

Listed Securities	Bloomberg Ticker	Sector	Industry	Market Cap. (USD mn)	Last Price (*)	YTD %	52-Week Range	FFA Recommendation	FFA Fair Value	Disc./Prem. to Fair Value	Div. Yield %	Div. Per Share (***)	Div. Payout Ratio	Diluted EPS (**)	YoY EPS Growth % (**)	FFA EPS 2016e	BVPS (**)	FFA BVPS 2016e	P/E	P/E 2016e	P/B	P/B 2016e	Est. ROE % (**)
Coverage Universe																							
BANK AUDI	AUDI LB	Financials	Commercial Banks	2,338.5	5.85	-3.3	5.50-6.30	Marketweight	7.00	-16%	6.8	0.40	43%	0.92	7.0	1.05	7.37	7.36	6.4	5.6	0.79	0.79	12.3
BLOM BANK	BLOM LB	Financials	Commercial Banks	2,150.0	10.00	6.4	9.30-10.61	Overweight	11.50	-13%	8.3	0.83	43%	1.93	3.8	1.93	11.71	12.54	5.2	5.2	0.85	0.80	15.7
BYBLOS BANK	BYB LB	Financials	Commercial Banks	933.1	1.65	2.5	1.48-1.76	Marketweight	1.60	+3%	8.0	0.13	66%	0.20	-9.1	0.22	2.30	2.38	8.3	7.5	0.72	0.69	9.5
SOLIDERE - A	SOLA LB	Financials	Real Estate	1,669.0	10.19	-7.9	8.14-11.98	Marketweight	11.00	-8%	1.0	0.10	19%	0.53	N/A	-0.22	12.89	12.49	19.1	N/A	0.78	0.81	N/A
SOLIDERE - B	SOLB LB		Management & Dev.		10.00	-9.7	8.00-11.75																
Other Lebanese Listed Equities																							
BEMO BANK	BEMO LB	Financials	Commercial Banks	128.5	1.75	-7.9	1.55-1.90	Not Covered	N/C	N/C	1.9	0.03	15%	0.22	18.7	N/C	2.16	N/C	8.1	N/C	0.81	N/C	10.3
BANK OF BEIRUT	BOB LB	Financials	Commercial Banks	948.8	18.80	0.0	18.20-18.80	Not Covered	N/C	N/C	3.2	0.60	20%	2.99	2.3	N/C	25.89	N/C	6.3	N/C	0.73	N/C	12.2
BLC BANK	BLC LB	Financials	Commercial Banks	258.1	1.69	-0.6	1.69-1.70	Not Covered	N/C	N/C	5.1	0.09	31%	0.28	N/A	N/C	2.27	N/C	6.0	N/C	0.74	N/C	N/A
RASAMNY-YOUNIS MOTOR	RYM LB	Cons. Disc.	Specialty Retail	88.2	3.23	0.0	3.23-3.23	Not Covered	N/C	N/C	2.8	0.09	N/A	N/A	N/A	N/C	1.81	N/C	N/A	N/C	1.79	N/C	N/A
HOLCIM (LIBAN)	HOLC LB	Materials	Const. Materials	278.1	14.25	-1.9	14.01-16.25	Not Covered	N/C	N/C	10.5	1.49	N/A	N/A	N/A	N/C	N/A	N/C	N/A	N/C	N/A	N/C	N/A
CIMENTS BLANCS BEARER	CBB LB	Materials	Const. Materials	27.3	3.00	-23.1	3.00-4.00	Not Covered	N/C	N/C	11.3	0.34	86%	0.40	5.0	N/C	1.95	N/C	7.7	N/C	1.55	N/C	20.6
CIMENTS BLANCS NOMINAL	CBN LB				3.10	0.0	2.75-3.10																

(\*) - Listed shares market price.

(\*\*) - Diluted EPS, EPS growth and ROE for covered companied are TTM, to common and based on latest reported results

- BVPS for covered companies is to common and based on latest reported results

- Diluted EPS, EPS growth, BVPS, and ROE for non-covered companies are from Bloomberg and may not refer to common

(\*\*\*) - Bank Audi dividends of USD 0.40 (gross of 5% tax) were approved by AGM and paid on 14/04/16

BLOM Bank dividends of USD 0.83 (gross of 5% tax) were approved by AGM and paid on 21/04/16

Byblos Bank dividends of USD 0.13 (gross of 5% tax) were approved by AGM, to be paid on 05/05/16

INVESTMENT OPINION:

**Bank Audi**

**We value Bank Audi’s domestic leadership, asset quality and improving margins, and expect investors to gain confidence in its growth plan as earnings accelerate and risk diversifies away from domestic market**

Bank Audi is the largest bank in Lebanon with a demonstrated franchise and the confidence of its clients in Lebanon and abroad. In light of difficult operating conditions, we value its fundamentals mainly from the preservation of its asset quality and interest margins as well as an ambitious expansion strategy in Turkey that is materializing into assets diversifying away from Lebanon’s risk and towards gradually higher margins, comfortable cost of risk and improved CAR levels. We continue to rate Bank Audi shares at Marketweight although see upside on account of: i) Turkey expansion with balance sheet expected to increase from one-quarter to one-third of total balance sheet by M-T ii) Egypt balance sheet expansion potentially reaching USD 10 billion by M-T iii) international expansion coupled with continued growth in domestic market should drive assets to target USD 60 billion by M-T, which on improved profitability should accelerate earnings and diversify risk.

**Blom Bank**

**We view Blom Bank’s higher returns and solid liquidity levels as a reflection of a prudent management team and highlight the Bank’s ability to propose higher dividends on account of lower than average payouts**

We recognize Blom Bank’s solid positioning in its domestic market. We highlight the firm’s conservative strategy translating into superior profitability and return ratios relative to its domestic peers from relatively higher margins and operating efficiencies, despite sizeable liquidity buffers. We also value Blom Bank’s higher quality core income. In the short-term, we look to the prudent management team to continue to focus on asset quality in light of difficult operations and further develop its regional presence. We value the Bank’s ability to steadily grow earnings while dividends should continue to benefit from lower than average payouts.

**Byblos Bank**

**While we like Byblos Bank’s solid domestic retail franchise with strong risk management practices, we believe additional value could be generated for investors as business plan visibility and cost-efficiencies improve**

We recognize Byblos Bank’s position in its domestic retail market and solid fundamentals benefiting from sizeable liquidity buffers, strong capitalization and superior asset/liability management practices, a validation of management’s risk practices although at the detriment to profitability ratios. We also recognize the firm’s leadership at better managing its asset liability mismatch with the issuance of costlier longer term liabilities. We believe Byblos Bank’s shares could generate more value once the firm provides visibility on its business plan as it relates to its business line and geographic diversification and possible redeployment of excess capital back to shareholders.

**Solidere**

**We remain cautious in the shorter term against an uncertain political and economic backdrop impacting the property market and investor sentiment, although still recognizing value for long term investors**

We remain cautious on Solidere shares, on concerns that the short/medium term will remain challenging, as land sales remain the key revenue and cash flow driver. We also note disappointing results in revenue diversification to offset the depletion of the land bank, partly from slower than expected rental income expansion and recent wind down of hospitality business. Longer term, we still recognize unlocked value in Solidere for patient investors from a rebound in land sales, the completion of the real estate pipeline and the waterfront infrastructure providing additional value to the BCD. Solidere shares represent a vote of confidence on Lebanon and as such are subject to sentiment swings from the reaction to political concerns materializing into slower operations and weakened investor sentiment.

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