

TIZAA RURAL BANK PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

For The Year Ended 31st December 2023

1. Introduction

Distinguished Shareholders, the Guest of Honour, Colleague Board Members, former Directors, Executive director of Rural Banks, Representative of ARB Apex Bank, Ladies and Gentlemen. We thank God, for bringing us together again as members of this noble institution to enable us (Board of Directors) render our stewardship to you the cherished shareholders of the Bank as enjoined by the laws of the Republic of Ghana. On behalf of my colleagues Directors, I wish to appreciate the effort you have made to be present in this Annual General Meeting. I welcome you all to the 10th Annual General Meeting (AGM) of Shareholders of Tizaa Rural Bank PLC. The theme for this year's celebration is ***"REPOSITIONING TIZAA RURAL BANK PLC to deliver cutting edge services for sustainable local business Growth"***. Permit me to introduce once again the members of the Board who are present with us:

1. Alhaji Seidu Alhassan Osman
2. Mr. Mahama Osman
3. Madam Alhassan Rukaya
4. Alhaji Alhassan Inusah

We have three hours arranged for this meeting which consist of two sessions – Session one which will take about two hours is for the general meeting including invited guest and session two which will take about one hour is for

our esteemed shareholders. the timetable is as you see in front of you, in brief we will ... (run through the main sections of the AGM). In this report, I will be giving very top line financial statement, but the detail annual financial statement will be presented by our External Auditor who is here with us. I will give an overview of the Bank's performance in the last financial year including some critical corporate governance measures taken by the bank to stay compliant and efficient.

Our cherished shareholders, ladies, and gentlemen, at this point I would like to present to you the Annual Report and audited Financial Statements of our Bank for the year ended 31st December 2023.

2. The Ghanaian Macroeconomic Environment

Following the macroeconomic crises experienced in 2022, Ghana witnessed some improvements in its economic conditions throughout 2023. However, persistent challenges remain, notably characterized by elevated inflation, subdued growth, and substantial pressure on public finances and debt sustainability. The country encountered significant external shocks that exacerbated existing fiscal and debt vulnerabilities, resulting in a constrained access to international markets, limited domestic financing options, and an increased reliance on monetary measures to support government expenditures. Measures taken by government are beginning to put on track fiscal consolidation. The estimated deficit of 4.6% of GDP at the end of 2023 was significantly lower than the 10.7% deficit in 2022. At 15.7 % of GDP in 2023, revenues and grants reached the same level as 2022 despite lower oil revenues. Year-on-year inflation fell from 53.4% in January 2023 to 23.2% in December 2023, reflecting more stable exchange rates and the effects of monetary policy tightening in 2022-23. In terms of Monetary Policy, the weighted average rate increased to 30.19 percent in December 2023 from 25.51 percent in December 2022, in line with the monetary policy rate. The average lending rates of banks eased marginally to 33.75 percent in December 2023 from 35.58 percent a year earlier.

3. The Banking Industry

RCBs continued to record growth in all the key balance sheet indicators. However, universal banks recorded growth in total assets and deposits. The RCBs recorded a higher growth in relation to total assets and deposits of 5.58% and 6.01%, compared with the universal banks' growth rate of 1.74% and 2.21%, respectively, as at the end of June 2023.

4. Corporate Governance

At the time the current Board was appointed, the Bank of Ghana (BOG) put together the new corporate governance directives to strictly guide the general operations of banks including RCBs. Hence, the Board made sure it complied with the new directives and insisted on same for the management and staff. Accordingly, the Board ensured that all expired policies were reviewed, and nonexistent ones formulated and approved for implementation. Some of the policies include **strategic corporate policy, lending policy, human resources policy, share management manual, general operations manual**, just to mention, but few.

5. The Bank's performance

The banking industry is undergoing various regulatory reforms, which have expectedly had a knock-on effect on most financial institutions in the country. Similarly, in keeping with recent Bank of Ghana requirement, our Bank has started adopting the International Financial Reporting Standards (IFRS). Despite the effects of the regulatory reforms, our performance for the year 2023 remained robust.

The relative highlights of the Key Performance Indicators of the Bank are presented in the table beneath:

S/N	Financial Indicator	2022	2023	Percentage
-----	---------------------	------	------	------------

		(GH¢)	(GH¢)	Change
1	Total Assets	19,116,980.00	26,900,283.00	40.71
2	Loans& Advances to customers	8,659,366.00	11,236,026.00	29.76
3	Customers Deposits	16,194,674.00	20,612,038.00	27.28
4	Profit/Loss before tax(PBT)	(761,889.00)	492,299.00	35.38
5	Cash and Bank Balance	3,521,867.00	3,312,252.00	-5.95
6	Investment T bills & ACOD	5,041,100.00	7,722,238.00	53.19
7	Net worth	708,951.00	1,157,921.00	63.33
8	Paid Up Capital	1,081,934.00	1,090,892.00	0.83

❖ Profitability

The Bank recovered from the losses recorded in the last year 2022 of **(GH¢761,889.00)** due to high additional impairment provisioning in 2022, to a net profit of **GH¢492,299.00** as at the end of the year 2023.

❖ Total Assets

Distinguished shareholders, our business grew by **40.71% in 2023**. The Bank ended the year with a total asset of **GH¢26.9million** from **GH¢19.12 million** in 2022.

❖ Deposits

We saw a significant growth in deposits and new accounts during the year under review in spite of the challenges. Total deposit grew from **GH¢ 16.19 million** in 2023 to **GH¢20.61 million** representing a growth of 27.28%. This is a demonstration that both existing and new customers have confidence in our bank. Management is intensifying the financial inclusion drive to make our services more available and suitable to our customers and we are hopeful that the initiative that have been set in motion will help drive this key balance sheet item to more impressive levels in the years ahead.

❖ *Loans and Advances*

Total Loans and Advances for the period under review also moved up by 29.76% from **GH¢8.65million** at the end of 2022 to **GH¢11.24million** at the end of 2023. The increase in loans and advances was as a result of the increase in agricultural sector loans and micro credit groups. We shall continue to inject more credit to our farmers and our women groups.

It is however worthy to note that the bank is grappling with huge default in repayment of loans by some customers and legal actions will soon be taken to retrieve the outstanding loans.

6. Ordinary Shares Capital

The stated capital of our bank stood at **GH¢1.09million** at the close of the year 2023 which exceeded the minimum capital requirement of **GH¢1million** for RCBs. However, in the face of the ongoing economic challenges in the country, driven mostly by depreciation of the cedi against the major trading currencies, the need for more capital injection is necessary to stay ahead of any possible future regulatory requirement. I use this opportunity to encourage existing shareholders to increase their investment in the bank.

On the payment of dividends, the Bank of Ghana in a Notice **NO: BG/GOV/SEC/2020/01** directed banks and Specialized Deposit-taking Institutions (SDIs) to desist from declaring or paying dividends after the financial sector clean-up exercise, the COVID-19 pandemic, and the most recent Domestic Debt Exchange Programme (DDEP) embarked on by the government. Shareholders, please be certain that Management is working hard to meet the Bank of Ghana requirements for dividend payments.

7. External Auditors of The Bank

The amount payable for the 2023 statutory audit is **GH¢25,000.00** inclusive of tax. In accordance with Section 139(11) of the companies Act, 2019 (Act 992) and Section 81(4) of the Banks and Specialized Deposit -Taking Institutions Act 2016 (Act 930), our current External Auditors, Glan Consult (Chartered Accounts) have their tenure of office elapsed, and the bank is required to appoint a new External Auditors in compliance with regulatory requirements.

8. Corporate Social Responsibility

I announced with delight that your Bank has spent **GH¢22,958.00, GH¢31,383.00** and **GH¢37,619.00** for the years 2021,2022 and 2023 respectively to cover activities in the banks key areas of concern namely **health, education, sports, culture, and agriculture** for communities within which the bank operates.

9. Change of the Bank's Name

Your Bank has successfully changed its name from Tizaa Rural Bank Ltd to Tizaa Rural Bank PLC in accordance with Section 21 of the companies Act 2019 (Act 992). The bank is taking steps to change all its signatories', documents and materials bearing the old name.

10. Renovation of Gushegu Agency and Purchase Of Plots of Land

Again, I am delighted to notify you that as part of your bank's current strategic direction and vision, it has carried out renovation works on the Gushegu Agency and has acquired two (2) plots of land in Gushegu and Karaga for future development into Head Office and branch respectively.

11. Opening of Mobilization Centres in Kpatinga, Nawuhugu and Pishigu

Distinguish shareholders, the Bank has put in plans to open three (3) new mobilization centers at Kpatinga, Nawuhugu and Pishigu.

12. Human Resource Development

Distinguish shareholders, development of our people remains an integral part of our strategic plan. We fostered a continuous learning and development culture, empowering our employees with the essential skills and knowledge to thrive in an ever-changing banking industry. We do intend to continue with the said process in the years ahead.

The bank ended the year 2023 with a total permanent staff strength of sixty-one (61) and five (5) contract staff to support the bank's operations.

13. Outlook 2024

The future of the Bank is optimistic owing to the increasing customer's confidence and trustworthiness arising out of quality services. The Board and Management will continue to consolidate the gains made and assure you of our commitment to sound financial decisions to help us achieve the overall goal of the bank. The Bank will continue to work with ARB Apex Bank PLC to design and offer digital led solutions to our esteemed customers to help meet their wide-ranging banking desires.

14. Appreciation:

I crave your indulgence to express our sincerest gratitude and appreciation to the Chairman Mr. Osman Musah – District Coordinating Director, Gushegu Municipal Assembly, Guest of honour – Bo-naa Salifu Tia (1), Executive Director, Association of Rural Banks (ARB) - Madam Comfort Owusu, officials from ARB Apex Bank, Sister RCBs in the Northern Region.

15. Conclusion:

I wish to conclude by appealing to you, our distinguished shareholders, to support the share mobilization effort that the Board and Management are currently pursuing. Consider buying additional shares so that the Bank's Capital Adequacy Ratio (CAR) would improve. Also, we I want to take this opportunity to appeal to you to save with the Bank to enable it to increase its deposit base.

Thank you for your attention!!!