

ANNUAL REPORT 2023



All the copyrights belonging with JCF

TABLE OF CONTENTS

- 3. A MESSAGE FROM THE CEO
- 4. KEY FINANCIAL RESULT
- 5. FINANCIAL STATEMENT
- 6. MISSION AND RESPONSIBILITIES
- 7. ORGANIZATION CHART
- 8. FACING THE CLIMATE CHANGE
- 11. OUR ACTION
- 12. CORPORATE PROFILE

All the copyrights belonging with JCF



A message from the CEO

The year 2023 was a very difficult year for JC FINANCE. Affected by the large-scale floods that occurred in October 2022, the business situation was very tough from the beginning of 2023. The floods washed away the crops of farmers, who are our main clients, and they continued to live in a difficult situation. It was a really tough year in which we supported their lives and also tried to rebuild our business itself.

In particular, in the first half of 2023, We focus on enhancing management, creating new products, strengthening of sales, improving the process of cash collection, and evaluation of collateral. In the second half, the areas where the improvements in the first half had taken root and those where they had not were highlighted, and we focused on improving the areas that could not be improved by 2024.

Achievements in 2023

1. Establishment of internal rules
2. Strengthening recruitment
3. Formation and strengthening of loan recovery teams
4. Finding potential partners among local agricultural SMEs

Improvement points in 2024

1. Improvement and strengthening of assessment
2. New product development
3. Training our staffs to improve our services to clients

It has been a new challenge and reform year for us. However, everything we accomplished in 2023 is a seed for the future, and we will continue to water and fertilize it so that the seed will sprout and grow greatly. In 2024, we will sow another seed and continue to take on new challenges. We hope that JC FINANCE will continue to be the only financial institution that supported in the lives of Cambodian farmers.

TAKAHASHI Nebuaki

June 2024

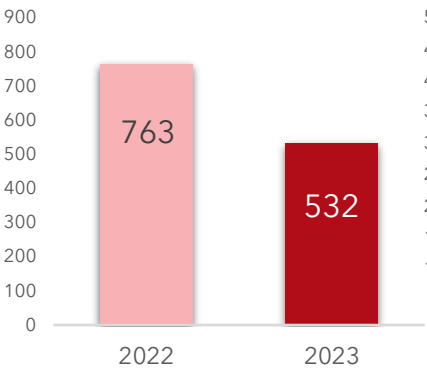
KEY FINANCIAL RESULT

KEY FINANCIAL RESULT

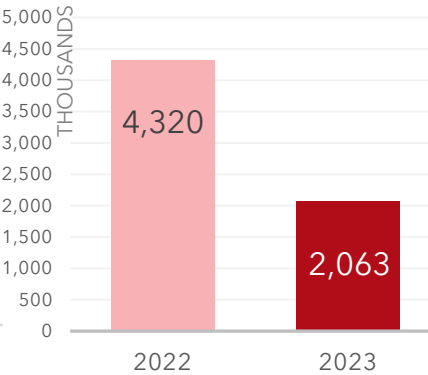
	2023(USD)	2023('000KHR)	2022(USD)	2022('000KHR)
Profit/Loss before tax	(1,110,649)	(4,564,767)	(666,796)	(2,725,195)
Income tax	(9,807.00)	(40,307.00)	(13,201.00)	(53,952.00)
Net profit/Loss	(1,120,456)	(4,605,074)	(679,997)	(2,779,147)
Currency translation differences		11,550.00	-	237,932.00
Total comprehensive income	(1,120,456.0)	(4,593,524.0)	(679,997.0)	(2,541,215.0)

GRAPH DATA

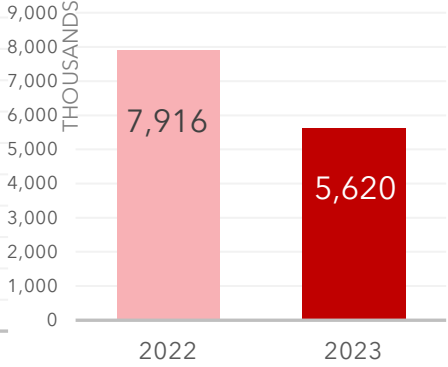
NUMBER OF CUSTOMER



AMOUNT OF DISBURSEMENT



LOAN OUTSTANDING BALANCE



FINANCIAL STATEMENT

Balance Sheet	2023(USD)	2023('000KHR)	2022(USD)	2022('000KHR)
ASSETS				
Cash and cash equivalents	1,891,994	7,728,795	521,432	2,146,736
Statutory deposits	488,725	1,996,442	2,534,972	10,436,480
Loans and Advance to Customers	4,659,115	19,032,484	7,272,671	29,941,587
Other Assets	54,874	224,160	55,676	229,218
Property and Equipment	28,611	116,876	34,072	140,274
Intangible Asset	67,320	275,002	89,251	367,446
Total Assets	7,190,639	29,373,759	10,508,074	43,261,741
LIABILITIES AND SHAREHOLDER'S EQUITY				
LIABILITIES				
Borrowings	3,137,146	12,815,241	4,095,304	16,860,367
Amount due to related party	0	0	2,500,000	10,292,500
Other Liabilities	88,889	363,111	77,069	317,293
Income tax payable	333	1,360	974	4,010
Total Liabilities	3,226,368	13,179,712	6,673,347	27,474,170
SHARE HOLDERS' EQUITY				
Share Capital	6,250,000	25,157,800	5,000,000	20,157,800
Regulatory Reserve	0	0	0	0
Accumulated Losses	-2,285,729	-9,344,243	-1,165,273	-4,739,169
Currency Translation Reserves	0	380,490		368,940
Total Shareholders' equity	3,964,271	16,194,047	3,834,727	15,787,571
Total Liabilities and Shareholders' equity	7,190,639	29,373,759	10,508,074	43,261,741
Profit and Loss				
Interest income	992,840	4,080,572	1,244,023	5,084,322
Interest expense	(271,473)	(1,115,754)	(354,726)	(1,449,765)
Other operation income	38,724	159,156	57,675	235,718
Admin expense	(1,114,321)	(4,579,859)	(1,090,261)	(4,455,897)
Loan Loss Provision	(756,419)	(3,108,882)	(523,507)	(2,139,573)
Profit/Loss before tax	(1,110,649)	(4,564,767)	(666,796)	(2,725,195)
Income tax	(9,807)	(40,307)	(13,201)	(53,952)
Net profit/Loss	(1,120,456)	(4,605,074)	(679,997)	(2,779,147)
Currency transaction differences		11,550	-	237,932
Total comprehensive income	(1,120,456)	(4,593,524)	(679,997)	(2,541,215)

Share capital

On 12th 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 6th 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 13th June 2022.

In the subsequent period, On 13th 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") was endorsed by the Ministry of Commerce on 27th March 2023.



PHALS

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.

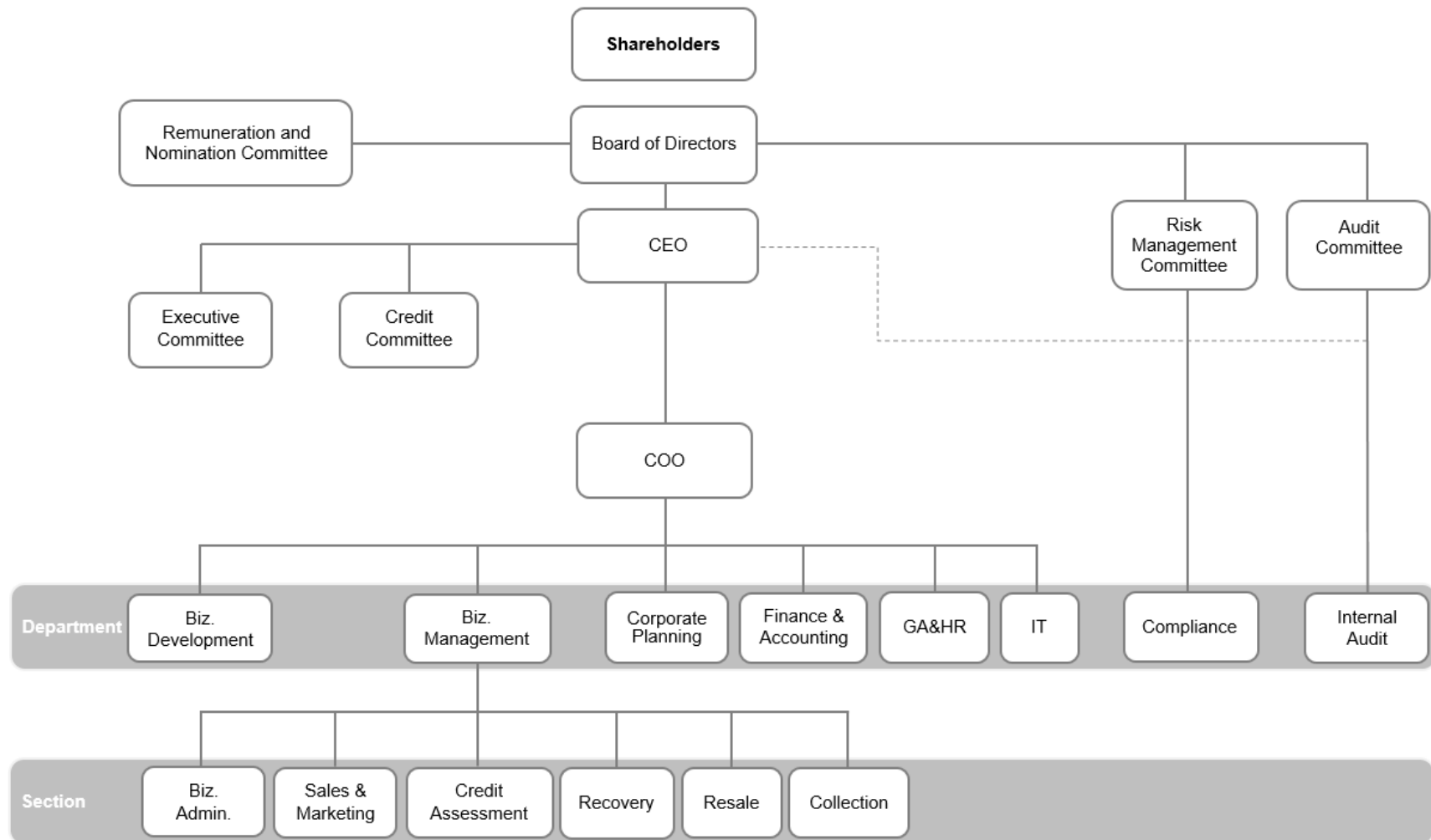
FOR ENVIRONMENT

To maintain a sustainable natural environment (Eco System), 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

Chief Executive Officer	TAKAHASHI Nobuaki
Corporate Planning Manager	KAWAI Toshihisa
Finance Manager	An Rina
Collection Manager	Chea Vuthea

BOD MEMBERS

Chairperson of BOD	KATO Yuko
Director	TOMARI Suguru
Independent Director	KOMIYAMA Yuki
Independent Director	NISHIGUCHI Yuko

FACING THE CLIMATE CHANGE

Climate change could cause Cambodia to lose its gross domestic product

The World Bank's Cambodia Country Climate and Development Report (CCDR) notes that Cambodia faces rising climate risks, including increased heat stress. Climate change is already having severe effects on the nation and its economy, hindering development. The report emphasizes the urgent need for adaptation due to escalating instances of droughts and floods caused by climate change.

Between 2015 and 2016, severe drought impacted 18 of Cambodia's 25 provinces, affecting nearly 2.5 million people. The El Niño-induced droughts in 2019 led to an estimated \$100 million loss in rice production. In September 2022, the worst rainfall in three years resulted in severe flooding across 14 provinces, affecting almost 85,000 households and causing landslides that forced 5,000 households to evacuate.

Manuela V. Ferro, World Bank Vice President for East Asia and Pacific, highlighted Cambodia's significant vulnerability to climate change, particularly through more frequent and intense flooding events.

CCDR (2023) states that the Inform Risk Index ranks Cambodia as the world's fourth most flood-exposed country. It is highly exposed to riverine floods, particularly along the Mekong and Tonle Sap floodplains—home to 80 percent of the country's population.

Think together

FACING THE CLIMATE CHANGE

For sustainable economic growth

Cambodia is aiming to become an upper-middle-income country by 2030 and a high-income country by 2050. One of the biggest challenges for the country is how to deal with climate issues such as drought, heat, and flooding. The key here is to seek sustainable economic growth while mitigating these climate risks or to generate opportunities for growth from businesses that address these issues (World Bank, 2023).

The mission for financial institutions in Cambodia is to support and enhance such stakeholders who face to deal with climate risk, whether enterprises or individuals, through their financing for Cambodian healthy economic growth and make create happiness of people in the country.

Naturally, JCF is committed to this mission as well.

Think together

Source and references:

[World Bank. \(2023\). Cambodia Country Climate and Development Report.](#)

World Bank Group. Retrieved from <https://x.gd/SiCW9>

FACING THE CLIMATE CHANGE

Natural disasters affect Cambodian farmers in 2023

Climate change has had a significant impact on the agriculture sector in Cambodia. Changes in temperature and rainfall patterns have led to decreased crop yields, increased pest and disease outbreaks, and reduced water availability for irrigation. This has resulted in food insecurity and loss of income for many farmers.

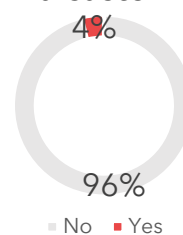
As a result of these challenges, many farmers lack of financial collection for yield output as the changing climate. JC FINANCE, a financial institution that offers agriculture loans, has seen a decrease of income earning from their yield as farmers face challenge in climate-resilient crops, irrigation systems, and other technologies.

However, the increased risk and uncertainty associated with climate change have also made it more difficult for financial institutions like JC FINANCE to assess the creditworthiness of borrowers and manage their loan portfolios. This has led to higher interest rates and stricter lending criteria, making it harder for farmers to access the financing they need to adapt to climate change.

Overall, climate change has had a profound impact on the agriculture sector in Cambodia, and financial institutions like JC FINANCE play a crucial role in supporting farmers as they navigate these challenges and work towards building a more resilient and sustainable agricultural system..

Stand together

% of delay customer by disaster



Amount of penalty for disaster

Total amount
(USD)

12,496

Our action in the agriculture sector

Our business mainly focuses on the primary industry, especially on the agricultural sector. We have carried out our responsibility as a financial institution to enrich the lives of agricultural households, which account for **70%** of the Cambodian population, by supporting their traditional farming business and new business model that can increase their incomes.

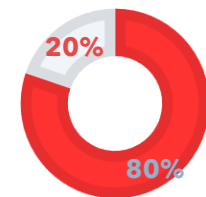
Our current three main business strategies are to realize "Agricultural Finance", "Supporting Business Creation" and "DX/Credit Scoring". Since the establishment in January 2018, we have constantly updated our strategy by grasping changes in the natural environment, social environment, and technological environment. As a result, we are confident that our future strategy will be further refined and will have a significant social impact on our business areas.



OUR ACTION

NUMBER OF LOAN %

■ Agriculture loan ■ other loan



AGRICULTURAL LOANS

Total amount (USD)
1,293,245

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.



**GROWING
TOGETHER
WITH
JC FINANCE**

ANNUAL REPORT 2023



JCF will be representing New Agricultural Finance