Cairo Bank
Uganda

Pillar 3 Risk Management report for **Period Ended September 30, 2026**

Cairo Bank Uganda is regulated by the Bank of Uganda. Customer Deposits are protected by the Deposit Protection Fund of Uganda upto Ugx.10 Million. T&Cs Apply.

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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 Pillar1 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
		Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
Available capital (amounts)						
1	Core capital	179,356,688	176,985,662	176,111,094	174,148,500	161,985,847
2	Supplementary capital	1,420,029	1,533,183	1,576,171	1,510,867	1,339,062
3	Total capital	180,776,717	178,518,845	177,687,265	175,659,367	163,324,909
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	267,344,748	286,623,313	272,585,684	290,964,674	302,427,555
Risk-based capital ratios as a percentage of RWA						
5	Core capital ratio (%)	67.09%	61.75%	64.61%	59.85%	53.56%
6	Total capital ratio (%)	67.62%	62.28%	65.19%	60.37%	54.00%
Capital buffer requirements as a percentage of RWA						
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 (%)	54.6%	49.2%	52.1%	47.4%	41.1%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	560,627,696	565,487,908	566,006,052	551,920,757	541,102,035
14	Basel III leverage ratio (%) (row 1 / row 13)	32.0%	31.3%	31.1%	31.6%	29.9%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	58,335,370	60,341,764	65,187,830	46,874,361	44,171,843
16	Total net cash outflow	16,497,493	19,427,810	13,044,977	15,630,799	9,086,746
17	LCR (%)	353.60	310.59	499.72	299.88	486.11
Net Stable Funding Ratio						
18	Total available stable funding	334,182,677.95	359,530,988.43	352,953,237.61	305,731,663.21	295,406,963.10
19	Total required stable funding	45,647,556	61,435,084	59,660,471	58,421,166	68,371,453
20	NSFR	732.09%	585.22%	591.60%	523.32%	432.06%

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 overnight 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 entranced 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	▪ Risk Management Department ▪ Compliance Department ▪ Legal Department ▪ Cyber Security Department ▪ IT Department
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.	▪ Liquidity ▪ Interest rate risk ▪ Foreign exchange risk ▪ Investment risk	▪ Treasury Department ▪ Risk Department ▪ Finance department ▪ Credit Department
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	
		Sep-26	Jun-26	Sep-26	
1	Credit risk (excluding counterparty credit risk)	211,849,062.89	229,556,619.38	25,421,887.55	
2	Counterparty credit risk (CCR)	0	0	-	
3	Market risk	3,795,753	8,305,899	455,490.39	
4	Operational risk	51,699,932	48,760,795	6,203,991.85	
5	Total (1 + 2 + 3 + 4)	267,344,748	286,623,313	32,081,370	

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	(17,071,892)
4	Net after tax profits current year-to date (50% only)	2,897,342
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	193,370,051
8	Goodwill and other intangible assets	(2,970,496)
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	(13,044,855)
26	Other deductions determined by the Central bank	-369,038
28	Total regulatory adjustments to Tier 1 capital	176,985,662
29	Tier 1 capital	176,985,662
	Tier 2 capital: Supplementary capital	
46	Revaluation reserves on fixed assets	
47	Unencumbered general provisions for losses (not to exceed 1.25% of RWA)	1,533,183
48	Hybrid capital instruments	
49	Subordinated debt (not to exceed 50% of core capital subject to a discount factor)	
58	Tier 2 capital	1,533,183
59	Total regulatory capital (= Tier 1 + Tier2)	178,518,845
60	Total risk-weighted assets	286,623,313
	Capital adequacy ratios and buffers	
61	Tier 1 capital (as a percentage of risk-weighted assets)	61.75%
63	Total capital (as a percentage of risk-weightedassets)	62.28%

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	
	Minimum statutory ratio requirements	
70	Tier 1 capital adequacy ratio	61.75%
71	Total capital adequacy ratio	62.28%

Credit quality of assets

The below table shows acomprehensive 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	8,526,415	148,142,767	2,814,213	1,533,175	536,668	152,321,794
2	Debt Securities						
3	Off-balance sheet exposures		78,091,328				78,091,328
4	Total	8,526,415	226,234,095	2,814,213	1,533,175	536,668	230,413,122

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	5,700,298
2	Loans and debt securities that have defaulted since the last reporting period	5,506,568
3	Returned to non-defaulted status	1,874,034
4	Amounts written off	806,417
5	Other changes	
6	**Defaulted loans & advances, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)**	8,526,415

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 Sept 2026