	-	-
Net profit/Loss	(679,997)	(2,779,147)	11,400	46,376
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Share capital

On 12 April 2022, the Company requested to the National Bank of Cambodia (“NBC”) to increase the share capital from US\$2,000,000 to US\$5,000,000. On 6 May 2022, the Company obtained approval from the NBC on this increase in share capital. The amendment to the Memorandum and Articles of Incorporation (“M&AA”) was endorsed by the Ministry of Commerce on 13 June 2022.

In the subsequent period, On 13 March 2023, the Company obtained approval from the NBC on the increase the share capital from US\$5,000,000 to US\$6,250,000. As the date of this report, The amendment to the Memorandum and Articles of Incorporation (“M&AA”) still ongoing process.



WE ARE A GROUP COMPANY OF PHALS

MISSION AND RESPONSIBILITIES

Mission

JCF will contribute to the growth of Cambodian industries through our financial platform in order to enhance the life of people.

Vision

JCF will aim to achieve rapid growth of the people related to JCF together, and to develop leaders who will be responsible for Cambodia's growth.

Value

JCF will have the following 5 beliefs to achieve our mission and vision:

Value for Customer

Keep Challenging

One Goal

Absolute Integrity

Belief in Self and Brave

FOR CUSTOMERS

We are based on the principle of customer-oriented operation (Fiduciary Duty) and aim to further improve the quality of our financial services by promise to our customers and business partners that we will

1. work for the benefit of the customer,
2. do our best with the expert knowledge and insights, and
3. eliminate conflicts of interest both inside and outside the company.

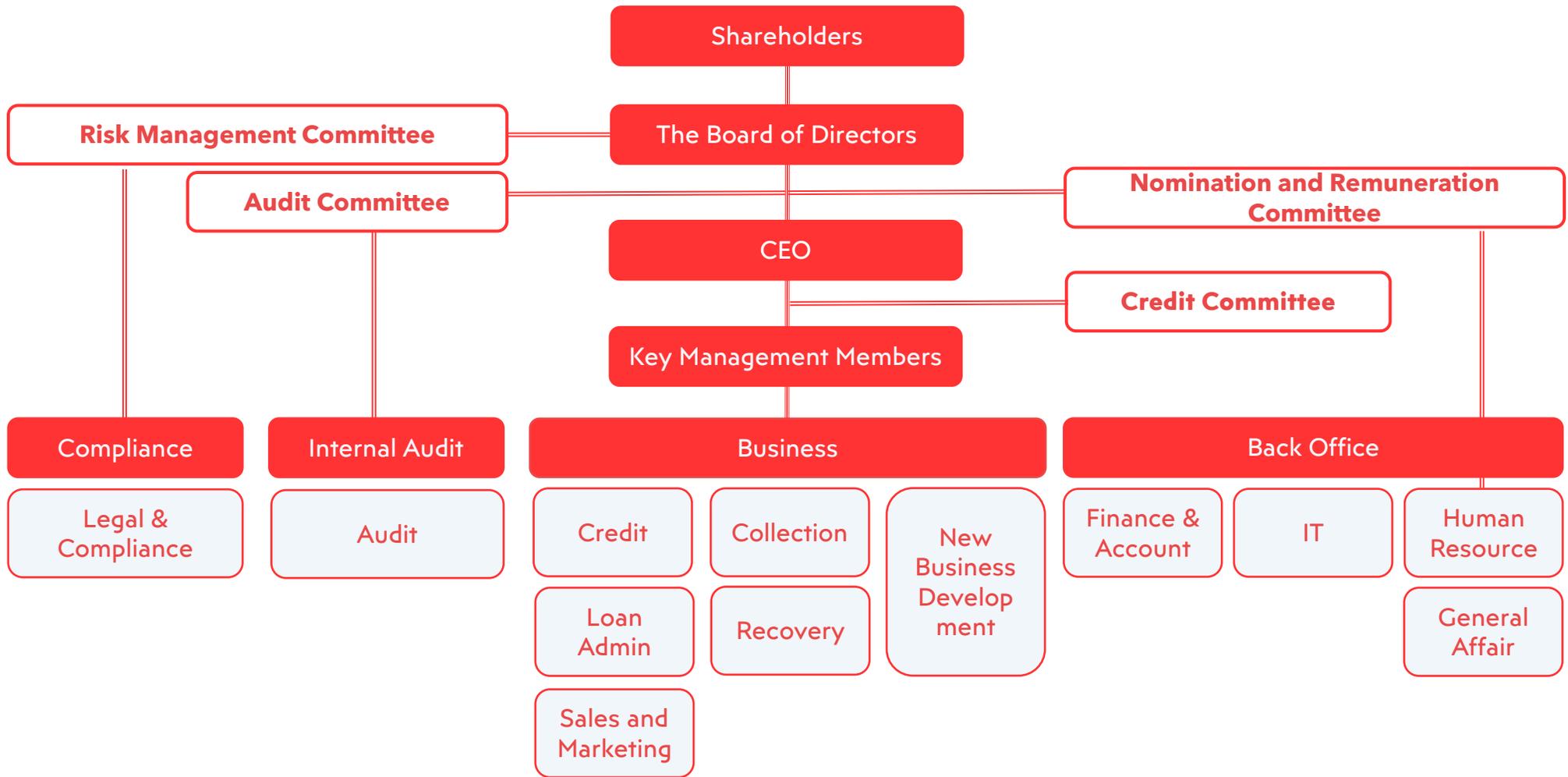
FOR ENVIRONMENT

To maintain a sustainable natural environment (EcoSystem), we will

1. understand the principle of nature,
2. think about things from prosperous coexistence, and
3. not exploit more than necessary from the natural environment

We promise the above to our stakeholders and will make social contributions in a fair manner.

ORGANIZATION CHART



KEY MANAGEMENT MEMBERS

Back Office Manager	Chea Soline	Accounting Manager	Long Kimpheak
Business Development Manager	Prum Hul	Internal Auditor Manager	Lus Soriya
Collection Manager	Chea Vuthea	Compliance manager	Chea Pichsokthida
Credit Manager	Yong Youyornng		

BOD MEMBERS

CEO / BOD	Suguru TOMARI
Chairperson of BOD	Ikuo KIKUCHI
Independent Director	Taihei YAMADA
Independent Director	Yuko KATO



**GROWING
TOGETHER
WITH**

CAMBODIA

CORPORATE PROFILE

Company Name	JC FINANCE PLC.
Business Category	Microfinance Institution
License Number	M.F-85
Establishment	January 17th, 2018
E-mail	info@jcfinance.com.kh
Website	http://jcfinance.com.kh
Tel	855 (0)23 217 419
Headquarter	No.56, Street 310, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Cambodia.



The image features a stylized background with black silhouettes of palm trees and a building with a central tower, set against a light blue sky. The text 'ANNUAL REPORT 2022' is overlaid in the top left corner in a bold, red, sans-serif font.

**ANNUAL
REPORT
2022**

JCF will be representing New Agricultural Finance