Tropical Bank
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PILLAR 3 MARKET DISCLOSURE REPORT (UNAUDITED)

AS AT 30TH SEPTEMBER (Q3) 2026

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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 53 years of financial service provision in Uganda.

For the year ended 31st December 2025, the bank made a profit after tax of UGX 12.6 billion. The Bank's total assets and liabilities closed at UGX 503.2 billion and UGX 291.5 billion respectively.

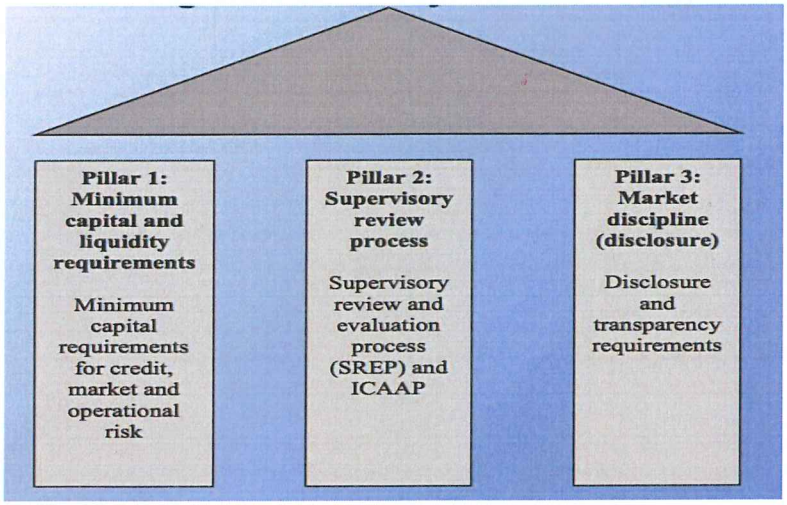
2.0. BRIEF OVERVIEW OF BASEL II

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



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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 31st December 2025, the bank's Core and Total Capital closed at UGX 192.978 billion (representing 71% of Total Risk Weighted Assets) and UGX 203.264 billion (representing 75% 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 2026

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 2026 (unaudited).

KEY PRUDENTIAL METRICS (UGX '000)		a Q3, 2026	b Q2, 2026	c Q1, 2025	d Q4, 2025	e Q3, 2025
Available capital (amounts)						
1	Core capital	207,907,770	203,939,656	201,699,277	192,978,318	190,282,347
2	Supplementary capital	10,519,164	10,368,550	10,171,386	10,286,082	10,277,644
3	Total capital	218,426,934	214,308,206	211,870,663	203,264,401	200,559,991
Risk-weighted assets (amounts)						

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KEY PRUDENTIAL METRICS (UGX '000)		a Q3, 2026	b Q2, 2026	c Q1, 2025	d Q4, 2025	e Q3, 2025
4	Total risk-weighted assets (RWA)	231,602,862	243,670,957	256,746,033	272,473,624	228,473,624
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	79%	84%	79%	71%	83%
6	Total capital ratio (%)	83%	88%	83%	75%	88%
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 (%)	66.1%	70.9%	66.3%	66.3%	58.3%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	542,571,391	520,929,016	509,081,900	519,815,750	427,917,093
14	Basel III leverage ratio (%)	38.3%	39.1%	39.6%	37.1%	44.5%
15	Total high-quality liquid assets (HQLA)	69,254,012	141,134,742	57,609,998	71,702,353	34,108,077
16	Total net cash outflow	14,127,026	11,201,934	10,704,640	18,531,508	7,386,434
17	LCR (%)	490%	1260%	538%	848%	250%
Net Stable Funding Ratio						
18	Total available stable funding	453,575,007	424,672,600	422,134,173	426,320,880	345,243,352
19	Total required stable funding	318,724,635	211,143,898	199,336,684	193,109,602	250,290,087
20	NSFR %	142%	201%	212%	221%	138%

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 2026 (unaudited).

		RWA (UGX '000)		Minimum Capital Requirements (UGX '000)
		Q3, 2026	Q2, 2026	Q3, 2026
1	Credit risk (excluding Counterparty Credit Risk)	231,602,862	212,896,508	231,602,862
2	Counterparty Credit Risk (CCR)	-	-	0
3	Market Risk	415,127	163,792	49,835
4	Operational Risk	31,664,094	30,610,657	3,801,212
5	**Total (1 + 2 + 3 + 4)**	**263,682,083**	**243,670,957**	**235,453,909**

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