

ANNUAL REPORT 2008

Bank on trust. Bank on solidity. Bank on tradition. Bank on service. Bank on tradition.
Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank on solidity.
Bank on tradition. Bank on service. Bank on solidity. **Bank on trust.** Bank on
tradition. Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank
on solidity. Bank on trust. Bank on solidity. Bank on tradition. Bank on service.
Bank on trust. Bank on solidity. Bank on tradition. Bank on service. Bank on trust.
Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank on
solidity. Bank on tradition. Bank on service. Bank on trust. Bank on solidity. Bank
on tradition. Bank on service. Bank on trust. Bank on solidity. Bank on tradition.



T A B L E O F CONTENTS

Chairman's Letter	7
Management & Directors	11
Independent Auditors' Report	14
Consolidated Balance Sheet	16
Consolidated Income Statement	18
Consolidated Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20
Off Balance Sheet	21
Correspondent Banks	23
Network and Addresses	24



Bank on



TRUST





ANNUAL
REPORT
2008

「 Bank on trust 」

CHAIRMAN'S LETTER



In 2008, the world was submerged in the depths of a global economic and financial crisis. After a strong growth in almost all the major economies in the world in the first half of the year, the real estate crisis in the United States drove down the global financial system in an unprecedented collapse and liquidity freeze, which required a massive intervention from the leading central banks and governments.

The consequences of the financial crisis were severe in world economies and its aftermaths not likely to abate soon... Lebanon on the other hand, country of paradoxes seems unaffected by that crisis for three major reasons. Prudent regulations at Lebanon's Central Bank that prevented lebanese commercial banks from exposing themselves to the risks of exotic products and a strong risk awareness by the lebanese banker, too busy financing the lebanese sovereign debt to worry about competing with Investment Banks, a large majority of banking activity in Lebanon being Retail Banking. Last but not least strict regulations by Central Bank Authorities whereby banks were obliged to set aside bad-loan provisions, that reduced profits in years of growth, but contributed a welcome cushion of reserves in times of need. All these measures & circumstances allowed them to emerge in a position of relative strength.

Not with standing a sluggish first semester due to political turmoil around a presidential election crisis and a paralysed government, the country quickly recovered, after another Doha venue, thanks to large inflows of foreign deposits and strong conversions into Lebanese Pounds that were to be incremental to the consolidation of the Lebanese banking sector status.

Hence BSL's 2008 news, unlike the bleak banking sector reports that headline business news nowadays, are about success. BSL performed well thanks to its conservative banking practices & its historical renown for excellence. This is a further showcase about BSL's reputation for solidity, trust, good customer relationship with personalized services that answer our customers individual needs.

CHAIRMAN'S LETTER

Ever dedicated to advancing and maintaining a qualified team, BSL continues to invest in human capital, through constant professional training in modern banking practices and techniques. The branch network renovation and relocation initiative, launched in 2005, continued in 2008, with BSL modernizing its architectural space as a means to provide clients and staff with facilities that enhance the quality of conducted banking operations, taking them to greater heights with an up-to-date and more professional environment.

The BSL approach has proven to be once again the intelligent choice. Buttressed and encouraged by well thought out policies, BSL achieved a significant growth in its activity and key financial indicators: BSL customer base grew by a strong 18% and its loan portfolio increased by 40% with profitability surging by 57%.

While together with the banking sector BSL and the private sector in general performed strongly in 2008, the public sector did not fair as well. Lack of reform and constant political bickering have had a severe impact, hampering Lebanon's growth, this unrest was detrimental to Lebanon & resulted in it missing out on many economic opportunities thus preventing it from gaining the complete rewards it should otherwise have gained.

Hopefully, once again going against the tidal flow of the global economic scene, 2009 is tremendously promising. Nonetheless, BSL will persist in its strategy of growth and development and in strengthening its positive role.

On behalf of BSL, we would like to seize this opportunity to thank our esteemed clients, our promising & dedicated staff, shareholders and financial partners for their unwavering trust, loyalty, encouragement and support, a token of validation that BSL is on the right strategic path. Our team will continue with its hard work that actively contributes to the Bank's respectable reputation. Together, banking on bright prospects is possible.

Ramsay El Khoury
Chairman - General Manager



ANNUAL
REPORT
2008

「 Bank on trust 」

MANAGEMENT & DIRECTORS

BOARD OF DIRECTORS

Mr. Ramsay El Khoury
Chairman & Managing Director

Mrs. Mia El-Khoury 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
Accountant Manager

Mr. Mansour Saouma
IT Manager

Mrs. Maya Azzi
Capital Markets & Treasury Manager

Mr. Kamal Abi Fadel
Corporate Banking Manager



Bank on



SOLIDITY



INDEPENDANT AUDITORS' REPORT



Lazarieh Building - Block A 3
P.O. Box: 11-8270
Beirut, Lebanon
Tel. : + 961 (01) 985501 - 985502
Fax : + 961 (01) 985503

To the Shareholders

Societe Nouvelle de la Banque de Syrie et du Liban SAL

We have audited the accompanying consolidated financial statements of Societe Nouvelle de la Banque de Syrie et du Liban SAL (the "Group"), which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and the consolidated cash flows statement 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 consolidated financial statements based on our audit. 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.

OPINION

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Lebanese Banking Laws and Regulations.



2 March 2009
Beirut, Lebanon

CONSOLIDATED BALANCE S H E E T

ASSETS

In millions of LBP as at 31 December	NOTES	2008	2007
Cash and balances with Central Bank	7	149,352	131,905
Banks and financial institutions	8	142,844	112,641
Financial assets held for trading	9	5,095	4,406
Net loans and advances to customers *	10	96,507	73,417
Net loans and advances to related parties		1,121	1,068
Debtors by acceptances		2,962	3,108
Financial assets classified as available for sale	11	159,644	110,196
Financial assets classified as loans and receivables	12	90,477	132,407
Financial assets classified as held to maturity	13	302,870	232,772
Investment in associates and subsidiaries		865	865
Investment property	14	26,033	26,654
Tangible fixed assets	15	17,762	17,472
Intangible fixed assets		140	-
Property acquired in settlement of debts	16	6,992	8,384
Revaluation reserve of other properties	17	10,604	10,604
Other assets	18	4,055	1,274
Total assets		1,017,323	867,173
* After deducting:			
Interest on substandard, doubtful and bad loans		32,376	28,907
Specific provisions for doubtful and bad loans		8,402	8,731

See accompanying notes to financial statements.

The separate financial statements were authorized for issue by the Chairman of the Board of Directors on 2 March 2009.

CONSOLIDATED BALANCE S H E E T

LIABILITIES & EQUITY

In millions of LBP as at 31 December	NOTES	2008	2007
LIABILITIES			
Due to banks and financial institutions	19	9,279	3,666
Customers' deposits	20	904,613	765,376
Engagement by acceptances		2,962	3,108
Current tax liabilities		850	1,578
Other liabilities	21	3,012	2,689
Provisions for risks and charges	22	436	105
Employee benefit obligations	23	4,031	3,027
Total liabilities		925,183	779,549
EQUITY			
Share capital	24	36,225	36,225
Capital reserves	25	21,094	18,435
Revaluation reserve accepted as supplementary capital		4,601	4,601
Revaluation reserves for real estate		24,167	24,230
Cumulative changes in fair value		(3,433)	(3,337)
Other reserves		1,195	1,195
Result of the financial period		4,637	2,595
Total equity		88,486	83,944
Non controlling interest		3,654	3,680
Total liabilities and equity		1,017,323	867,173

See accompanying notes to financial statements.

The separate financial statements were authorized for issue by the Chairman of the Board of Directors on 2 March 2009.

CONSOLIDATED INCOME STATEMENT

In millions of LBP as at 31 December	NOTES	2008	2007
Interest and similar income	26	59,859	57,074
Interest and similar expense	26	(42,801)	(43,552)
Net interest income		17,058	13,522
Fees and commissions income		1,867	1,420
Fees and commission expense		(191)	(158)
Net fee and commission income		1,676	1,262
Net gain on trading activities	27	641	397
Net gain on financial investment		118	133
Net gain on foreign exchange		375	254
Other operating income		2,470	1,044
Total operating income		22,338	16,612
Net recoveries on loans and advances to customers		918	920
Net operating income		23,256	17,532
Personnel charges	28	(8,540)	(6,772)
Depreciation of tangible fixed assets		(1,758)	(1,867)
Amortization of intangible fixed assets		(11)	-
Administrative expenses		(5,464)	(5,575)
Other operating expenses (revenues)		(698)	298
Profit before income tax		6,785	3,616
Income tax expense	29	(2,174)	(1,054)
Profit for the year		4,611	2,562
Group interest		4,637	2,595
Non controlling interest		(26)	(33)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of LBP
as at 31 December

	Share capital	Capital reserves	Revaluation reserve accepted as supplementary capital	Revaluation reserve of real estate	Cumulative change in fair value	Other reserves	Profit for the financial period	Total	Non controlling interest	Total equity
Balances at 1 January 2007	36,225	17,528	4,601	24,342	(3,689)	-	796	79,803	3,713	83,516
Net change in fair value of AFS financial assets	-	-	-	-	352	-	-	352	-	352
Total income recognised directly in equity	-	-	-	-	352	-	-	352	-	352
Profit for the year	-	-	-	-	-	-	2,595	2,595	(33)	2,562
Total recognised income	-	-	-	-	352	-	2,595	2,947	(33)	2,914
Transfers to capital reserves	-	907	-	(111)	-	-	(796)	-	-	-
Transfers from reserve for real estate in settlement of debt	-	-	-	-	-	1,195	-	1,195	-	1,195
Balances at 31 December 2007	36,225	18,435	4,601	24,230	(3,337)	1,195	2,595	83,944	3,680	87,624
Balances at 1 January 2008	36,225	18,435	4,601	24,230	(3,337)	1,195	2,595	83,944	3,680	87,624
Net change in fair value of AFS financial assets	-	-	-	-	(96)	-	-	(96)	-	(96)
Total expense recognised directly in equity	-	-	-	-	(96)	-	-	(96)	-	(96)
Profit for the year	-	-	-	-	-	-	4,637	4,637	(26)	4,611
Total recognised income	-	-	-	-	-	-	4,637	4,637	(26)	4,611
Transfers to capital reserves	-	2,658	-	(63)	-	-	(2,595)	-	-	-
Balances at 31 December 2008	36,225	21,094	4,601	24,167	(3,433)	1,195	4,637	88,486	3,654	92,140

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of LBP as at 31 December	NOTES	2008	2007
Cash flows from operating activities			
Profit for the year		4,611	2,562
Adjustments for:			
Depreciation and amortization		1,769	1,867
Recoveries on loans and advances to customers		(1,022)	(1,492)
Impairment losses on loans and advances to customers		104	572
Provisions for risks and charges		331	-
Gain on sale of investment securities		(118)	(416)
Gain from sales of property and equipment		(1)	(8)
Gain on sale on real estate in settlement of debts		(12)	-
Write back on liquidate property acquired in settlement of debt		(737)	-
Reserve for real estate in settlement of debts		-	1,195
Net interest income		(17,058)	(13,522)
Income tax expense		2,174	1,079
		(9,959)	(8,163)
Change in balances with Central Bank		(11,672)	(6,412)
Change in financial assets held for trading		(690)	1,458
Change in banks and financial institutions		(10,000)	-
Change in net loans and advances to customers		(22,172)	(1,481)
Change in net loans and advances to related parties		(53)	(81)
Change in other assets		(2,781)	(36)
Change in due to banks and financial institutions		5,615	(5,372)
Change in customers' deposits		139,013	10,692
Change in current tax liabilities		(728)	-
Change in other liabilities		1,327	(606)
		87,900	(10,001)
Interest received		56,739	57,786
Interest paid		(42,579)	(43,974)
Income tax paid		(2,174)	(1,079)
Net cash from operating activities		99,886	2,732
Cash flows from investing activities			
Purchase (proceeds) of financial assets		(74,272)	16,956
Purchase of property and equipment		(1,460)	(1,684)
Purchase of intangible assets		(153)	-
Acquisition of property acquired in settlement of debt		(54)	(340)
Proceeds from sale of property acquired in settlement of debt		2,195	-
Proceeds from sale of property and equipment		35	24
Net cash (used in) from investing activities		(73,709)	14,956
Net increase in cash and cash equivalents	30	26,177	17,688
Cash and cash equivalents at 1 January		121,178	103,490
Cash and cash equivalents at 31 December	30	147,355	121,178

See accompanying notes to financial statements.

OFF BALANCE SHEET

In millions of LBP as at 31 December	2008	2007
Financing Commitments		
Financing commitments given to customers	40,507	34,573
Guarantees		
Guarantees given to banks and financial institutions	4,032	7,390
Guarantees received from banks and financial institutions	1,390	1,081
Guarantees given to customers	12,439	9,053
Guarantees received from customers	271,454	216,727
Operations in foreign currencies		
Foreign currencies to receive	1,393	702
Foreign currencies to deliver	1,320	704
Contingencies on legal disputes	25,027	29,077
Fiduciary deposits	151	151
Bad loans fully provided for	47,173	42,843

See accompanying notes to financial statements.



ANNUAL
REPORT
2008

Bank on service

CORRESPONDENT BANKS

UAE

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

NETWORK AND ADDRESSES

HEAD OFFICE

Riad Solh - Beirut BSL Bldg
Riad Solh 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 / 01-320211
Fax: 01-200121

Burj Hammoud

Jamgotchian Bldg,
Arminia Street
Tel: 01-262527 / 01-266992
Fax: 01-266992
01-262527

Dbaye - Naccache

BSL Bldg, Dbaye Highway
Tel: 04-402420 / 1/2
04-417509
Fax: 04-415985

Dora

United Court Bldg, Dora
Highway
Tel: 01-262090 / 01-264656
Fax: 01-264785 / 01-264656

Hamra

Abu El Hessen Bldg
Makdessi Street
Tel: 01-342750
Fax: 01-353084

Hazmie - Baabda

Mallat Center,
Damascus Road
Tel: 05-457640/1
05-454686
Fax: 05-457640/1

Jounie - Haret Sakher

Athénée Center
Tel: 09-913885 / 09-915517
Fax: 09-913885
09-915517

Mar Elias

Chehadeh Bldg,
Mar Elias Street
Tel: 01-818122/3
Fax: 01-818122/3

Riad Solh - Beirut

BSL Bldg, Riad Solh Street
Tel: 01-980071
Fax: 01-980073

Saint Nicolas

Zen Bldg, Charles Malek
Avenue
Tel: 01-200340/1
Fax: 01-218751

Sami Solh

Joseph Chahine Bldg,
Sami Solh Avenue
Tel: 01-389398 / 01-387795
Fax: 01-389398

NORTH LEBANON

Tripoli

BSL Bldg, Tell Square
Tel: 06-430042/3/5/6
Fax: 06-430044

Zghorta

BSL Bldg, Sleiman Frangieh
Boulevard
Tel: 06-662667/8
Fax: 06-660856

SOUTH LEBANON

Saida

BSL Bldg, Riad Solh Street
Tel: 07-720402 / 07-740294
Fax: 07-720401

Tyr

Assawira Bldg, Principal
Street
Tel: 07-740056 / 07-740294
Fax: 07-740056

BEKAA

Baalbeck

BSL Bldg, Square Khalil
Moutran
Tel: 08-370333 / 08-370447
Fax: 08-371876

Zahle

BSL Bldg, Zahle Boulevard
Tel: 08-823287 / 08-823033
Fax: 08-823033

Riad Solh, Riad Solh Street - Beirut, PO Box 11-957 Beirut - Lebanon
Tel: +961 1 980080. Fax: +961 1 980991. E-mail: snbsl@snbsl.com.lb

Bank on trust. Bank on solidity. Bank on tradition. Bank on service. Bank on tradition.
Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank on solidity.
Bank on tradition. Bank on service. Bank on solidity. Bank on trust. Bank on tradition.
Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank on
solidity. Bank on trust. Bank on solidity. Bank on tradition. Bank on service. Bank
on trust. Bank on solidity. Bank on tradition. Bank on service. Bank on trust. Bank
on solidity. Bank on tradition. Bank on service. Bank on trust. Bank on solidity.
Bank on tradition. Bank on service. Bank on trust. Bank on solidity. Bank on
tradition. Bank on service. Bank on trust. Bank on solidity. Bank on tradition.



Société Nouvelle de la
Banque de Syrie et du Liban_{sal}