

NATIONAL BANK OF EGYPT**Prospectus for Subscription to the Certificates of the Third Mutual Fund of the National Bank of Egypt (of Periodic and Cumulative Returns)****1. Name of the Mutual Fund (M.F.):**

The Third Mutual Fund of the National Bank of Egypt of periodic and cumulative returns.

2. Size of the Mutual Fund (M.F.)

The size of the Fund has been fixed at L.E.200 million (two hundred million Egyptian pounds) divided into 2 million certificates for a nominal (par) value of L.E.100 each. It is an open end mutual fund to which the National Post Authority shall subscribe for one million certificates worth 100 million Egyptian Pounds.

The volume of the M.F. may be increased subject and without prejudice to Art. 175 of the Executive Regulations of Law No.95 for 1992, which provides that the maximum limit of the investments of the Investors in the Mutual Fund shall be twenty times as much as the amount allocated for exercise of such activity.

3. Objectives of the Mutual Fund (M.F.):

The M.F. aims at realization of the largest possible growth of its investments without exposure to high risk in order to maintain the moneys invested therein. This can be achieved through investment in a diversified portfolio of securities to be managed by specialized experts. The Fund also aims at distribution of quarterly profits to the holders of the M.F. investment certificates.

4. Legal Status:

The Third Mutual Fund of the National Bank of Egypt (of periodic and cumulative return) is one of the activities of the N.B.E. authorized by the Central Bank of Egypt on 15.3.2005 and according to provisions of the Capital Market Law promulgated by Law No.95 for 1992 and its Executive Regulations and the authorization of the Capital Market Authority No.334 on 12.5.2005.

5. Term of the Mutual Fund (M.F.):

Five (5) years, renewable, starting from the date of the authorization by the Capital Market Authority for the fund to exercise its activities.

6. The amount allocated (Set apart) for exercise of the activity:

The National Bank of Egypt has allocated the sum of L.E.10 mn. (ten million Egyptian pounds) for the exercise of the activities, divided into 100 thousand certificates the whole of which the National Bank of Egypt (NBE) has subscribed. Such amount is increasable (such amount shall be referred to hereinafter as the segregated amount). The National Bank of Egypt may not redeem such certificates or dispose thereof prior to expiry of the term of the Mutual Fund. In case of increase or decrease of the volume of the Fund, the NBE shall be entitled to increase or decrease the amount of its participations therein, provided, however, that the percent of its participation therein shall not be less, in any case, than 5% of the number of the certificates or the sum of L.E.10 million whichever is larger. The NBE may purchase certificates issued by the Fund provided that the total amount of the certificates owned by the NBE shall not be higher than 25% of the total number of such certificates at any time (including the segregated amount) and provided further that in case the amount of the investment certificates subscribed to by the NBE exceeds 25% of the value of the M.F., such excess shall not be included in the voting share in the group of certificate holders or in voting on any amendments to the Subscription prospectus. The NBE shall have the right to redeem the value of the certificates exceeding the segregated amount at any time.

7. M.F. Investment Certificates :

The National Bank of Egypt shall subscribe to 100 000 certificates of a value of L.E.10 million and the National Post Authority shall subscribe to one million certificates of a value of L.E.100 million, while 900 000 certificates shall be floated for public subscription for an amount of L.E.90 million (ninety million pounds) with a nominal value of L.E.100 which shall be indivisible. The certificates shall confer on the holders thereof equal rights toward the M.F., each certificate representing a proportionate share in the net amount of the Fund Assets and may not be circulated among the holders thereof by purchase or selling.

8. Premises of the Fund:

1187 Corniche El Nil – National Bank of Egypt Tower, Cairo Plaza, Cairo

9. Currency of the Fund:

The currency in which the certificates shall be issued is the Egyptian pound. The assets and liabilities evaluation and the preparation of the financial statements shall be in such currency; Likewise, subscription to the certificates, redemption thereof and liquidation shall be in such currency.

10. Subscription to the investment certificates issued by the Mutual Fund:

The right to subscribe to the investment certificates to be issued by the Mutual Fund shall be for Egyptians and foreigners alike, whether they be individual or institutional investors, in accordance with the conditions included herein. The Subscriber shall pay the sum of its subscription to the Fund immediately upon coming forward for subscription on the relevant subscription form available at the NBE branches, offices and correspondents made available for dealing in the M.F. certificates. Such subscription shall be effected by a book entry of the number of the certificates in the customer's account with the NBE which obtained the Depositary Licence from the Capital Market Authority on 11.6.2002. The mere entry of the name of the certificate – holder in the Bank records shall be deemed as issuance of the certificate.

11. Minimum and Maximum limits for subscription to the Fund:

The minimum amount of subscription to the M.F. shall be five (5) certificates, without any maximum amount. Subscribers may deal with the Fund by selling or buying one certificate after completion of the subscription process. Denominations of the certificates shall be: 1, 5, 10, 25,50, 100 or 1000 certificates, each of which representing a proportionate share in the net amount of the Fund assets equal to other similar certificates.

12. Duration of Subscription:

Public subscription to the Fund investment certificates shall be available 15 days after publication of the Subscription Prospectus in a daily newspaper and shall last for two months. Subscription duration may be terminated 15 days after opening date for subscription even before elapse of the period fixed for subscription if the whole amount of the subscription is covered.

13. The Bank receiving subscriptions:

The National Bank of Egypt in all its branches all over the A.R.E., its offices and all its correspondents that are made available for dealing in the M.F. certificates.

14. Places where the Subscription Prospectus shall be available:

The National Bank of Egypt in all its branches and the Capital Market Authority.

15. Marketing the investment certificates issued by the Fund:

In marketing its investment certificates, the Fund shall depend on the N.B.E in all its branches and offices throughout the Arab Republic of Egypt, the offices of the National Post Authority, throughout the A.R.E. The N.B.E. may conclude agreement with any of the Banks that are subject to the supervision of the Central Bank of Egypt, advising the Capital Market Authority thereof, provided that the objective of such agreements shall be marketing the Fund amongst customers of such banks and investments in the M.F. certificates, without prejudice to the liability of the NBE towards certificate – holders and without charging them with any extra amounts other than those included in the prospectus.

16. The Investment Policy of the Fund

The Management of the Fund shall adopt conservative investment policies designed to maintain the moneys of the Fund and to protect them from fluctuations of the Stock Exchange, to achieve maximization of the return on assets, minimization of the volume of risks via diversification of the investment policy, good selection of the invested portfolio of securities so that an amount equal to 50% to 60% of the M.F. portfolio shall be in the form of shares traded on Stock Exchange and 50% to 40% shall be in the form of fixed-income securities. The Investment Manager shall be committed to conducting analytical studies, reckoning with the prevailing economic circumstances and shall comply with the investment conditions provided for under the Capital Market Law, observing also that the Fund investment policies shall be limited to the following:

- (a) Purchase of local bonds, including governmental bonds and nongovernmental bonds for good and strong companies listed on the Stock Exchange in Egypt, the credit rating of which, as issued by one of the credit-rating companies authorized by the Capital Market Authority shall not be less than BBB-.
- (b) Purchase of bonds in foreign currency issued by Egyptian Governmental entities, listed on the stock exchanges that are subject to supervision of a governmental regulatory authority having similar powers to those of the Egyptian Capital Market Authority.
- (c) Purchase of shares of companies listed on one of Egyptian or foreign stock exchanges that are subject to the supervision of a governmental regulatory authority having competencies similar to those of the Egyptian Capital Market Authority.
- (d) Investment in investment certificates issued by other mutual funds.
- (e) Realization of the largest possible growth in the components of the Fund by concentrating on the securities of successful companies and those for which growth in profits is expected

- (f) The ratio of the amount invested in purchase of the securities of any one company shall not exceed 10% of the assets of the Fund or 15% of the securities of such Company and the percent of the Fund investment in certificates issued by other mutual funds shall not exceed 10% of the assets of the Fund and shall not exceed 5% of the assets of each fund subscribed to. No investment may be made in funds established by the Bank or in which the Bank participates.
- (g) Investment of the moneys of the Fund may be made in securities owned by the Bank provided that announcement of the entity issuing such securities shall be made and provided further that such investment shall be made at the fair value of such securities as declared true and accurate by the Bank Auditors and that purchase shall be based on the most recent market price according to the latest closing price announced.

17. Profits of the Fund:

Determination of the Fund profits shall be based on the last income statement prepared for the purpose of determination of the net profit or loss for the period for which the financial statements are prepared and the income statement shall be prepared as per the guiding models included in Appendix No.3/D attached to the Egyptian Accounting Standards, provided that the profits of the Fund shall include, in particular, the following revenues:

- The distributions collected (both in cash and in kind)
- The interest accrued
- The gains resulting from sale of securities.

The following items shall be deducted:

- Losses resulting from sale of securities
- Losses resulting from fall in the net market value of the securities
- Expenses of publication and marketing. The Fund shall bear the marketing costs relating to marketing of the certificates. The amount accrued in respect thereof shall be calculated daily for the purpose of determination of the net value of the certificate at the end of every day.

- Investment Manager's fees and Bank commissions.
- The amount due to the Auditors and the other expenses due by the Fund.
- The provisions that ought to be formed.

Taking into consideration the provisions of Article 160 of the Executive Regulations which prescribe setting apart 50% of the increase in the market value of the securities as a capital reserve.

18. Selling value of the Investment Certificates issued by the Fund:

The selling price of the M.F. investment certificates shall be determined on the basis of the latest evaluation which is made at the end of every banking workday, in the manner elaborated on under clause 19 hereof, provided that purchase shall be effected during working hours of the official working days.

Purchase of the M.F. investment certificates shall be effected by making a book entry of the number of the certificates bought, in the customer's account with the National Bank of Egypt.

19. Redemption of the certificate:

The Fund shall publish the redemption price of the certificate daily in a widely-distributed morning newspaper.

The owner of the certificate (or his/her legally authorized representative) may recover the value of all or some of the investment certificates to which he subscribed or which he bought, upon submitting thereof to the branches of the N.B.E. on day at a time not later than 12.00 noon during working hours and in accordance with the redemption value of the certificate announced on the day of redemption. Such recovery shall be effected on submission of an application for redemption signed by the owner of the certificate (or his legal representative) and such redemption shall be effected by making a book entry of the number of the certificates redeemed in the customer's account with the N.B.E.

-Redemption value shall be determined on the basis of the share of the certificate in the net value of the Fund assets at the end of the banking workday in the following manner:

- a) Total cash in hand and with banks
- b) Revenues accrued concerning the period but not yet collected.
- c) Plus the amount of current investments in securities as follows:
- * Securities listed on stock exchanges on the basis of the closing prices prevailing at the time of evaluation. The Investment Manager may, in case of absence of any trading on one or more of the securities for a period not less than one month, evaluate the said security (securities) at a price less than the price determined under the preceding paragraph by not more than 10% of such price.
 - * the treasury bills evaluated at the net present value
 - * Investment certificates of the other mutual funds of banks and insurance companies evaluated on the basis of the latest redemption value announced.
 - * For purposes of evaluation, the Foreign Exchange Banking Market prices at the N.B.E. shall be used upon determination of the amount equal to the Egyptian pounds for the foreign securities and also for the Egyptian securities issued in a foreign currency
 - * Remaining elements of the assets and liabilities shall be evaluated according to the Egyptian and the International Accounting Standards
- d) the following shall be deducted:
- * the creditor banks' accounts, provisions and any other current liabilities
 - * Management commissions, expenses and fees of securities custody and deposit, brokerages, commissions of other banks as well as publication expenses, Fund Auditors' fees accrued and all administrative expenses accrued but not yet deducted.
- e) The net sum of the above items shall be divided by the number of M.f. investment certificates outstanding at the end of the bank workday.

20. Investor's withdrawal at the end of maturity period (5 years):

In case of redemption at the end of the period of participation in the Fund, being 5 years, no commission for redemption shall be deducted and the Investor shall receive the redemption value of the certificates in full.

21. The Investment Manager:

In application of the provisions of the Capital Market Law and its Executive regulations, prescribing that the management of the Fund shall be undertaken by an entity having experience in the management of Mutual Funds, and since the N.B.E is keen to entrust an entity having experience in the management of mutual funds with the management of the Fund, it entered into contract with HC Securities & Investment Co. on 7.12.1995, as it is an Egyptian Joint-stock company subject to the provisions of Law No.230 for 1989 and its Executive regulations and Law No.95 for 1992 and its Executive regulations. It is a company specialized in the practise of the activity of management of mutual funds. Mr. Hussein Hassan Choucri is the Chairman of its Board of Directors and Managing Director of the Company which manages a number of local mutual funds in addition to a number of securities' portfolios of Egyptian and foreign entities, banks, companies and individuals.

22. Obligations of the Investment Manager:

* The Investment Manager shall commit itself to be assiduous and careful in its management of the moneys of the Fund as a careful man should be in the manner expected of a person specialized and having a wide experience in this field. It shall avoid any act or disposal that could create a conflict of interests upon its investment of the moneys of the Fund and in particular it shall not obtain for itself, its managers or employees any gain or advantage from the operations and transactions performed by it or have any interest whatsoever in any of the companies in whose securities it deals.

* The Investment Manager shall keep independent accounts for management of the moneys invested in the Fund, which shall be set down in regular books and records in accordance with the rules and instructions determined by the Capital Market Authority

- * The investment Manager shall not make or fabricate fictitious operations aiming at increasing brokerage or other charges or fees
- * the Investment Manager shall not use the moneys of the Fund for establishment of new companies, purchase of companies under liquidation or in a bankruptcy condition.
- * The Investment Manager shall allow the M.F. Auditors access to the books and documents relative to the Fund's invested moneys and shall furnish them with such data and clarifications as may be required by them within a period not exceeding three days from the date of requesting them.
- * The Investment Manager shall distribute and diversify the investments of the Fund to distribute the risks thereby and to ensure realization of the feasibility of the investment targets of the Fund.
- * The Investment Manager shall not exercise any banking business in the name and behalf of the Fund and in particular shall not lend or stand surety for a third party in respect of repayment of his/its debts.
- * The Investment Manager shall comply with and observe the principles of honesty, good faith and transparency in its transactions in the name and on behalf of the Fund.
- * The Investment Manager undertakes to furnish the Capital Market Authority with adequate information on the Securities in which the Fund invests its money according to the rules included in the Executive Regulations of the Capital Market Law.
- * The Investment Manager undertakes to deposit on a daily basis such amounts as shall be recovered by it from the certificate – holders, depositing same in the Fund a/c with N.B.E

- * The Investment Manager may not announce or publish any incorrect or incomplete data or information about the moneys invested in the Fund, shall maintain confidentiality of the information pertaining to investments of the Fund and shall not divulge them to any third party excepting such information

as shall be required by the Capital Market Authority, the regulatory or judicial entities under the provisions of the law.

* The Investment Manager shall furnish the Bank with semi-annual reports on the performance of both the Market and the Fund.

* The Investment Manager may establish and release bank deposits, open and close accounts, purchase and sell treasury bills and bonds in the name of the Fund, at the National Bank of Egypt or at another bank that shall be subject to the C.B.E.'s supervision provided that disposal of or transaction on such accounts shall be by virtue of orders in writing issued by the Investment Manager.

* The Investment Manager may not represent the Fund in boards of Directors of the companies in whose capital the Fund participates

* The Investment Manager may not carry on any business from which the Fund managed by it is prohibited,

* Neither the Manager nor its staff may subscribe to or purchase investment certificates of the Fund managed by it. The Manager shall not invest the moneys of the Fund in certificates of another Fund managed by it.

* In its management of the Fund moneys, the Investment Manager shall exert the care expected from a careful man in distribution of the transactions performed through the market among the Funds managed by it in a fair and just manner.

* The Investment manager shall always maintain an adequate level of liquidity to meet applications for redemption of investment certificates in accordance with the redemption conditions included in the subscription forms of such certificates.

* The Investment Manager should not borrow in the name of the Fund without consent thereto by the NBE. In case of borrowing, the borrowed moneys shall be invested in instruments and tools of investment having a fixed yield and low risk and also to meet applications for redemption which might exceed the liquid moneys in the Fund and provided further that this shall be limited to the narrowest possible extent. The Investment Manager

may not secure or obtain for himself or for the members of the Board, of Directors, his/its managers or employees any gain or advantage from the operations transacted by it

* The Investment Manager shall be prohibited from getting any interest or advantage whatsoever from the companies in whose securities it deals for account of the Fund managed by it.

* The Investment Manager shall not buy any securities unlisted on the Egyptian Stock Exchange, securities unlisted on any Stock Exchange abroad or securities listed on a stock exchange not subject to the supervision of regulatory governmental control authorities abroad.

* In case of change of the Investment Manager, the former Investment Manager shall be under the obligation to prepare the financial statements of the Fund as at the date of such change, which statements shall be approved by the Fund Auditor.

23. Investment Manager's Fees

* Fees in return for its management of the fund and rendering its technical services, at the rate of 0.4% (four per mill) of the net amount of the assets quarterly evaluated to be calculated daily. Such fees shall be paid at the end of each quarterly period.

* Performance fees at 7.5% (seven and a half percent) per annum to be calculated and paid at the end of every year on the basis of the net profits of the Fund in accordance with the Income Statement approved by the Fund's Auditors at the end of the year on the amount by which the profits exceed the rate of borrowing and discount announced by the Central Bank of Egypt plus 2%. Such fees shall accrue whenever the Fund realizes a yield for the year exceeding such percent. The fees shall be paid after being approved by the two auditors of the Fund at the end of the year. No such fees shall accrue in case the value of the certificate falls below its nominal (par) value or its value at the beginning of the year whichever is the higher.

24. Obligations of the National Bank of Egypt

The National Bank of Egypt (NBE) shall:

- Keep independent accounts of the Fund and keep books and records as shall be necessary for the good performance of the Fund.
- Keep with it the securities in which the Fund invests all or part of its moneys.
- Market the certificates which the Fund issues for its customers (consisting of establishments, companies and individuals).
- Management of the certificate holders register
- Advertisement of the Fund in a conspicuous place at all its branches throughout the Arab Republic of Egypt, provided that such advertisement shall make clear the relative advantages which motivate the customers to buy the M.F. investment certificates.
- Daily publication of the latest price of redemption of certificates in a widely-distributed morning newspaper in addition to advertisement thereof at all NBE branches daily.
- The NBE shall make a daily evaluation of the assets of the Fund.
- To give the Fund the treatment accorded to the most favoured customer upon lending it the money which it needs and within the legally allowable limits.
- Publication of an adequate summary of the reports referred to under Law No.95 for 1992 and its Executive Regulations in a widely distributed newspaper published in Arabic
- Furnishing the Capital Market Authority with adequate information on a weekly basis about the securities in which the Fund invests its moneys according to the rules stipulated in the Executive Regulations of the Capital Market Law.
- Furnishing the Capital Market Authority with such documents, data and clarifications as are required by it on the activity of the Fund and the activity of the moneys invested and in particular it shall provide it with quarterly reports on the activity of the Fund and the results of its business, provided that such reports shall contain the information disclosing the correct financial

position of the Fund and provided further that such reports shall be approved by the Auditors.

-The moneys, investments and activities of the Fund shall be segregated from the moneys of the Bank which shall set apart independent accounts separate from the other activities or the deposits of the customers and shall keep such books and records as shall be necessary for practise of the Fund activity.

-It shall inform the Investment Manager of the names of the certificate holders whose holdings of the M.F. investment certificates exceed 5% of the total amount of outstanding certificates.

-Determination of the person(s) who shall represent the Bank in the General Assembly Meetings of the Companies in which the Fund invests.

25. Commissions to be collected by the National Bank of Egypt:

-Commission at the rate of four per mill per annum of the net amount of the assets of the Fund to be paid to the NBE in consideration of its services rendered to investors and its keeping the accounts of the Fund. It shall be payable at the end of each quarterly period (i.e. at start of the months of January, April, July and October).

-Securities Depository Commission: at the rate of three per mill per annum of the market value of the Securities kept in custody with the NBE and pertaining to the Fund.

-Marketing commission at the rate of one fourth percent of any amounts subscribed to via the National Bank of Egypt.

26. Borrowing against investment certificates (as a guarantee):

Certificate-holders may borrow from the NBE against a guarantee of the MF investment certificates in accordance with the lending rules in force at the Bank.

27. Management of the certificate-holders Register and keeping custody of the Securities:

The NBE keeps and manages the certificate-holders Register for the certificates issued by the Fund and undertakes to keep custody of the securities in which the Fund invests part or the whole of its moneys.

28. The Group of Certificate-holders:

The Fund shall have a group of certificate-holders having as its objective the protection of the common interests of its members. The holders of at least 5% of the total number of such certificates issued for the Fund may issue an invitation for constitution of such group which shall be constituted if participation in its membership is accepted by more than one half of the number of the certificates issued.

The Group of certificate-holders shall have from among its members a legal representative, who shall be elected by absolute majority of the holders of more than one half of the number of the certificates issued.

In the procedure of convocation of the share-holders meeting, the presence and voting quorum, the provisions and rules established under Law No.95 for 1992 promulgating the Law on the Capital Market and its Executive Regulations shall be followed. The duties and obligations of the group shall be according to the provisions of the Executive Regulations of the Capital Market Law.

29. The Financial Year and the Auditors:

The financial year of the Fund shall start on the first of January and shall end on the end of December each year, provided that the first year shall include the period that shall elapse between the date of authorizing the Fund to practice its activity until the end of the following financial year.

-Preparation of the financial statements shall be undertaken by the Investment Manager and these statements shall be approved by the Auditors enrolled in the relevant register at the Capital Market Authority at the end of each financial year and shall be issued during the first quarter of the following financial year.

- Preparation of the annual financial statements shall be carried out according to the Egyptian Accounting Standards and in accordance with the guiding models included in Schedule No.2/d attached to the Egyptian Accounting Standards. At the end of every financial year, the Fund Auditors shall prepare the Annual Audit Report, about the financial statements of the Fund, in

accordance with the Egyptian Auditing standards. Both Prof. Dr. Ahmed Mohammed Mohammed Nour and Prof. Dr. Fikry Abdel-Hamid Eshmaoui have been appointed as Auditors for the Fund.

* Quarterly reports on the activity and result of operations of the Mutual Fund shall be provided to the Egyptian Capital Market Authority, after approval thereof by the Fund Auditors. Such reports shall include the data disclosing the accurate financial position of the Fund in accordance with the disclosure rules referred to under Art.179 of the Executive Regulations of the Law on the Egyptian Capital Market, promulgated by Law No.95/1992 and in conformity with the Egyptian and International Accounting Standards.

* Both Auditors of the Fund shall prepare a periodic quarterly examination report on the Balance Sheet and the income statement of the Fund as at the end of the period. Such report shall include the opinion of the said Auditors about the extent of reflection of the said financial statements, in a fair manner, of the financial position and the result of activity of the Fund and shall declare whether there is any need to introduction of significant adjustments or effective amendments to the said financial statements, the extent of conformity of the principles of evaluation of the Fund assets and liabilities as well as the determination of the redemption value of the M.F. during the period under examination to the guidelines issued by the Capital Market Authority in this connection. The Capital Market Authority shall be furnished with the quarterly and the semi-annual reports during the month next following the period and an adequate summary of the semi-annual reports and the annual financial statements shall be published in two morning widely-distributed newspapers, at least one of them shall be in Arabic.

30. Periodic Disclosure of Information:

Every certificate-holder shall be provided by the NBE with a statement on a quarterly basis, showing the number of the certificates to which the holder subscribed, the movement (activity) occurring during such period, along with a report summarizing the performance of the Fund including the various securities in which the Fund invested, the value of each such certificate as per

the latest evaluation approved by the Auditors of the Fund as at the end of the said quarter.

The holders of the M.F. investment certificates shall be entitled to request a statement of account for each of them from the NBE branches at which each of them subscribed

31. Amendment to the Subscription Prospectus

The NBE may amend the Subscription Prospectus upon performing the procedures established under the Capital Market Law promulgated by Law No.95 for 1992 and its Executive Regulations.

32. Return on the certificate:

The Fund targets periodic and cumulative returns as the Fund shall invest the profits realized from its portfolio and shall distribute to the certificate-holders part of the profits realized by the Fund in the form of quarterly dividends.

33. Termination and Liquidation of the Mutual Fund:

The Fund shall terminate whenever its assets become inadequate for continuity of operation of the Fund. However, the Fund may not suspend its operation or liquidate its transactions except after obtaining the approval thereof by the Capital Market Authority after verification of the final discharge of the obligations of the Fund, according to such conditions and procedures as shall be determined by the Board of Directors of the Authority.

In such cases, the Bank may terminate the Fund, on sending a notice thereof to the certificate-holders, in which case, the assets of the Fund shall be liquidated and its obligations paid and settled, while the proceeds of liquidation, after approval thereof by the Fund Auditors, shall be distributed to the holders of the certificates pro rata the proportions which their certificates respectively bear to the total certificates issued by the Fund, provided that this shall be performed during a period not exceeding nine months from the date of such notice.

In case the number of the M.F. investment certificates falls to 25% of the total number of the certificates subscribed to upon closing the subscription, and if such fall continues for six consecutive months, the Fund

Auditors shall notify the certificate-holders thereof, in which case, the holders of at least 5% of the investment certificates may convoke a meeting of the certificate-holders of the Fund to deliberate on its continuity. The Meeting shall be quorate only in the presence of three-quarters of the certificate-holders and the resolutions thereof shall be adopted by the majority of two-thirds of the votes represented therein.

34. General Provisions:

The clauses of the present prospectus shall be subject to the provisions of the Capital Market Law, promulgated by Law No.95 for 1992, its Executive Regulations and the resolutions issued by the Authority in application thereof.

In case any dispute arises between the NBE, the Investment Manager, the Subscribers, the investors or the dealers and transactors with the Fund, such dispute shall be settled by arbitration under the rules of the Cairo Regional Center for International Commercial Arbitration.

-It is noteworthy that the nature of investment in the aforementioned fields may expose the invested capital to certain trading risks ascribable to the nature of transacting therein, including the probability of change in the values of financial investments from time to time in consequence of fluctuations in domestic and international economic and political circumstances, which are factors beyond the control of the Fund Management. Thus anyone desiring to invest his moneys in the Third NBE mutual Fund of periodic and cumulative returns should consider the probability of realization of any of such risks and therefore shall take his decision to invest his moneys in the Fund on the basis of the foregoing.

-Subscription to the M.F. investment certificates shall inevitably involve acceptance of the above clauses and the National Bank of Egypt guarantees the accuracy and truth of the data and information published.

Mr. Mohammed Mohammed
Hassanein Saleh
General Manager & Member
of the Policies Committee

Mr. Hussein Hassan Choucri
Chairman of the Board of Directors
and Managing Director
of HC Securities & Investment
(Investment Manager)

Cairo, 31.3.2005

Auditors' Report

We have audited all the data included in the Prospectus of Subscription to the Third NBE Mutual Fund of the periodic and cumulative dividend and hereby certify that they are in line with the provisions of Law No.95 for 1992, its Executive Regulations and the guidelines issued by the Capital Market Authority, as well as the contract concluded between the Fund and the Fund Investment Manager.

Prof. Dr. Ahmed Mohammed
Mohammed Nour
Auditors Register Sub No.4162
Capital Market Authority
Registry Sub No.68

Prof. Dr. Fikry Abdel-Hamid
Eshmaoui
Auditors Register sub No.4252
Capital Market Authority
Registry sub No.45

This Prospectus has been checked and verified by the Capital Market Authority and found conforming to the provisions of Law No.95 for 1992 and its Executive Regulations and has been approved sub No.313 dated 12.5.2005, taking into consideration that approval by the Authority is not a ratification of the trading feasibility of the activity subject-matter thereof or of the capability of the enterprise for realization of certain results.