

1. REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF TROPICAL BANK LIMITED
Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2022, the summary statement of comprehensive income for the year then ended and other disclosures, are derived from the audited financial statements of Tropical Bank Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the Financial Institutions Act, 2004 (as amended 2016) Laws of Uganda and the Financial Institutions (External Auditors) Regulations, 2010.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards), the Financial Institutions Act, 2004 (as amended 2016) Laws of Uganda and the Companies Act, 2012 Laws of Uganda. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 April 2023. That report also includes:

- An emphasis of matter section that draws attention to Note 4(d) in the audited financial statements. Note 4(d) of the audited financial statements indicates that as at 31 December 2022 the bank had capital funds unimpaired by losses of Ushs 54,323 million which is below the minimum capital requirement of Ushs 120,000 million. The Bank has submitted a capital restoration plan to Bank of Uganda indicating how the capital position is to be rectified.

- The communication of other key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Financial Institutions Act, 2004 (as amended 2016) Laws of Uganda and the Financial Institutions (External Auditors) Regulations, 2010.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.


KPMG

Certified Public Accountants
 3rd Floor, Rwenzori Courts
 Plot 2& 4A, Nakasero Road
 PO Box 3509
 Kampala, Uganda
 29 April 2023

2. SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022 Ushs '000	2021 Ushs '000
Assets		
Cash and balances with Bank of Uganda	46,205,615	48,670,696
Deposits and balances due from banking institutions	20,789,066	10,687,734
Deposits due from the group companies	6,657,571	2,308,795
Government securities	60,038,444	63,470,692
Loans and advances to customers	118,876,541	119,677,358
Other assets	7,757,429	5,249,262
Current tax recoverable	281,718	281,718
Property and equipment	14,606,734	15,286,630
Right of Use Asset	1,788,457	2,561,414
Intangible assets	4,028,485	4,365,082
Total assets	281,030,060	272,559,381
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	182,023,966	179,674,488
Administered funds	2,179,545	2,464,773
Other liabilities	15,638,219	16,183,531
Lease liability	1,933,405	2,410,633
Deferred tax liability	4,372,557	4,458,595
Total liabilities	206,147,692	205,192,020
Shareholders' equity		
Share capital	88,178,500	88,178,500
Accumulated losses	(42,289,092)	(45,811,576)
Reserves-Capital reserve	6,683,451	6,683,451
Reserves-General reserve	5,810,043	5,810,043
Revaluation reserve	10,202,632	10,289,918
Regulatory credit risk reserve	6,296,834	2,217,025
Total shareholders' equity	74,882,368	67,367,361
Total liabilities and shareholders' equity	281,030,060	272,559,381

3. SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 Ushs '000	2021 Ushs '000
Income		
Interest on deposits and placements	2,519,203	1,939,777
Interest on loans and advances	20,317,631	24,415,440
Interest on investment securities	5,771,999	4,532,418
Foreign exchange income	228,580	337,014
Fee and commission income	5,345,731	4,176,574
Other operating income	7,228,203	3,746,632
Total income	41,411,347	39,147,855
Expenditure		
Interest expense on deposits	(5,364,098)	(6,020,694)
Interest expense on borrowings	-	(56,528)
Other interest expense	(138,632)	(47,783)
Expected credit loss on financial assets	(1,235,888)	(18,773,650)
Fee and commission expense	(121,406)	(164,824)
Operating expenses	(16,717,358)	(17,542,126)
Employee benefit expense	(9,250,596)	(8,667,291)
Total expenditure	(32,827,978)	(51,272,896)
Profit/(loss) before income tax	8,583,369	(12,125,041)
Income tax charge	(1,154,400)	(730,300)
Profit/(loss) for the year	7,428,969	(12,855,341)
Other comprehensive income net of tax	-	-
Total comprehensive income/(loss) for the year	7,428,969	(12,855,341)

4. OTHER DISCLOSURES


	2022 Ushs '000	2021 Ushs '000
Contingent liabilities		
Letters of credit	2,333,020	3,201,836
Guarantees and performance bonds	2,786,352	3,236,911
Total	5,119,372	6,438,747
Commitments		
Undrawn credit lines	6,137,978	4,049,384
Total	6,137,978	4,049,384
Non-performing loans and other assets	26,613,636	37,514,183
Interest in suspense	3,613,907	1,953,887
Bad debts written off	5,981,426	25,325,188
Large exposures	56,286,479	45,791,293
Insider loan exposures	5,920,322	665,010
Capital Position		
Core capital	54,323,516	50,465,399
Supplementary capital	11,329,108	11,467,245
Total Qualifying Capital	65,652,624	61,932,644
Total Risk Weighted Assets (RWA)	153,686,271	155,198,995
Core Capital to RWA	35.35%	32.52%
Total Qualifying Capital to RWA	42.72%	39.91%


The bank had capital funds unimpaired by losses of Ushs 54,323 million which is below the minimum capital requirement of Ushs 120,000 million. The Bank has submitted a capital restoration plan to Bank of Uganda indicating how the capital position is to be rectified.

5. MESSAGE FROM DIRECTORS

The above summary statement of financial position and statement of comprehensive income are derived from the financial statements of Tropical Bank Limited for the year ended 31 December 2022 which were audited by KPMG Certified Public Accountants and received an unmodified opinion. The financial statements were approved by the Board of Directors on 31 March 2023, discussed with Bank of Uganda on 24 April 2023 and authorised for issue by the Board of Directors on 28 April 2023.


Joweria Mukalazi
 Ag. Executive Director


Abdulaziz Mohamed A. Mansur
 Managing Director


Ibrahim Senyonga Atwoki
 Chairman

TROPICAL BANK LIMITED

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BRANCH NETWORK

- Kampala Main Branch, 27 Kampala Road
- Mukono Branch C/O
- Ntinda Branch, 1 Kimera Road, Ntinda
- Jinja Branch, 17 Main Street, Jinja
- Kawempe Branch, 3144, Kawempe
- Masaka Branch, 2 Birch Avenue Masaka
- Oasis Branch, Yusuf Lule Road
- Kakira Branch, Kakira Works (1985) Ltd Estate

Tropical Bank Limited (Licence Number A1.015) is a supervised financial institution that is regulated by Bank of Uganda. Customer Deposits are protected by Protection Fund of upto US\$ 10 Million.