

## Main Highlights of CAE's Audit Committee Meeting held on 2<sup>nd</sup> February 2016

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The Audit Committee Meeting was held on Tuesday 2<sup>nd</sup> February 2016 at 09:30 am.

### **The meeting was attended by:**

Mr. Laurent Fromageau	Non-Executive Board Member – Chairman of Committee
Mr. Hassan Hegazy	Non-Executive Board Member – Member of Committee
Mr. Assem Ragab	Non-Executive Board Member – Member of Committee

### **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. Sameh Moustafa	Head of Compliance (CAE)
Mr. Tamer Abdel-Tawab	Partner – PricewaterhouseCoopers
Mr. Wessam El-Sayed	Manager – PricewaterhouseCoopers
Mr. Aziz Maher	Partner – Hazem Hassan & Co.
Mr. Ahmed Ibrahim	Partner – Hazem Hassan & Co.
Mrs. Pascale Bohn	Chief Financial Officer "CFO" (CAE)
Mr. Tarek Fouad	Financial Administration (CAE)
Mr. Mohamed Mokhtar	Financial Administration (CAE)
Mr. Ayman Fawzy	Financial Administration (CAE)
Mrs. Dina Waheeb	Deputy CRO
Mr. Carlos de Cordoue	Director in CACIB (Subsidiary of Credit Agricole Group "CASA")
Mr. Jean-Philippe Laval	Director (Credit Agricole Group "CASA") "via Phone Conference"

**The following are the most important items discussed:**

- 1) Looking into the status of implementation of the decisions and recommendations of the previous meeting of the Audit Committee.
- 2) Studying the Bank's financial statements for the period ended 31/12/2015, including the financial analysis of the Bank's subsidiary company "EHFC".
- 3) Considering the appointment / reappointment of External Auditors for the F/Y 2016 and the proposals for any additional services required of them.
- 4) Reviewing the reports issued by the Internal Audit Department of the Bank including an annual report on the Committee's activity & the key recommendations issued by the Committee during the year 2015 and the Internal Audit Dept.'s assessment of the branches & departments audited in the previous year; presenting the most important recommendations of the Internal Audit Dept. to monitor and improve the internal control environment & maintaining the Bank's assets; and also presenting the data of the staff members of the Internal Audit Dept. and their levels of training and qualification, in addition to submitting the Internal Audit Dept.'s Plan for 2016 to the Audit Committee for approval.
- 5) Reviewing the reports submitted by the Bank's Risk Dept. regarding the evaluation of collaterals provided by customers against the financing and credit facilities provided to them.
- 6) Follow-up on the reports submitted by the Risk Dept. including a report from the Department of Permanent Control & Operational Risk, as well as reports submitted by the Head of Compliance for the period ended 31/12/2015.
- 7) Reviewing the reports of Head of Legal Dept. on the litigation status of the lawsuits brought against or by the Bank and presenting the recommendations of the Legal Department in this regard.
- 8) Reviewing the reports submitted by the External Auditors for the F/Y ended 31/12/2015.

### **Key Decisions taken by the Audit Committee:**

- 1) The CFO shall update the Audit Committee with a detailed statement showing the results of the action plan set for improving the controls of the periodic regulatory reports, together with urging the process of finishing the development of these reports.
- 2) The Head of Financial Control shall provide the Audit Committee with an updated study on the extent of the progress in the Internal Control Procedures applied to the financial statements and the reconciliations thereof.
- 3) The Head of Compliance shall provide the Audit Committee with the updated position regarding the control procedures applied to make sure of adherence to the rules, regulations and procedures of a compliance program.
- 4) The CRO shall provide the Audit Committee with an updated report on the progress of the Internal Control Procedures applied to the financial data presented by the credit customers to make sure of the quality thereof.
- 5) The COO shall provide the Audit Committee of November 2016 with a study on the Bank's future plans for upgrading the system of IT control.
- 6) The Head of Compliance shall provide the Audit Committee with an updated position regarding the fraud prevention system, using – if possible – some comparative data of Credit Agricole Group.
- 7) The CFO shall provide the Audit Committee with the bases followed for applying the ICCAP.
- 8) The Committee discussed re-appointment of the External Auditors and the fees thereof.
- 9) The Committee reviewed the Internal Audit Dept.'s report of following up the audit recommendations to improve the internal control environment in the Bank. The Committee also requested the Head of Internal Audit Dept. to provide the Committee with the updated position in this concern.

- 10) The Committee reviewed and ratified all the data of the Bank's Internal Audit staff including the levels of training and qualifying the employees to perform the tasks assigned to them.
- 11) The Audit Committee approved the 2016 Audit Plan.
- 12) The Audit Committee approved its Annual Report for 2015 that shall be submitted to the Board of Directors for ratification.
- 13) The Audit Committee recommends applying the (Dashboard) in terms of the data required to be submitted to the Audit Committee, previously approved.
- 14) The Head of Compliance of the Bank shall provide the Audit Committee with the results of the risk assessment for one of the compliance programs applied in cooperation with Credit Agricole Group in France.
- 15) The Head of Compliance shall provide the Audit Committee with the updated position of the action plan of updating the KYC forms, and providing the Audit Committee – on a regular basis – with the results of the action plans set to update the forms on the due date.
- 16) The CRO shall coordinate with the concerned departments to work on renewing the expired credit facilities of some credit customers and also provide the Audit Committee with the updated position thereof.
- 17) The Committee reviewed the reports submitted by the CRO of the Bank about reviewing the values of collaterals provided by customers against the financing and credit facilities granted to them.

**Laurent Fromageau**

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

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