

PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)

AS AT 31st MARCH (Q1) 2025

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1.0. INTRODUCTION

Tropical Bank Limited (TBL) is a licensed Supervised Financial Institution (SFI) in Uganda. Incorporated and licensed by the Bank of Uganda in 1973, Tropical Bank Limited (TBL) has operated for over five decades, marking 52 years of financial service provision in Uganda.

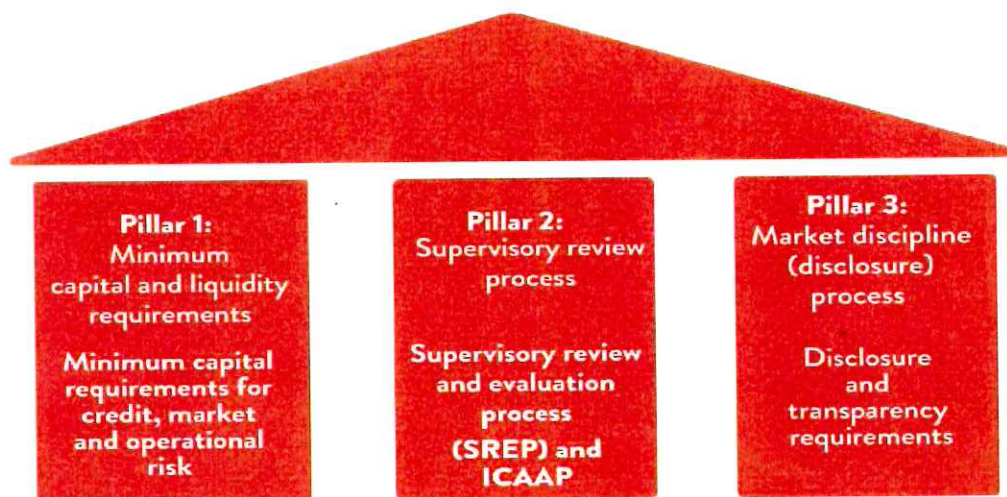
As at 31st December (Q4) 2024, total Assets closed at UGX 404.7 billion, Core and Total Capital closed at UGX 186.885Bn (representing 93% of Total Risk Weighted Assets) and UGX195.193Bn (representing 97% of Total Risk Weighted Assets) respectively and complies with the minimum capital requirement of UGX 150Bn.

2.0. BRIEF OVERVIEW OF BASEL II

Basel II is an international business standard that requires financial institutions to maintain enough cash reserves to cover risks incurred by their operations. The Basel accords are a series of recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision.

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)

Pillar 3 of the Basel framework focuses on promoting market discipline within the banking sector. It achieves this by requiring banks to disclose detailed information about their capital adequacy, risk

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exposures, and risk management processes to the market. This transparency helps investors and other stakeholders assess the bank's risk profile and make informed decisions.

Providing transparent and comparable information on key risk metrics is essential to a resilient 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 (Q1) 2025

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 Key Metrics as at 31st March (Q1) 2025.

KEY PRUDENTIAL METRICS (UGX '000)		a Q1, 2025	b Q4, 2024	c Q3, 2024	d Q2, 2024	e Q1, 2024
Available capital (amounts)						
1	Core capital	189,979,544	176,260,102	170,661,969	63,074,191	63,912,955
2	Supplementary capital	8,396,495	8,368,647	8,248,601	8,295,317	8,275,477
3	Total capital	198,376,039	184,628,749	178,910,570	71,369,508	72,188,432
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	194,460,603	189,549,471	185,775,372	190,453,073	189,005,751
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	98%	93%	92%	33%	34%
6	Total capital ratio (%)	102%	97%	96%	37%	38%
Capital buffer requirements as a percentage of RWA						
7	Capital conservation buffer requirement (2.5%)	2.5%	2.5%	2.5%	2.5%	2.5%
8	Countercyclical buffer requirement (%)	-	-	-	-	-
9	Systemic buffer (for DSIBs) (%)	-	-	-	-	-

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KEY PRUDENTIAL METRICS (UGX '000)		a	b	c	d	e
		Q1, 2025	Q4, 2024	Q3, 2024	Q2, 2024	Q1, 2024
10	Total of capital buffer requirements (%) (row 7 + row 8 + row 9)	2.5%	2.5%	2.5%	2.5%	2.5%
11	Core capital available after meeting the bank's minimum capital requirements (%)	85.5%	80.5%	79.5%	20.5%	21.5%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	415,398,559	412,469,882	411,450,860	425,708,851	308,700,952
14	Basel III leverage ratio (%)	45.7%	42.7%	41.5%	14.8%	20.7%
15	Total high-quality liquid assets (HQLA)	29,727,988	59,137,290	37,770,142	142,833,896	51,939,439
16	Total net cash outflow	11,872,899	8,230,658	6,828,702	24,172,493	10,753,067
17	LCR (%)	250%	719%	553%	591%	483%
Net Stable Funding Ratio						
18	Total available stable funding	338,648,769	322,785,563	334,953,219	300,063,038	238,493,257
19	Total required stable funding	59,913,432	55,467,602	67,716,173	66,021,936	95,581,242
20	NSFR %	565%	582%	495%	454%	250%

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 RWAs as at 31st March (Q1) 2025.

		RWA (UGX '000)		Minimum Requirements (UGX '000)	Capital (UGX '000)
		Q1, 2025	Q4, 2024	Q1, 2025	
1	Credit risk (excluding Counterparty Credit Risk)	183,285,552	167,371,353	183,285,552	
2	Counterparty Credit Risk (CCR)	-	-	-	
3	Market Risk	925,866	1,323,588	111,148	
4	Operational Risk	10,249,185	20,854,530	1,230,394	

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5	Total (1 + 2 + 3 + 4)	194,460,603	189,549,471	184,627,094
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