

Main Highlights of CAE's Audit Committee
Meeting held on 31st January 2017

The Audit Committee Meeting was held on Tuesday 31st January 2017 at 12:00 noon.

The meeting was attended by:

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| Mr. Assem Ragab | Non-Executive Board Member – Chairman of Committee |
| Mr. Hassan Hegazy | Non-Executive Board Member – Member of Committee |
| Mr. Mazen Manaa | Non-Executive Board Member – Member of Committee |

Attendees:

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| 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. Ahmed Ibrahim | Partner – Hazem Hassan & Co. |
| Mrs. Pascale Bohn | Chief Financial Officer "CFO" (CAE) |
| Mr. Tarek Fouad | Financial Administration (CAE) |
| Mr. Ayman Fawzy | Financial Administration (CAE) |
| Mr. Jerome Legrain | Chief Risk Officer "CRO" (CAE) |
| Mrs. Dina Waheeb | Deputy CRO |
| Mr. Jean-Philippe Laval | Director (Credit Agricole Group "CASA") |
| Mrs. Cecil Bennehard | Director (Credit Agricole Group "CASA") |

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 31/12/2016, including the financial analysis of the Bank's subsidiary company "EHFC".
- 3) Considering the appointment / reappointment of External Auditors for the F/Y 2017 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 2016 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 explaining 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 2017 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 31/12/2016.
- 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 31/12/2016.

Key Decisions taken by the Audit Committee:

- 1) In cooperation with the CFO, the Head of Bank Operations shall provide the Audit Committee with an updated study on the extent of progress in the automation of the financial data and the reconciliations thereof, as well as the internal control procedures applied thereto.

- 2) The Head of Internal Audit shall proceed with following up the implementation of the rectification plan related to an audit report.
- 3) The CRO shall examine the proposals discussed during the Audit Committee meetings to complete some documents related to a group of credit customers, update the credit studies on the due dates and provide the Audit Committee with the updated position on this matter
- 4) The CRO shall provide the Audit Committee with a study on the change of the FX rates on some customers of the Bank, together with any provisions booked in this regard.
- 5) In cooperation with the CFO, the CRO shall provide the Audit Committee with a study on the impact of any FX rate changes on the Bank's financials.
- 6) The Audit Committee recommended re-appointment of KPMG and Ernst & Young as external auditors of the Bank for the F/Y 2017, for whom the proposed fees were approved.
- 7) The Committee stressed that in the event of the need to propose any additional services to the External Auditors, the Financial Administration of the Bank shall coordinate to submit all details to the Audit Committee before taking any steps.
- 8) The Head of Internal Audit shall follow up the implementation of the rectification plan for an audit report on the IT system.
- 9) The Committee reviewed and ratified the Bank's Internal Audit Report of following up the audit recommendations for improving the Bank's Internal Control Environment.
- 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 Audit Plan for the year 2017.
- 12) The Audit Committee approved the Annual Report on the Committee's Activities for the year 2016.
- 13) The Retail Banking Dept. shall make use of the findings mentioned in the Audit Reports on the Bank's branches when preparing the training plans for the staff of branches.

- 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 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.
- 16) The Head of Legal Dept. of the Bank shall provide the Audit Committee with a study on the litigation cases of the retail customers after being compared with past periods and comment on any increase in this regard.
- 17) The Head of Legal Dept. of the Bank shall provide the Audit Committee with the updated position of some tax lawsuits for previous periods, together with studying the possibility of reconciliations in those lawsuits.

Assem Ragab

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

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