

PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)

AS AT 30TH SEPTEMBER (Q3) 2025



PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)



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.

For the year ended 31st December 2024, the bank made a profit after tax of UGX 7.2 billion. The Bank's total assets and liabilities closed at UGX 404.745 billion and UGX 205.65 billion respectively.

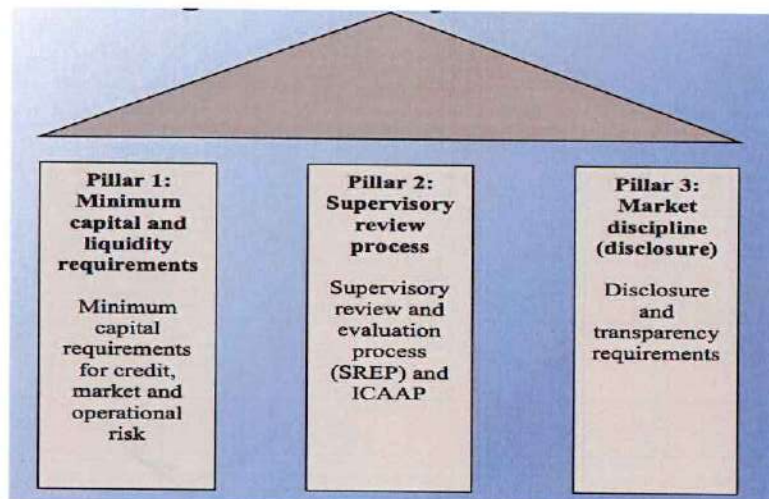
2.0. BRIEF OVERVIEW OF BASEL II

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:

Figure 1: Three pillar approach



SMW *MB* *J*

PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)



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 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. CAPITAL ADEQUACY

As at 30th September 2025, the bank's Core and Total Capital closed at UGX 190.282 billion (representing 83% of Total Risk Weighted Assets) and UGX 200.600 billion (representing 88% of Total Risk Weighted Assets) respectively and complies with the minimum capital requirement of UGX 150 billion.

5.0. PILLAR 3 MARKET DISCIPLINE/DISCLOSURE REPORT (UN AUDITED) AS AT 30TH SEPTEMBER 2025

5.1. 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 30th September 2025.

KEY PRUDENTIAL METRICS (UGX '000)		a	b	c	d	e
		Q3, 2025	Q2, 2025	Q1, 2025	Q4, 2024	Q3, 2024
Available capital (amounts)						
1	Core capital	190,282,347	188,353,895	189,979,544	176,260,102	170,661,969
2	Supplementary capital	10,277,644	10,173,632	8,396,495	8,368,647	8,248,601
3	Total capital	200,559,991	198,527,527	198,376,039	184,628,749	178,910,570
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	228,902,738	214,013,273	194,460,603	189,549,471	185,775,372
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	83%	88%	98%	93%	92%

SMK *ng*

PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)



KEY PRUDENTIAL METRICS (UGX '000)		a	b	c	d	e
		Q3, 2025	Q2, 2025	Q1, 2025	Q4, 2024	Q3, 2024
6	Total capital ratio (%)	88%	93%	102%	97%	96%
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) (%)	-	-	-	-	-
10	Total of capital buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
11	Core capital available after meeting the bank's minimum capital requirements (%)	70.3%	75.3%	85.3%	80.3%	79.3%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	427,917,093	426,219,655	415,398,559	412,469,882	411,450,860
14	Basel III leverage ratio (%)	44.5%	44.2%	45.7%	42.7%	41.5%
15	Total high-quality liquid assets (HQLA)	34,108,077	87,289,145	29,727,988	59,137,290	37,770,142
16	Total net cash outflow	7,386,434	10,296,259	11,872,899	8,230,658	6,828,702
17	LCR (%)	462%	848%	250%	719%	553%
Net Stable Funding Ratio						
18	Total available stable funding	345,243,352	348,609,567	338,648,769	322,785,563	334,953,219
19	Total required stable funding	250,290,087	52,932,074	59,913,432	55,467,602	67,716,173
20	NSFR %	138%	659%	565%	582%	495%

5.2. 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 30th September 2025.

		RWA (UGX '000)		Minimum Capital Requirements (UGX '000)
		Q3, 2025	Q2, 2025	Q3, 2025
1	Credit risk (excluding Counterparty Credit Risk)	198,111,259	187,186,449	198,111,259
2	Counterparty Credit Risk (CCR)	-	-	-
3	Market Risk	279,277	3,417,500	33,527
4	Operational Risk	30,512,202	23,409,324	3,662,929
5	Total (1 + 2 + 3 + 4)	228,902,738	214,013,273	201,807,715

MJ

SMK

PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)




Prepared By:


.....
Sowali Sowati Mukose

Head Risk

Recommended By:


.....
Joweria Mukalazi

Executive Director


.....
Abdulaziz M. A. Mansur

Managing Director

Approved By:


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