



FIRST SOMALI BANK PROSPECTUS 2012

EXECUTIVE SUMMARY

First Somali Bank is a new commercial bank starting in May 2012 in Mogadishu, Somalia. It ventures to capture as its customers the middle- and high-income individuals, the businesses, the government, and foreign entities like NGOs.

FSB is introducing modern banking practices to the country, which hasn't had commercial banking system operating in the country for twenty years. The products include Islamic loan products, a debit card, agency banking, mobile and internet banking and international money transfer. FSB is also the marketing agent for Takaful Somalia from the same group and support also the efforts of Somalia Wireless a premium quality V-SAT internet provider for Mogadishu.

FSB operates according to Islamic Banking rules. This means that on the loans the bank operates more like a building developer and a trading house rather than a traditional commercial bank. A reputable Sharia Supervisory Board guarantees bank's adherence to the rules of Islamic Finance.

THE CHALLENGE

Somalia has been in a very volatile political situation for over 20 years. This affects the legal environment. However, honor-based agreements, customary law, and traditional court system provide legal framework for operations.

The Transitional Federal Government is working on enacting legal framework to govern businesses and banking operations. It is reviving Central Bank of Somalia. The banking law is being fashioned after the strict international banking regulations with the help of various Central Banks.

Somalia has not had any kind of commercial financial system for over twenty years.

Teaching customers to use modern banking products will take some time.

THE STRENGTHS

Since we are one of the first commercial bank in the Somali market we will be able to build brand loyalty. First Somali Bank intend to set the best practices as requested by the international compliance rules. The bank has a very experienced management team.

First Somali Bank bases its operations in modern computing systems. This allows the bank to operate efficiently. It also helps FSB to offer modern products like agency banking, smart card based debit cards, mobile and internet banking and effective international money transfer. The banks runs a system based on biometric data to identify clients. The bank is planning to set up 100 banking agents using POS system in the next 12 months in Mogadishu.



THE STRATEGY

First Somali Bank has designed a strong business strategy to enable it to gain a strong position in the market. The Bank's strategy is based on the following basic elements:

1. Appointment of high caliber staff with extensive experience in Islamic banking and in banking practice
2. A positive and effective attitude towards market research and business intelligence in pursuit of a comprehensive knowledge about the characteristics and requirements of the market
3. Launching of marketing initiatives in the different jurisdictions of the region and using the state of the art technologies to enable them
4. Stressing on up-to-date, innovative and outstanding services which will in turn create a distinctive and privileged image for the Bank within Somalia
5. Designing and developing a comprehensive range of banking products and services, which will be regularly updated and upgraded in response to the customers' requirements in tandem with the latest technologies and practices in the Islamic Banking Industry
6. Complete reliance on IT and modern banking technologies including the development of the investment and finance services
7. Creating and updating a carefully designed and gradually applied penetration plan for increasing presence in the market.

THE PRODUCTS

ISLAMIC BANKING PRODUCTS

First Somali Bank offers a Islamic savings and current accounts. The savings accounts offer profit sharing and can be specialized in specific sectors of the economy, upon the client wish, while current account is for everyday money usage. FSB Islamic loan products are geared towards larger projects, like building and renovation financings. Trade Financings are also available to facilitate importing goods to the Somali market.

- The bank can finance new real estate (property development) by Istina,
- Financing of old real estate is set up through Diminishing Mushakara,
- agriculture production is financed by Salam contracts,
- Equipments are financed through Murabaha Purchase Order financing,
- Business Expertise like running a restaurant is financed by Mudaraba financing,



Clients can also invest in safe fixed return products like Treasury Murabaha deposits accounts or by investing together with the bank in some of its associated business (Musharaka) like Islamic finance operator (Takaful), which are more risky but carry more profit rates if it is successful.

The bank's aim is to move Somalia towards modern and more secure cashless society together with the mobile phone and internet-based banking facilities.

INTERNATIONAL MONEY TRANSFER

The remittances to Somalia are estimated to be around USD 2 Billion every year. This provides a huge opportunity for FSB to step in and offer the international money transfer (IMT) services. The bank has strict "Know-Your-Customer" and "Anti-Money-Laundering" policies. They are fashioned to satisfy the demands of the foreign governments to allow the bank to operate IMT.

THE MANAGEMENT TEAM

Liban Egal, the Chairman of the Board, and Entrepreneur, has been building businesses over 20 years in financial services, in real estate, and services industry in USA and Kenya.

The CEO, A. Falck has been in the international financial industry for over twenty five years, including starting an Islamic Bank in Qatar and working as an Islamic finance investment banker in Hong Kong. He is certified as compliance officer and AML officer in France by the French Central Bank, and was 14 years CEO or chairman of a French investment Bank in Paris. The CEO of FSB is also CEO of TAKAFUL SOMALIA and CFO of Somalia Wireless.

The Director of Marketing and Business Development, Petteri Bergius has nearly thirty years of marketing and sales experience in financial, telecom, and IT industries in the USA, the UK, Kenya and Finland.

THE BOARD OF DIRECTORS

MR OMAR OSMAN is a Software Engineer and an IT Architect with over 18 years of experience. He has extensive background in IT having worked for IBM, Delta Airlines and other high tech firms in the U.S.

MR NDUNGU GATHINJI, is a financial expert. He brings us expertise in capital markets, because he is the oldest member of the Nairobi Stock Exchange.

ENGINEER ISAAC WANJOHI is a renowned businessman with more than 40 years of experience in running successful companies. Among many of his businesses, he is the Chairman of an insurance company and a telecommunication company in Kenya.

AMIR ISSA, successful entrepreneur has been in multiple ventures and is the head of DHL Mogadishu.

Eng Hassan Mohamed – Hassanow, is chairman and CEO of KAAH CONSULTING ENGINEERS, successful businessman, former Cabinet Minister of Public Works and Housing and Interim Minister of Finance.



NON-EXECUTIVE BOARD MEMBERS

Marco Dondi has been working in various high-level positions the financial industry for over 24 years. He has been working in Bahrain and Qatar. He has been also Honorary Consul of Belgium and Luxembourg.

Thomas Venon is specializing in Fund raising, Financial modeling, Hedge funds, Private Equity, Venture Capital, Emerging Markets. He has worked at Oasis Capital Ghana, at Hedge Fund & Private Equity Sales at Royal Bank of Scotland and as Partner at Collingham Capital Management.

Falihery Rudy Ramananjio is a reputed IT ARCHITECT for international organizations, like Defense and Telecom .

DR WALID GANNOUCHI, 28 years, has PhD in Banking and Finance, Msc in European Economy, and graduated from the University of Tor Vergata in Roma, Italia. He has written numerous articles in his field of expertise. He has also contributed to the book "Banca e Finanzia Islamica", Islamic Bank and Finance. He is an expert in Islamic finance efficiency and risk management. He is also member of the advisory Board of the London Metropolitan University.

ZYED MILED, 33 years, is an international Islamic finance expert with ten years' experience in Islamic finance and asset management.