

**Main Highlights of CAE's Audit Committee
Meeting held on 27 October 2021**

The Audit Committee Meeting was held on Wednesday, 27 October 2021, at 10:00 am.

The meeting was attended by:

Dr. Adel Danish	Non-Executive Board Member – Chairman of Committee (By Video Conference)
Mr. Assem Ragab	Non-Executive Board Member – Member of Committee
Mr. Paul Carite	Non-Executive Board Member – Member of Committee (By Video Conference)

Attendees:

Mr. Hesham Helmy	Head of Internal Audit (CAE)
Mr. Samer Masoud	Deputy Head of Internal Audit (CAE)
Mrs. Hala Ragab	General Counsel & Corporate Secretary (CAE)
Mr. Amr Fathy	Head of Compliance (CAE)
Mr. Hany Nassef	Chief Financial Officer "CFO" (CAE)
Mr. Ahmed Awaad	Partner – Ernst & Young
Mr. Rashad Hosny	Partner – Mazars, Mostafa Shawky & Co.
Mr. Ayman Fawzy	Financial Administration (CAE)
Mr. Hany Mounir	Risk Dept. (CAE)
Mr. Haytham Abdel-Hakim	Head of Operational Risk & Permanent Control
Mr. Emmanuel Arribat	Observer with Expertise – CASA (By Video Conference)

The following are the key issues discussed:

- 1) Looking into the status of implementation of the decisions and recommendations of the previous meeting of the Audit Committee.
- 2) Reviewing the Bank's financials for the period ended 30/9/2021.
- 3) Reviewing the Internal Audit Dept.'s report including the audit missions performed in the third quarter of the year 2021; following up the executed part of the Audit Plan for 2021; the Internal Audit Dept.'s assessment of the performance of branches & departments during Q3 of the

year; the key recommendations of the Internal Audit Dept. to monitor and improve the Bank's internal control environment & maintaining the Bank's assets.

- 4) Follow-up on the reports submitted by the Risk Dept. including a report from the Operational Risk & Permanent Control Dept., as well as reports submitted by the Head of Compliance for the period ended 30/9/2021.
- 5) Reviewing the reports prepared by the Head of Legal Dept. on the status of the legal risks facing the Bank.
- 6) Discussing the External Auditors' opinion on the financial statements prepared for the period ended 30/9/2021.

Key Decisions taken by the Audit Committee:

- 1- The Head of Compliance Dept. of the Bank is to submit an updated report to the Audit Committee on the Key Performance Indicators (KPI) to evaluate the performance of one of the services provided by the Bank from the point of view of CAE's customers.
- 2- The Head of Compliance Dept. of the Bank, in coordination with the Head of SMEs Dept., is to submit an updated report to the Audit Committee on the performance of the SMEs loan portfolio, the qualitative and quantitative criteria used to classify these companies within the framework of the initiative of the Central Bank of Egypt (CBE), and the procedures and results of internal control of the performance of the loans portfolio of these companies in light of the CBE's recent regulations.
- 3- The Audit Committee approved amending the audit plan for the year 2021, by including one of the audit missions instead of another mission, and transferring one of the audit missions to the 2022 audit plan. The Audit Committee also approved the audit plan for the year 2022 prepared in accordance with the Risk-Based Approach.
- 4- The Audit Committee has no objection to recommending to the Board of Directors to approve the additional special task submitted by the Bank's Financial Administration, with the fees estimated for it to perform this special task as soon as possible, subject to the approval of the Board of Directors.

- 5- The CFO of the Bank is to submit an updated position to the upcoming Audit Committee meeting regarding the calculation and recording of the depreciation of the bank's fixed assets.
- 6- The Head of Compliance of the Bank is to submit an updated position to the upcoming Audit Committee meeting regarding rectification of the key findings contained in an audit report of CBE.
- 7- The Audit Committee confirmed that the reports presented to it by the Head of Compliance Dept. should include a summary of the main findings related to compliance, in addition to the results of the internal control procedures implemented in this regard accompanied by the necessary corrective action plan.
- 8- The Head of Internal Audit is to continue to present a summary of the results of the audit missions performed on the Bank's branches, accompanied by presenting the main findings contained in the reports of the Internal Audit Department on these branches.
- 9- The Head of Retail is to present the action plan set to continuously monitor and improve the internal control environment at the level of branches.
- 10- The Audit Committee confirmed that the target percentage for the "know Your Customer (KYC)" update is 100% of the annual quota for all departments. The Audit Committee requested a continuous update from the Compliance Department in this regard.
- 11- The Head of Compliance Dept. is to submit an updated report to the Audit Committee on one of the products offered by the Bank to customers, including the existence of adequate work procedures and the relevant automated controls.
- 12- The Head of Operational Risk & Permanent Control Dept. of CAE is to submit an updated report to the Audit Committee on one of the work procedures regarding entering updated data into the bank's system, and the corrective action plan set to avoid the presence of outdated data within the system.
- 13- In coordination with other departments, the Head of Operational Risk & Permanent Control Dept. is to submit an updated position to the upcoming Audit Committee meeting regarding the implementation of the new system related to reporting the Aggregate Client Positions,

together with an updated position on the latest regulations issued in this regard to ensure full compliance with the CBE's regulations.

- 14- The Head of Bank Operations is to submit an updated position to the Audit Committee regarding the development, updating and automation of the work procedures of entering some customer data into the system at the time of receiving them, in order to avoid relevant operational and legal risks.

Dr. Adel Danish

**Chairman of Audit Committee
& Member of Board**

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