

Main Highlights of CAE's Audit Committee
Meeting held on 1st November 2016

The Audit Committee Meeting was held on Tuesday 1st November 2016 at 10:00 am.

The meeting was attended by:

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:

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. Jerome Legrain	Chief Risk Officer “CRO” (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)
Mrs. Dina Waheeb	Deputy CRO

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 30/9/2016, including the financial analysis of the Bank's subsidiary company "EHFC".
- 3) Reviewing the report issued by the Internal Audit Department of the Bank including the audit missions fulfilled in Q3 of the year 2016 and following up the part performed out of the Audit Plan for 2016, the Internal Audit Dept.'s assessment of different branches and departments during Q3 of the year, the main recommendations of the Internal Audit Dept. for monitoring and improving the Bank's Internal Control Environment and maintaining the Bank's assets, as well as submitting the data of the Internal Audit staff & their levels of training and qualification.
- 4) 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.
- 5) 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 30/9/2016.
- 6) 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.
- 7) Reviewing the reports submitted by the External Auditors for the period ended 30/9/2016.

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 Audit Committee shall examine the report submitted by the CRO to the Board of Directors regarding the application of the ICCAP; and according to that report, the Audit Committee shall decide whether it is needed to submit further reports or not.
- 4) 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.
- 5) The Head of Internal Audit shall proceed with following up the implementation of the rectification plan related to an audit report.
- 6) The CRO shall study the plan and procedures set for the completion of some documents related to a group of credit customers to ensure providing all documents on the due dates.
- 7) The CFO shall provide the Audit Committee with a study on the extent of impact of any changes in the foreign exchange rates or the interest rates on the data of the Bank's balance sheet.
- 8) The CRO shall provide the Audit Committee with a study on the extent of possibility of having any impact of any probable change in the exchange rates on the Bank's provisions booked.
- 9) The Managing Director of EHFC (a subsidiary of the Bank) shall provide the Audit Committee with the plan set for rectification of some findings of the Internal Audit Dept. on an IT program.
- 10) The Head of Internal Audit shall provide the Audit Committee with an updated status of the results of the current CBE Audit Mission and the final rectification plan thereof.
- 11) The Head of Internal Audit shall provide the Audit Committee with the updated position of the new employees needed for the Internal Audit Department.
- 12) 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.
- 13) 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.

- 14) The Head of Branches shall provide the Audit Committee with the action plan set for treating any delay from the Relationship Officers in terms of responding to the inquiries of the Compliance Officers.
- 15) The Committee reviewed the reports submitted by the CRO of the Bank about reconsidering the values of collaterals provided by customers against the financing and credit facilities granted to them.

Assem Ragab

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

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