

MARKET DISCLOSURE REPORT



PILLAR 3

As at 31st March 2024

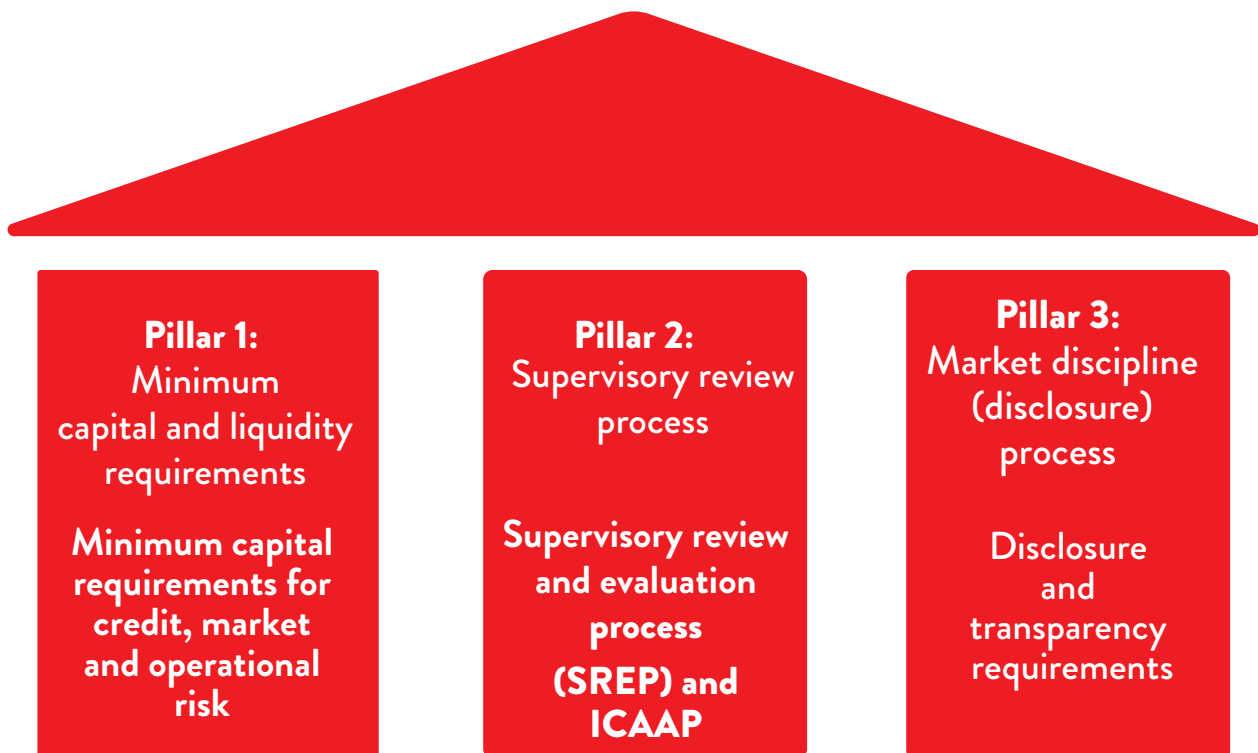
1.0. Introduction

Tropical Bank Limited (TBL) is a licensed Supervised Financial Institution (SFI) in Uganda. The Bank was incorporated and licensed by Bank of Uganda in 1973 and has been in existence for the last 50 years. For the year ended 31st December 2023, the bank made a profit of UGX 5.8 billion. The Bank's total assets and liabilities closed at UGX 384.079 billion and UGX 303.38 billion respectively.

2.0. Brief Overview of Basel II

Basel II, the second of three Basel Accords, has three main pillars: minimum capital requirements, regulatory supervision, and market discipline

2.1. The Three Pillar Approach:



3.0. Pillar 3 Market Discipline (Disclosures)

The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. This reduces information asymmetry and helps promote comparability of Tropical Bank's (TBL) risk profiles within and across jurisdictions.

Pillar 3 of the Basel framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a TBL's regulatory capital and risk exposures to increase transparency and confidence about TBL's exposure to risk and the overall adequacy of its regulatory capital.

4.0. Pillar 3 Market Discipline/Disclosure Report as at 31st March 2024

4.1. Key Prudential Metrics

The key prudential Metrics provide an overview of the bank's prudential regulatory metrics.

Table 1.0 below shows TBL's unaudited Key Metrics as at 31st March 2024.

KEY PRUDENTIAL METRICS (UGX '000)		a	b	c	d	e
		Q1, 2024	Q4, 2023	Q3, 2023	Q2, 2023	Q1, 2023
Available capital (amounts)						
1	Core capital	63,912,955	54,769,952	53,771,005	53,102,899	52,992,991
2	Supplementary capital	8,275,477	11,275,500	11,252,034	11,344,129	11,335,089
3	Total capital	72,188,432	66,045,452	65,023,039	64,447,028	64,328,080
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	189,005,751	278,104,145	269,380,453	293,425,722	310,381,463
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	34%	20%	20%	18%	17%
6	Total capital ratio (%)	38%	24%	24%	22%	21%
Capital buffer requirements as a percentage of RWA						
7	Capital conservation buffer requirement (2.5%)	45,012,380	26,959,538	26,832,960	23,760,327	21,954,845
8	Countercyclical buffer requirement (%)	40,287,236	20,006,934	20,098,448	16,424,684	14,195,308
9	Systemic buffer (for DSIBs) (%)	40,287,236	20,006,934	20,098,448	16,424,684	14,195,308
10	Total of capital buffer requirements (%)	125,586,852	66,973,406	67,029,856	56,609,695	50,345,461
11	Core capital available after meeting the bank's minimum capital requirements (%)	-56,087,045	-65,230,048	-66,228,995	-66,897,101	-67,007,009
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	308,700,952	393,163,066	387,889,362	301,835,926	281,561,627
14	Basel III leverage ratio (%)	20.7%	13.9%	13.9%	17.6%	18.8%
15	Total high-quality liquid assets (HQLA)	51,939,439	48,161,147	39,092,660	32,866,893	37,961,488
16	Total net cash outflow	10,753,067	15,445,063	5,975,369	6,022,500	5,501,088
17	LCR (%)	483%	311.8%	654.2%	545.7%	690.1%
Net Stable Funding Ratio						
18	Total available stable funding	238,493,257	233,533,432	282,320,891	237,634,610	216,094,205
19	Total required stable funding	95,581,242	73,219,254	89,157,492	40,447,821	48,896,651
20	NSFR %	250%	319%	317%	588%	442%

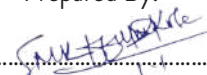
4.2. Overview of Risk Weighted Assets (RWA)

This provides an overview of TBL's total Risk Weighted Assets (RWA) forming the denominator of the risk-based capital requirements.

Table 2.0 below shows TBL's unaudited RWAs as at 31st December 2023.

		RWA (UGX '000)		Minimum Capital Requirements (UGX '000)
		Q1, 2024	Q4, 2023	Q1, 2024
1	Credit risk (excluding Credit Risk)	168,566,384	260,381,332	168,566,384
2	Counterparty Credit Risk (CCR)	-	-	-
3	Market Risk	301,183	226,408	36,156
4	Operational Risk	20,138,184	17,496,405	2,417,549
5	Total (1 + 2 + 3 + 4)	189,005,751	278,104,145	171,020,089

Prepared By:


.....
Sowali Sowati Mukose
Head of Risk

Recommended By:


.....
Abdulaziz Mohamed A. Mansur
Managing Director


.....
Joweria Mukalazi
Ag. Executive Director

Approved By:


.....
Ibrahim Senyonga Atwoki
Chairperson Board of Directors