

Main Highlights of CAE's Audit Committee

Meeting held on 6th November 2018

The Audit Committee Meeting was held on Tuesday 6th November 2018 at 10:00 am.

The meeting was attended by:

Mr. Paul Carite	Non-Executive Board Member – Chairman of Committee
Mr. Assem Ragab	Non-Executive Board Member – Member of Committee
Mrs. Mona El-Baradei	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)
Mr. Hala Ragab	General Counsel & Corporate Secretary (CAE)
Mr. Mohamed Ragaie	Deputy Head of Compliance
Mrs. Nehal El-Shazly	Ernst & Young
Mr. Ahmed Ibrahim	Partner – Hazem Hassan & Co.
Mr. Sherif Abdel-Fadeel	Partner – Hazem Hassan & Co.
Mrs. Pascale Bohn	Chief Financial Officer "CFO" (CAE)
Mr. Franck Flament	Chief Risk Officer "CRO" (CAE)

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) Reviewing the Bank's financials for the period ended 30/9/2018 including the financial analysis of the Bank's subsidiary EHFC.
- 3) Reviewing the Internal Audit Dept.'s report including the report of the External Quality Assurance about the Internal Audit Dept., the audit missions performed in the third quarter of

the year 2018; following up the executed part of the Audit Plan for 2018; the Internal Audit Dept.'s assessment of the 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 & maintain the Bank's assets; and also presenting the organization chart of the Internal Audit Dept., as well as the data of the Internal Audit staff members and their levels of training & qualification, together with submitting the Internal Audit Dept.'s plan for 2019 to the Audit Committee for approval.

- 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 Compliance Dept. for the period ended 30/9/2018.
- 6) Reviewing the reports Head of Legal Dept. on the litigation status of the lawsuits brought against or by the Bank and submitting the recommendations of the Legal Department in this regard.
- 7) Reviewing the reports submitted by the External Auditors for the period ended 30/9/2018.

Key Decisions taken by the Audit Committee:

- 1) The members of the Committee nominated Mr. Emmanuel Arribat to attend the meetings of the Audit Committee and the Risk Committee as an attendee to benefit from his experience in the work of the Audit and Risk Committees, and submitting such nomination to the Bank's Board of Directors for approval.
- 2) The Corporate Banking Head shall provide the Audit Committee with the updated position of the action plans for renewing the KYC Form for Corporate Customers.
- 3) The External Quality Assurance Report on the CAE's Internal Audit Dept. was presented according to the CBE's instructions. The mentioned report had been previously emailed to the Bank's Board of Directors and the Audit Committee where the latter approved the action plan mentioned therein. Both the report and the action plan have been escalated to the Bank's Board of Directors for ratification.

- 4) The Audit Committee approved the amended Audit Plan for the year 2018.
- 5) The Audit Committee approved the Audit Plan for 2019 prepared based according to a risk-based methodology, and also the proposed long-term plan of audit that is reviewed on an annual basis.
- 6) The Audit Committee stressed the application of the “Dashboard” related to the data to be submitted to the Audit Committee that had been previously approved. In addition, in order to apply the best practice, the Audit Committee Charter will be reviewed and updated during the first half of 2019.
- 7) The committee reviewed and approved all the data of the employees of the Internal Audit Department of the Bank, including the updated organizational structure, the job description of all the staff of the Department, the new appointments, the performance of the employees, the levels of training and qualification of the employees to carry out all the tasks assigned to them...etc.
- 8) The Head of Compliance Dept. shall provide the Audit Committee with the updated position of renewing the KYC Form for the Bank’s customers, together with providing the Audit Committee (in coordination with the heads of the concerned departments) with the Road-Map for the timely renewal of this Form.
- 9) The Head of Compliance Dept. shall coordinate with the Secretary of the Executive Committee of the Bank to follow up the application of the rules related to one of the compliance programs and provide the Audit Committee with the updated position on this matter.
- 10) The Head of Compliance Dept. of the Bank shall provide the Audit Committee with the results of one of the compliance programs applied in cooperation with Credit Agricole Group, France.
- 11) In cooperation with the executives of Branches, the Head of Compliance Dept. of the Bank shall provide the Audit Committee with the updated procedures for reviewing the transactions of customers at branch level in light of the regulations of the Central Bank of Egypt in this regard.

- 12) The Audit Committee reviewed the reports submitted by the CRO of the Bank regarding the evaluation of collaterals provided by customers against the financing and credit facilities provided to them.

Paul Carite

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

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