



**Cairo Bank**  
Uganda

# Pillar 3 Risk Management report for **Period Ended** **December 31, 2025**

## Introduction

Cairo Bank Uganda formerly known as Cairo International Bank was incorporated and licensed by Bank of Uganda on 11th of July, 1994 and has been operating for the last 30 years in Uganda. In 2019, it became a fully owned subsidiary of Banque Du Caire (BDC) after previously being owned by 3 leading Egyptian Banks namely, Banque Du Caire, Bank Misr and National Bank of Egypt.

## Pillar 3 Market Discipline Disclosure Report

Market discipline has long been recognized as a key objective of the Basel Committee on Banking Supervision. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of Cairo bank's 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 Cairo bank's regulatory capital and risk exposures to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

The Pillar 3 market disclosures in this report focus on regulatory measures defined in Pillar 1 of the Basel framework, which requires banks to adopt specified approaches for measuring credit, market and operational risks and their associated resulting risk-weighted assets (RWA) and capital requirements. In some instances, Pillar 3 also requires supplementary information to be disclosed to improve the understanding of underlying risks. The information contained in this report is **unaudited**.

## Key Prudential Metrics

The below table summarises the Key Prudential Metrics. Amounts reported are in Ugx '000'. December 2024 figures have been updated with the Audited figures

	a	b	c	d	e
	Dec-25	Sep-25	Jun-25	Mar-25	Dec-24
<b>Available capital (amounts)</b>					
1 Core capital	166,602,818	161,985,847	161,357,506	159,941,745	138,611,736
2 Supplementary capital	1,510,867	1,339,062	1,535,755	1,449,526	1,549,692
3 Total capital	168,113,685	163,324,909	162,893,262	161,391,271	140,161,428
<b>Risk-weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	286,514,868	302,427,555	288,248,178	280,780,178	264,431,341
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Core capital ratio (%)	58.15%	53.56%	55.98%	56.96%	52.42%
6 Total capital ratio (%)	58.68%	54.00%	56.51%	57.48%	53.00%
<b>Capital buffer requirements as a percentage of RWA</b>					
7 Capital conservation buffer requirement (2.5%)	2.50%	2.50%	2.50%	2.50%	2.50%
8 Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9 Systemic buffer (for DSIBs) (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10 Total of capital buffer requirements (%) (row 7 + row 8 + row 9)	3%	3%	3%	3%	3%
11 Core capital available after meeting the bank's minimum capital requirements (%)	45.6%	41.1%	43.5%	44.5%	39.9%
<b>Basel III leverage ratio</b>					
13 Total Basel III leverage ratio exposure measure	551,920,757	541,102,035	555,652,990	514,538,085	470,901,539
14 Basel III leverage ratio (%) (row 1 / row 13)	30.2%	29.9%	29.0%	31.1%	29.4%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA)	46,874,361	44,171,843	73,309,988	33,753,306	32,333,217
16 Total net cash outflow	15,630,799	9,086,746	15,895,813	9,966,551	9,919,195
17 LCR (%)	299.88	486.11	461.19	338.67	325.97
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	305,731,663.21	295,406,963.10	317,662,959.97	300,310,740.36	242,748,947.55
19 Total required stable funding	58,421,166	68,371,453	61,532,561	59,003,727	47,057,523
20 NSFR	523.32%	432.06%	516.25%	508.97%	515.86%

## Cairo Bank Uganda Limited's Risk management approach

**Purpose:** This is a description of Cairo Bank Uganda Limited's strategy and how senior management, and the Board of Directors assess and manage risks, enabling users to gain a clear understanding of the Cairo Bank Uganda Limited's risk tolerance/appetite in relation to its main activities and all significant risks.

**Scope of application:** The Risk Management Approach described here is for Cairo Bank Uganda Limited.

**Content:** Qualitative information.

**Frequency:** Annual.

The main objective of Cairo Bank Uganda Limited's risk management approach is to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, resolving risks and reporting risks associated with the business. In order to achieve the key objective, Cairo Bank Uganda Limited established a structured and disciplined approach to Risk Management. Specific objectives of Cairo Bank Uganda Limited's risk management approach include;

- i. To ensure that all the current and future material risk exposures are identified, assessed, quantified, mitigated and appropriately reported
- ii. To establish a framework for risk management processes and to ensure bank-wide implementation of the risk management
- iii. To ensure systematic and uniform assessment of risks related with banking business
- iv. To enable compliance with regulatory requirements, through the adoption of best practices
- v. To ensure business growth with financial stability.
- vi. To unambiguously state the responsibilities of all stakeholders vis-à-vis the management of key risk exposures and;
- vii. To enable the Management and Board exercise their roles

## Cairo Bank Uganda Limited's risk management principles are;

- i. Policy on Corporate Governance; it's the policy of the bank to integrate sound corporate governance in its business affairs. The Bank's corporate governance builds upon transparent and accountable processes consistent with best practices of Risk management.
- ii. Commitment Policy; officers of Cairo Bank Uganda Limited at all levels are committed to the pro-active management of risks in a systematic way. The accountability and responsibility for the bank's risk management practice rests with the Board of Directors.
- iii. Culture of Risk Management; All employees are required to ensure that their behaviors relating to their individual performance encompasses informed decisions to do or not to do things based on a reasonable analysis of foreseeable risks, opportunities and their associated impacts on the implementation of the Cairo Bank Uganda Limited's Strategic Plan.
- iv. Reviewing and Monitoring Risks; Formal mechanisms for reviews and monitoring are in place to promote the effectiveness of risk management throughout the bank and at all governance and management levels.
- v. Reporting of Risk Management Process; Effective management of risk requires a risk management information system that communicates and reports on risks that have been identified, together with risk analysis, evaluation, and prioritization of treatment options.
- vi. Tolerable Level of Risk; Risk treatment options enable the management of identified risks at a tolerable or acceptable level within the financial and/or other policy constraints. Risk management provides tools for managing risks at a tolerable level determined through a systematic and documented risk analysis.

## The Risk Governance Structure:

Cairo Bank Uganda Limited embraces an Enterprise-wide Risk Management (ERM) approach; the overall oversight rests with the Board of Directors. Functional and physical segregation of roles is paramount in the risk management process of the bank; the bank has the three (3) Line of Defense Model fully entrenched in its risk management approach

## The Risk Governance at Board Level:

The Board of Directors formed amongst themselves sub-committee to exercise risk oversight on the different areas of risk management. All sub-committee of the Board of Directors report the full Board.

Sn	Risk Management Level	Responsibility	Risk Type	Business /support / control Unit responsible
1	Board of Directors	The Board of directors operates independently of the day-to-day management, playing an oversight role in the management of risks within the bank	The Board of Director is ultimately responsible for all risk including strategic risk.	All
2	Board Audit Committee (BAC)	Gives assurance of the effectiveness of the internal control environment		Internal Audit Department
3	Board Risk Committee (BRC)	Review and reports on all risk of the bank from an enterprise-wide point of view	Enterprise-wide risks (including Cybersecurity and ESG / Sustainability) in the bank's business operations	<ul style="list-style-type: none"> <li>▪ Risk Management Department</li> <li>▪ Compliance Department</li> <li>▪ Legal Department</li> <li>▪ Cyber Security Department</li> <li>▪ IT Department</li> </ul>
4	Board Compensation Committee	Review and reports Human Resources related risks	Human Capital risks	HR Department
5	Board Assets and Liability Committee (BALCO)	Responsible for reviewing and reporting on risks coming from bank's investment portfolio, funding sources and optimal utilization of funds.	<ul style="list-style-type: none"> <li>▪ Liquidity</li> <li>▪ Interest rate risk</li> <li>▪ Foreign exchange risk</li> <li>▪ Investment risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Treasury Department</li> <li>▪ Risk Department</li> <li>▪ Finance department</li> <li>▪ Credit Department</li> </ul>
6	Board Credit Committee	Reviews and reports on Credit risk exposure both in the on- balance sheet and off-balance sheet transactions	Credit Risk	Credit Department

#### The Risk Governance at Management Level:

The Board has approved in place various Management committees and delegated authority to these committees to oversee the

- Executive Committee (EXCO)
- Risk Management Committee (RMC)
- Asset and Liabilities Committee (ALCO)
- Senior Credit Committee (SCC)
- IT Steering Committee (IT Steerco)
- IFRS9 Steering Committee
- Basel Committee
- Human Resource Committee
- Procurement Committee

Control Functions in place include; the risk management function headed by Chief risk officer, the compliance function headed by the Chief Compliance Officer and the Internal Audit Function headed by the Chief Internal Auditor. Both the Chief Risk Officer and the Chief Compliance Officer report directly to the Managing Director and regularly to the Board Risk Committee whereas the Chief Internal Audit report directly to the Board Audit Committee.

Channels to communicate:

Cairo Bank Uganda Limited has operationalized in place a number communication channels that are intended to broadcast risk management process across. Through these channel the bank is able to enforce the desired risk culture. These channels include:

- Regularly reviewed and enhanced policies
- Staff code of conduct
- Operating procedure manuals
- Sanction grids guiding consequence management procedures
- Operating limits

#### Risk Information for reporting

The bank uses various risk identification and analysis techniques to pick risk and report on the various at various levels / forums. Risk information ranges from strategic to operational in nature.

Risk identification techniques the bank uses include:

- Review of Operational Limits on various risk appetite
- Incident reporting and root cause analysis
- Review of audit and examination report
- Review of industry developments
- Review of Risk Control self-assessment
- Stress and scenario testing report Qualitative information on stress testing

The Board of Directors approved in place Stress testing framework that guide the stress testing and scenario analysis exercise and reporting and how the results of the testing /analysis are used.

Cairo Bank Uganda Limited employees a numbers strategies and processes to manage, hedge and mitigate risks that arise from the its business model and the processes for monitoring the continuing effectiveness of hedges and mitigants have all been defined in various manuals

## Overview of Risk Weighted Assets

The below table summarises an overview of the Risk Weighted Assets. Amounts reported are in Ugx `000`

		a	b	c	should not be less than 12% of total RWA
		RWA		Minimum Capital	
		Dec-25	Sep-25	Dec-25	
1	Credit risk (excluding counterparty credit risk)	238,793,038.63	252,301,832.60	28,655,164.64	
2	Counterparty credit risk (CCR)	0	0	-	
3	Market risk	2,599,377	5,596,056	311,925.26	
4	Operational risk	45,122,453	44,529,667	5,414,694.30	
5	Total (1 + 2 + 3 + 4)	286,514,868	302,427,555	34,381,784	

## Composition of Regulatory Capital

The below table shows a breakdown of the regulatory capital composition. Amounts reported are in Ugx `000`

		a
		Amounts
Common Equity Tier 1 capital: instruments and		
1	Permanent shareholders equity (issued and fully paid-up common shares)	206,444,601
2	Share premium	
3	Retained earnings	(31,287,514)
4	Net after tax profits current year-to date (50% only)	7,765,346
5	General reserves (permanent, unencumbered and able to absorb losses)	1,100,000
6	Tier 1 capital before regulatory adjustments	
Tier 1 capital: regulatory adjustments		184,022,434
8	Goodwill and other intangible assets	(3,055,142)
9	Current year's losses	-
10	investments in unconsolidated financial subsidiaries	
12	deficiencies in provisions for losses	
14	Other deductions determined by the Central bank	(14,227,804)
26	Other deductions determined by the Central bank	-
28	Total regulatory adjustments to Tier 1 capital	166,739,488
29	Tier 1 capital	166,739,488
Tier 2 capital: Supplementary capital		
46	Revaluation reserves on fixed assets	
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	1,510,867
48	Hybrid capital instruments	
49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	
58	Tier 2 capital	1,510,867
59	Total regulatory capital (= Tier 1 + Tier2)	168,250,355
60	Total risk-weighted assets	286,514,868
Capital adequacy ratios and buffers		
61	Tier 1 capital (as a percentage of risk-weighted assets)	58.20%
63	Total capital (as a percentage of risk-weighted assets)	58.72%

64	Total Institution-specific buffer requirement (capital conservation buffer plus countercyclical	
65	Of which: capital conservation buffer requirement	
66	Of which: countercyclical buffer requirement	0
67	Of which: bank specific systemic buffer requirement	0
68	Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	
<b>Minimum statutory ratio requirements</b>		
70	Tier 1 capital adequacy ratio	58.20%
71	Total capital adequacy ratio	58.72%

### Credit quality of assets

The below table shows a comprehensive picture of the credit quality of (on- and off-balance sheet) assets. Amounts reported are in Ugx `000`

		a		b		d		e	f	g
		Gross carrying values of		Provisions as per FIA2004/MDIA2003		Interest in suspense	Net values (FIA/MDIA)			
		Defaulted exposures	Non-defaulted exposures	Specific	General			(a+b-d-e)		
1	Loans and advances	5,700,298	147,925,111	2,182,095	1,510,867	356,630	149,932,447			
2	Debt Securities									
3	Off-balance sheet exposures		84,505,728				84,505,728			
4	Total	5,700,298	232,430,839	2,182,095	1,510,867	356,630	234,438,175			

### Changes in stock of defaulted loans and debt securities

The below table shows stock of defaulted loans and debt securities. Amounts reported are in Ugx `000`

a		
1	Defaulted loans & advances, debt securities and off balance sheet exposures at end of the previous reporting period	26,890,364
2	Loans and debt securities that have defaulted since the last reporting period	1,706,331
3	Returned to non-defaulted status	2,723,335
4	Amounts written off	20,173,062
5	Other changes	
6	<b>Defaulted loans &amp; advances, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)</b>	<b>5,700,298</b>

### Qualitative disclosure on SFIs' use of external credit ratings under the standardised approach for credit risk

Cairo Bank Uganda did not use any external credit ratings for the period Dec 2025