



**ANNUAL  
REPORT  
2007**



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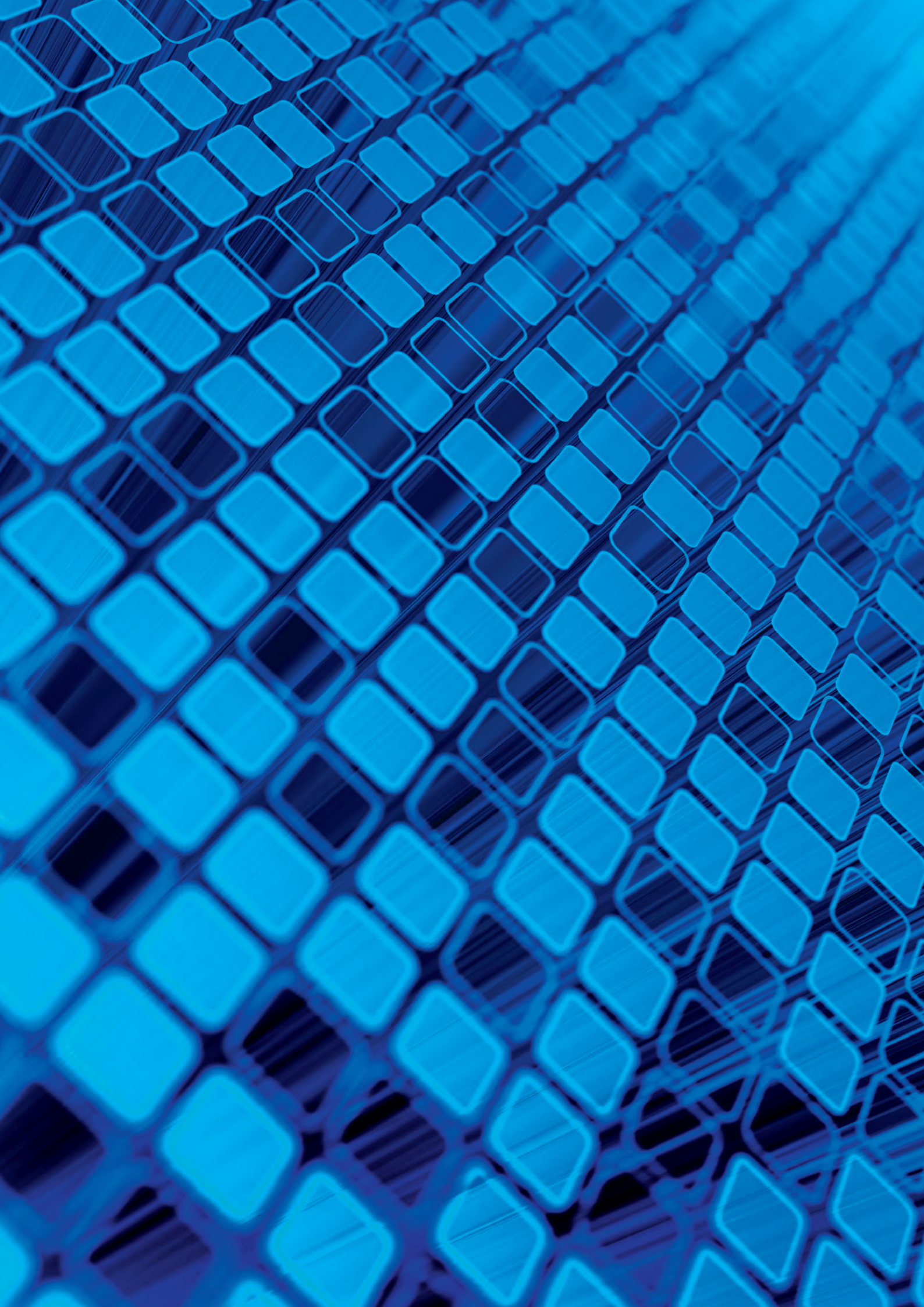
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# PROGRESSIVE STRATEGY





# Chairman's Letter



## Chairman's Letter



In the prevailing status-quo imposed by the local political environment during the year 2007 and the increasing polarization of the existing governing parties, the Lebanese banking sector continued its regular growth while consolidating its capital base, in line with the implementation of the Basle II requirements.

In this respect, BSL strategy remains focused on maintaining a high quality of assets and a long term growth, for the benefit of its shareholders, employees and customers; this was achieved through the effective control over risks, the diversification of the sources of income and the consolidation of its revenues. In 2007, BSL increased its operating income and net profit, while maintaining an efficient control over costs; the Bank also engaged in a significant effort for the continuous improvement of its infrastructure, especially human, while achieving limited growth in line with the prevailing economical environment.

In an adequate Corporate Governance framework, BSL continues to uphold the best banking practices through a conservative lending policy and a cautious and pragmatic investment policy. Our liquidity and capital adequacy ratios rank among the highest in the Lebanese banking sector.

While the financial authorities and the Lebanese banking sector remain strongly committed to the implementation of the best banking standards, our political authorities continue to ignore the basic principles of public office, by withholding long awaited reforms needed to encourage local and foreign investments and thus halting the growth of the economy. The country's debt rating has also been, once again, downgraded due to the stalling of the government in the implementation of these reforms, and its systematic undermining of the significant enhancements achieved in the banking sector as a whole. The government's taxation policies have created yet additional and unnecessary obstacles to investments within the banking sector in Lebanon.

The government paralysis has had negative impact on the investors' perception of the Lebanese economy, and diverted important investments, made possible with the surge in oil revenues, to other destinations in the region and in the world: once again, as in 1973, Lebanon is missing a significant opportunity to benefit from the inflow of foreign investments.

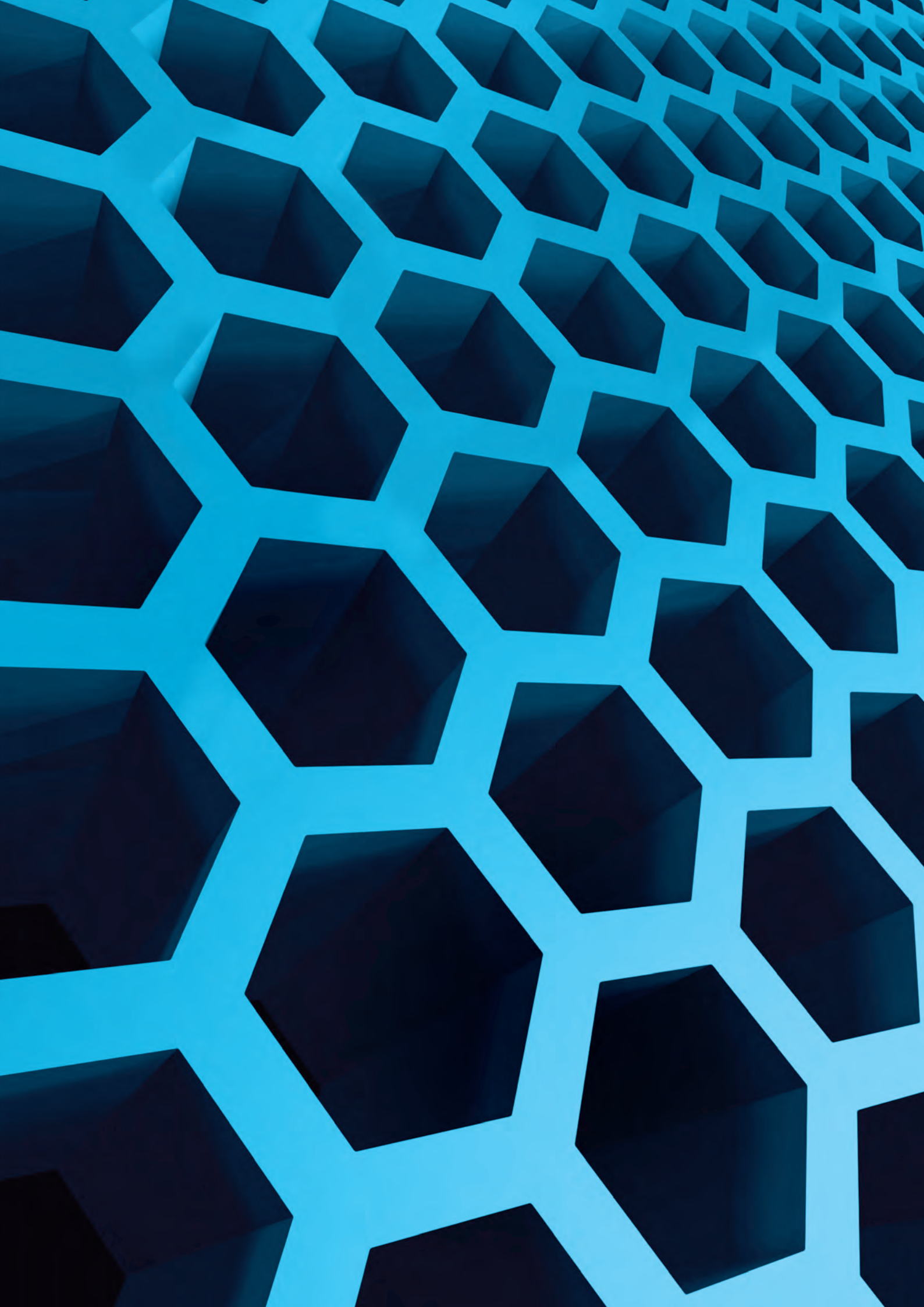
We at BSL remain hopeful for a better economic and political environment; only then will the private sector benefit from its tenacious efforts to enhance its capacities and quality of services, and the ongoing preparation for the challenges and the promising future to come.

As for 2008, BSL objectives should be demonstrated again by its ability of growth while maintaining a sound control of banking risks.

Ramsay A. El Khoury  
Chairman - General Manager

# SOLID STRUCTURE





# Management & Directors



# Management & Directors

## BOARD OF DIRECTORS

---

**Mr Ramsay El Khoury**  
*Chairman and Managing Director*

**Mrs Mia Ayoub**

**Me Henri Dagher**

**Mr Roland Pringuey**

**Me Michel Tueini**

**Mr Georges Hatem**

**Mr Henri Nashawati**

## GENERAL MANAGER

---

**Mr Sélim Stephan**

## LEGAL COUNSELOR

---

**Me Joseph Naim**

## AUDITORS

---

**Messrs KPMG**

## INTERNAL AUDIT

---

**Mr Jihad Matar**

## COMPLIANCE UNIT

---

**Mr Jean Kassab**

## EXECUTIVE MANAGERS

---

**Mr Antoine Menhem**  
*Network Manager*

**Mr Fady Abou Diwan**  
*Credit / Risk Manager*

**Mr Antoine Daoud**  
*Chief Accountant*

**Mr Mansour Saouma**  
*IT Manager*

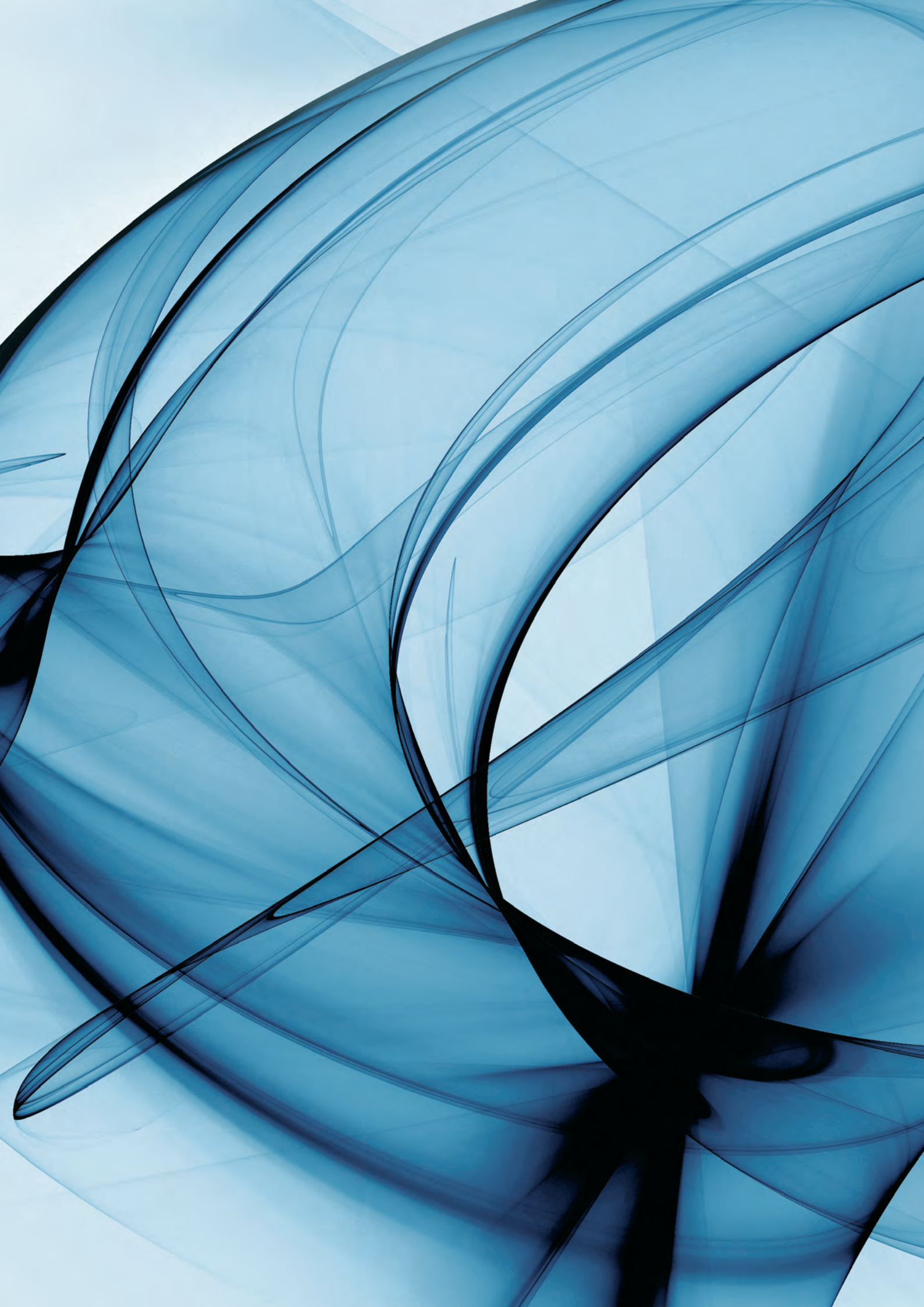
**Mrs Maya Azzi**  
*Capital Markets & Treasury Manager*

**Mr Kamal Abi Fadel**  
*Corporate Banking Manager*



# TRANSPARENT POLICY





# Financial Highlights



## Financial Highlights

### RESULTS

<b>in USD millions</b> as of December 31st	<b>2007</b>	<b>2006</b>
Total interest income	37.90	37.80
Net operating income	11.70	11.60
Net profit	1.70	0.60

### BALANCE SHEET

<b>in USD millions</b> as of December 31st	<b>2007</b>	<b>2006</b>
Total assets	563.20	556.30
Total customers deposits	508.20	501.80
Total loans to customers	49.40	48.40
Shareholders equity	43.80	41.80

### RATIO %

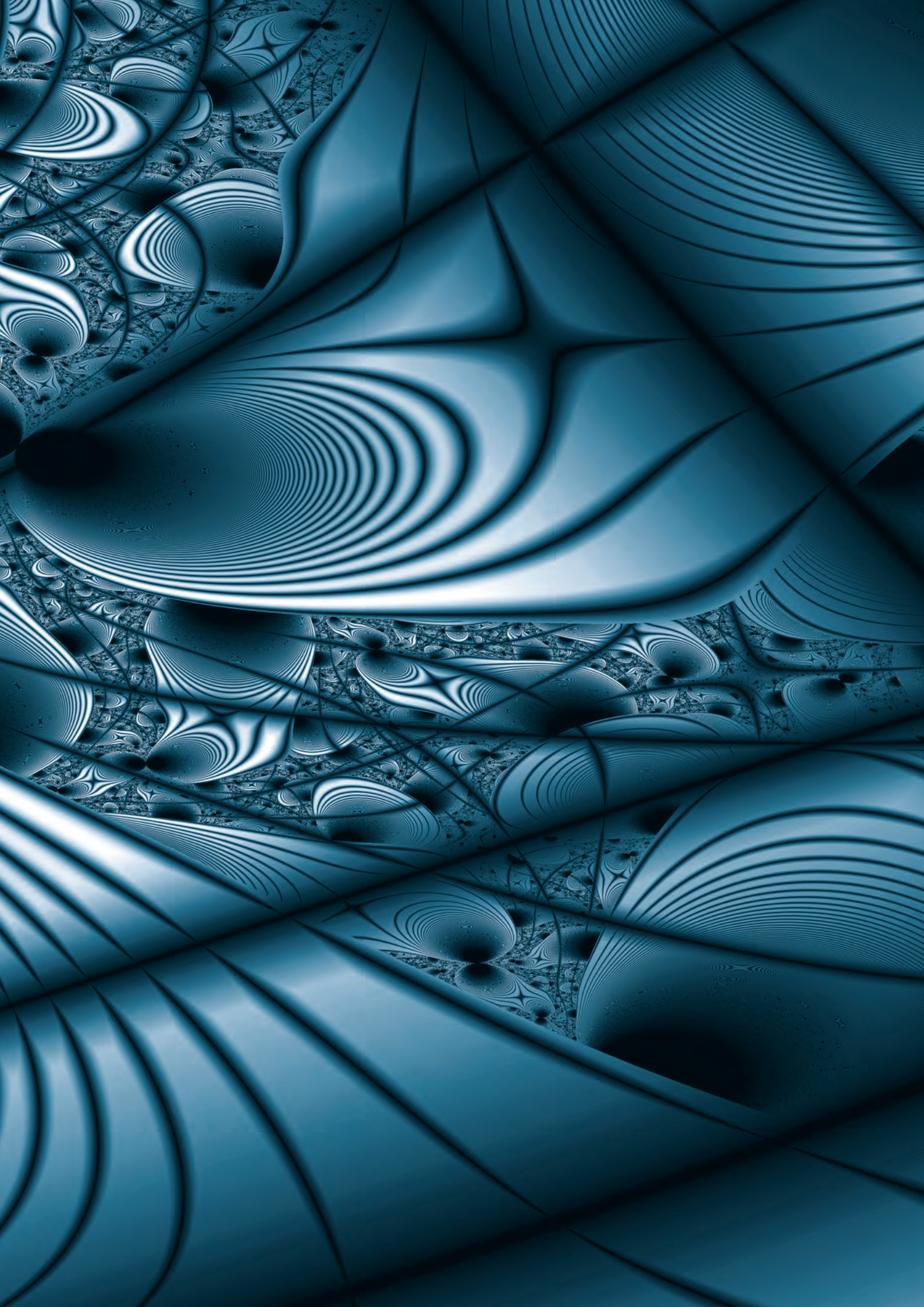
<b>in USD millions</b> as of December 31st	<b>2007</b>	<b>2006</b>
Solvency	26.10	25.60
Liquidity	94.07	93.30
Advances/Deposits	9.70	9.60





# TIMELESS HERITAGE





# Independant Auditor's report



# Independant Auditor's report



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 Tel.: 961 1 751 860 - 961 1 350518  
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 www.kpmg.com.lb  
 E-mail: info@kpmg.com.lb

To the Shareholders  
 Societe Nouvelle de la Banque de Syrie et du Liban SAL

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying separate financial statements of Societe Nouvelle de la Banque de Syrie et du Liban SAL (the "Bank"), which comprise the separate balance sheet as at 31 December 2007, and the separate income statement, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Lebanese Banking Laws and Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## BASIS FOR QUALIFICATION

As described in note 20 to the financial statements, secret coded customers' deposits cannot be disclosed to auditors; accordingly, we were unable to perform sufficient appropriate audit procedures on these accounts.

## OPINION

In our opinion, except for the effects explained in the paragraph above, as might have been determined to be necessary had we been able to satisfy ourselves as to the secret coded customers' deposits, the financial statements give a true and fair view of the unconsolidated financial position of the Bank as at 31 December 2007, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with Lebanese Banking Laws and Regulations.

24 March 2008  
 Beirut, Lebanon



## Balance Sheet

### ASSETS

in millions of LBP as of December 31st	NOTES	2007	2006
Cash and balances with Central Bank	7	131,905	124,072
Trading assets	8	4,406	5,864
Loans and advances to banks	9	112,641	96,329
Loans and advances to customers	10	74,485	72,923
Customers' acceptance liabilities		3,108	2,000
Available-for-sale financial assets	11	111,361	131,624
Loans and receivables financial assets	12	132,407	104,919
Held-to-maturity financial assets	13	232,772	255,720
Investment property	14	8,166	8,343
Property and equipment	15	17,472	17,051
Property acquired in settlement of debts	16	8,384	8,044
Revaluation reserve of other properties	17	10,604	10,604
Other assets	18	1,229	1,181
<b>Total assets</b>		<b>848,940</b>	<b>838,674</b>

See accompanying notes to financial statements.

The financial statements on pages 3 to 40 were approved on 24 March 2008 by the Chairman of the Board of Directors.

# Income Statement

## LIABILITIES & EQUITY

in millions of LBP as of December 31st	NOTES	2007	2006
<b>LIABILITIES</b>			
Deposits from banks	19	3,666	9,055
Deposits from customers	20	767,664	757,010
Outstanding acceptances		3,108	2,000
Provisions	21	105	105
Current tax liabilities		1,553	1,202
Other liabilities	22	5,699	6,311
<b>Total liabilities</b>		<b>781,795</b>	<b>775,683</b>
<b>EQUITY</b>			
Share capital	23	36,225	36,225
Retained earnings		2,607	849
Revaluation reserve accepted as supplementary capital		4,601	4,601
Revaluation reserve of other properties		10,604	10,604
Fair value reserve		(3,337)	(3,689)
Other reserves	24	16,445	14,401
<b>Total equity</b>		<b>67,145</b>	<b>62,991</b>
<b>Total liabilities and equity</b>		<b>848,940</b>	<b>838,674</b>

See accompanying notes to financial statements.

The financial statements on pages 3 to 40 were approved on 24 March 2008 by the Chairman of the Board of Directors.



## Income Statement

in millions of LBP as of December 31st	NOTES	2007	2006
Interest income	25	57,074	56,948
Interest expense	25	(43,552)	(43,489)
Net interest income		13,522	13,459
Net fee and commission income	26	1,262	1,221
Net trading expenses	27	(19)	(175)
Net recoveries on loans and advances to customers		920	3,345
Other operating income (expenses)	28	1,847	(375)
		<b>4,010</b>	<b>4,016</b>
Operating income		17,532	17,475
Salaries and other personnel expenses	29	(6,697)	(6,856)
General operating expenses		(4,902)	(4,540)
Operating lease expenses		(923)	(923)
Depreciation and amortization	30	(1,422)	(2,747)
Other revenues (expenses)		73	(181)
Profit before income tax		3,661	2,228
Income tax expense	31	(1,054)	(1,379)
<b>Profit for the year</b>		<b>2,607</b>	<b>849</b>

See accompanying notes to financial statements.

## Statement of Changes in Equity

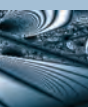
	Share capital	Retained earnings	Revaluation reserve accepted as supplementary capital	Revaluation reserve of other properties	Fair value reserve	Other reserves	Total equity
<b>in millions of LBP as of December 31st</b>							
<b>Balances at 1 January 2006</b>	<b>36,225</b>	<b>1,420</b>	<b>4,601</b>	<b>10,604</b>	<b>(693)</b>	<b>12,981</b>	<b>65,138</b>
Net change in fair value of AFS financial assets	—	—	—	—	(2,996)	—	(2,996)
Total income and expense recognised directly in equity	—	—	—	—	(2,996)	—	(2,996)
Profit for the period	—	849	—	—	—	—	849
Total recognised income and expense	—	849	—	—	(2,996)	—	(2,147)
Transfers to other reserves	—	(1,420)	—	—	—	1,420	—
<b>Balances at 31 December 2006</b>	<b>36,225</b>	<b>849</b>	<b>4,601</b>	<b>10,604</b>	<b>(3,689)</b>	<b>14,401</b>	<b>62,991</b>
<b>Balances at 1 January 2007</b>	<b>36,225</b>	<b>849</b>	<b>4,601</b>	<b>10,604</b>	<b>(3,689)</b>	<b>14,401</b>	<b>62,991</b>
Net change in fair value of AFS financial assets	—	—	—	—	352	—	352
Total income and expense recognised directly in equity	—	—	—	—	352	—	352
Profit for the period	—	2,607	—	—	—	—	2,607
Total recognised income and expense	—	2,607	—	—	352	—	2,959
Transfers to other reserves	—	(849)	—	—	—	849	—
Transfers from reserve for real estate in settlement of debt	—	—	—	—	—	1,195	1,195
<b>Balances at 31 December 2007</b>	<b>36,225</b>	<b>2,607</b>	<b>4,601</b>	<b>10,604</b>	<b>(3,337)</b>	<b>16,445</b>	<b>67,145</b>



## Statement of Cash Flow

in millions of LBP as of December 31st	NOTES	2007	2006
<b>Cash flows from operating activities</b>			
<b>Profit for the year</b>		<b>2,607</b>	<b>849</b>
<b>Adjustments for:</b>			
Depreciation and amortization		1,422	2,747
Write back of impairment losses		(1,492)	(3,345)
Impairment losses on loans and advances to customers		572	-
Provisions for risks and charges		-	7
Loss (Gain) on sale of investment securities		(416)	1,809
Loss (gain) from sales of property and equipment		(8)	8
Reserve for real estate in settlement of debts		1,195	-
Net interest income		(13,522)	(13,459)
Income tax expense		1,054	1,379
		<b>(8,588)</b>	<b>(10,005)</b>
<b>Changes in assets and liabilities:</b>			
Change in balances with Central Bank		(6,412)	(7,537)
Change in trading assets		1,458	(3,505)
Change in loans and advances to customers		(1,562)	(11,183)
Change in customers' acceptance liabilities		(1,108)	(88)
Change in other assets		(48)	937
Change in deposits from banks		(5,372)	8,278
Change in deposits from customers		11,110	32,032
Change in outstanding acceptances		1,108	88
Change in other liabilities		(612)	(254)
		<b>(10,026)</b>	<b>8,763</b>
Interest received		57,786	55,991
Interest paid		(43,974)	(43,739)
Income tax paid		(1,054)	(1,379)
<b>Net cash from operating activities</b>		<b>2,732</b>	<b>19,636</b>
<b>Cash flows from investing activities</b>			
Purchase of non-trading financial assets		(73,252)	(172,619)
Proceeds from sale of non-trading financial assets		90,208	186,732
Purchase of property and equipment		(1,684)	(3,627)
Acquisition of property acquired in settlement of debt		(340)	(3,481)
Proceeds from sale of property and equipment		24	160
<b>Net cash from investing activities</b>		<b>14,956</b>	<b>7,165</b>
<b>Net increase in cash and cash equivalents</b>	<b>32</b>	<b>17,688</b>	<b>26,801</b>
Cash and cash equivalents at 1 January		103,490	76,689
<b>Cash and cash equivalents at 31 December</b>	<b>32</b>	<b>121,178</b>	<b>103,490</b>

See accompanying notes to financial statements.



# SECURED GROWTH





# Network & Addresses



## Network & Addresses

### HEAD OFFICE

Riad Solh – Beirut BSL Bldg – Banks' Street

**P.O.Box** 11-957

**Tel.:** 01-980080 • Fax :01-980991

**Swift :** SONBLBBE

**E.mail :** snbsl@snbsl.com.lb

**Website:** www.bsl.com.lb

### BRANCHES

#### Ashrafie - Beirut

Khayat Bldg, Sioufi Street

Tel: 01-200121 • Fax: 01-200121

#### Burj Hammoud

Jamgotchian Bldg, Arminia Street

Tel: 01-262527 • Fax: 01-266992

#### Dbaye - Naccache

BSL Bldg, Dbaye Highway

Tel: 04-402420 • Fax : 04-415985

#### Dora

United Court Bldg, Dora Highway

Tel: 01-262090 • Fax: 01-264785

#### Hamra

Abu El Hessen Bldg, Makdessi Street

Tel: 01-342750 • Fax : 01-353084

#### Hazmie – Ba'bda

Mallat Center, Damascus Road

Tel: 05-457640 • Fax: 05-457640

#### Jounie

Athénée Center, Haret Sakher

Tel: 09-913885 • Fax: 09-913885

#### Mar Elias

Chehadeh Bldg, Mar Elias Street

Tel: 01-818122 • Fax: 01-818122

#### Riad Solh

BSL Bldg, Bank's Street

Tel: 01-980071 • Fax: 01-980073

#### Saint Nicolas

Zen Bldg, Charles Malek Avenue

Tel: 01-200340 • Fax: 01-218751

#### Sami Solh

Hshaimh Bldg, Sami Solh Avenue

Tel: 01-389398 • Fax: 01-389398

### NORTH LEBANON

#### Tripoli

BSL Bldg, Tell Square

Tel: 06-430042 • Fax: 06-430044

#### Zghorta

BSL Bldg, Sleiman Frangieh Boulevard

Tel: 06-662667 • Fax: 06-660856

### SOUTH LEBANON

#### Saida

BSL Bldg, Riad Solh Street

Tel: 07-720402 • Fax: 07-720401

#### Tyr

Assawira Bldg, Principal Street

Tel: 07-740056 • Fax: 07-740056

### BEKA'

#### Ba'albeck

BSL Bldg, Square Khalil Moutran

Tel: 08-370333 • Fax: 08-371876

#### Zahle

BSL Bldg, Zahle Boulevard

Tel: 08-823287 • Fax: 08-823033



# Correspondents Banks



## Correspondents Banks

### U A E

#### Sharjah

Bank of Sharjah

### CYPRUS

#### Nicosia

Marfin Popular Bank Public Co. Ltd

### NORTH AFRICA

#### Egypt – Cairo

National Bank of Egypt

#### Alexandria

Banque Misr Alexandrie - Attarine

### FAR EAST

#### Japan – Tokyo

The Bank of New York

### AUSTRALIA

#### Sydney

Westpac Banking Corporation

### NORTH AMERICA

#### USA – New York

American Express Bank Ltd  
The Bank of New York

#### Canada – Toronto

Royal Bank of Canada

### EUROPE

#### Austria – Vienna

Bank Austria Creditanstalt A.G.

#### Denmark – Copenhagen

Danske Bank

#### France – Paris

Bank Audi Saradar France  
BLOM Bank France SA

#### Germany – Frankfurt

Commerzbank AG

#### Italy – Milano

Intesa San Paolo SPA

#### Netherlands – Amsterdam

G.E. Artesia Bank

#### Norway – Oslo

DNB NOR Bank ASA Oslo NO

#### Spain – Madrid

Banco Bilbao Vizcaya Argentaria SA

#### Sweden – Stockholm

Skandinaviska Enskilda Banken

#### United Kingdom – London

Standard Chartered Bank

#### Switzerland – Geneva

BLOM Bank (Switzerland) SA





Société Nouvelle de la  
**Banque de Syrie et du Liban** sal