

Listed Securities	Bloomberg Ticker	Sector	Industry	Market Cap. (USD mn)	Last Price (*)	YTD %	52-Week Range	FFA Recommendation	FFA Intrinsic Value	Discount/Premium to Intrinsic Value	Div. Yield %	Div. Per Share	Diluted EPS (**)	YoY EPS Growth % (**)	FFA EPS 2015e	BVPS (**)	FFA BVPS 2015e	P/E 2015e	P/B 2015e	P/B 2015e	Est. ROE % (**)	
<b>Coverage Universe</b>																						
BANK AUDI	AUDI LB EQUITY	Financials	Commercial Banks	2,402.5	6.05	0.8	5.50-6.99	Marketweight	7.00	-14%	6.6	0.40	0.84	1.0	0.91	6.90	7.16	7.2	6.6	0.88	0.84	12.0
BLOM BANK	BLOM LB EQUITY	Financials	Commercial Banks	2,021.0	9.40	6.8	8.80-9.80	Overweight	11.00	-15%	7.1	0.66	1.74	9.0	1.71	10.94	11.05	5.4	5.5	0.86	0.85	15.0
BYBLOS BANK	BYB LB EQUITY	Financials	Commercial Banks	910.5	1.61	0.6	1.48-1.76	Marketweight	1.60	1%	8.2	0.13	0.22	14.1	0.25	2.16	2.31	7.3	6.4	0.75	0.70	10.7
SOLIDERE - A	SOLA LB EQUITY	Financials	Real Estate Mngt & Dev	1,825.6	11.06	-2.3	8.14-11.98	Marketweight	13.50	-18%	0.9	0.10	0.71	167.0	0.55	12.89	13.08	15.6	20.1	0.86	0.85	5.7
SOLIDERE - B	SOLB LB EQUITY				11.07	-2.4	8.00-11.75															
<b>Other Lebanese Listed Equities</b>																						
BEMO BANK	BEMO LB EQUITY	Financials	Commercial Banks	137.8	1.90	8.6	1.40-1.90	Not Covered	N/C	N/C	1.7	0.03	0.18	75.5	N/C	2.03	N/C	10.4	N/C	0.93	N/C	10.7
BANK OF BEIRUT	BOB LB EQUITY	Financials	Commercial Banks	948.8	18.80	2.2	18.35-18.80	Not Covered	N/C	N/C	3.2	0.60	2.92	17.9	N/C	25.69	N/C	6.4	N/C	0.73	N/C	12.2
BLC BANK	BLC LB EQUITY	Financials	Commercial Banks	259.6	1.70	0.0	1.70-1.70	Not Covered	N/C	N/C	5.1	0.09	0.28	N/C	N/C	2.27	N/C	6.0	N/C	0.75	N/C	N/C
RASAMNY-YOUNIS MOTOR CO.	RYM LB EQUITY	Consumer Discretionary	Specialty Retail	88.2	3.23	0.0	3.23-3.23	Not Covered	N/C	N/C	2.8	0.09	0.16	N/C	N/C	1.81	N/C	20.6	N/C	1.79	N/C	N/C
HOLCIM (LIBAN)	HOLC LB EQUITY	Materials	Construction Materials	283.4	14.52	-4.8	14.01-16.25	Not Covered	N/C	N/C	10.3	1.49	0.86	-23.2	N/C	N/A	N/C	16.9	N/C	N/A	N/C	N/C
CIMENTS BLANCS BEARER	CBB LB EQUITY	Materials	Construction Materials	32.7	3.90	4.0	3.00-4.00	Not Covered	N/C	N/C	9.4	0.34	0.40	5.0	N/C	1.95	N/C	9.2	N/C	1.86	N/C	20.6
CIMENTS BLANCS NOMINAL	CBN LB EQUITY				3.10	12.7	2.75-3.10															

Source: FFA Private Bank, Company Reports, BSE website, Bloomberg  
 (Market close on December 30, 2015)  
 Currency: USD

(\*) - Listed shares market price  
 (\*\*) - Diluted EPS, YoY EPS growth and ROE for covered companies 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

**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. Bank Audi shares should see pressures from FX currency devaluation and share dilution YoY which could create interesting trade given relative share underperformance year to date.

**Blom Bank**

**We view Blom Bank’s higher returns and solid liquidity levels as a reflection of a prudent management team and see scope for dividends to grow over time on account of lower than average payouts**

We recognize Blom Bank’s solid positioning in its domestic market. We like 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 in key regional markets. 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 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 gains visibility on its outlook and redeploys capital to create additional shareholder value by way of expansion, acquisition, or return of capital.

**Solidere**

**We remain cautious for the short term given that uncertain economic and political backdrop has materialized into slower operations and weakened investor sentiment, yet still see inherent value in the land bank for patient longer term investors**

We are cautious on Solidere shares as the uncertain economic/political backdrop has materialized into slower operations and weakened investor sentiment. We are concerned that the short to medium term will remain challenging for Solidere given the impact of the difficult operating environment on the property market and land sales, which remain the key driver for revenues and cash flows generation. We also note disappointing results in attempts at revenue diversification to offset the depletion of the land bank, partly from slower than expected rental income expansion and recent wind down in hospitality business. Longer term, we still recognize unlocked value in Solidere for patient investors that could result from a rebound in land sales, the completion of the real estate pipeline and the waterfront infrastructure providing additional value to the BCD. Ultimately, we note that Solidere shares represent a vote of confidence on Lebanon and as such are subject to sentiment swings from the reaction to political/security concerns. We expect lower net profits in 2015e, mostly on lower land sales revenues. We rate Solidere shares at Marketweight from Overweight previously, although recognize upside potential for shares in the longer term upon any sustainable improvement in economic/political backdrop that could favorably impact operations as well as investors’ appetite.

## Contacts

### Head of Research: Nadim Kabbara, CFA

n.kabbara@ffaprivatebank.com

+961 1 985195

### Analyst: Racha Saadeh Chehab

r.chehab@ffaprivatebank.com

+961 1 985195

### Sales and Trading, FFA Private Bank (Beirut)

+961 1 985225

### Sales and Trading, FFA Dubai Ltd (DIFC)

+971 4 3230300

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## FFA Private Bank s.a.l.

- One FFA Gate - Marfaa 128 - Foch Street
- Beirut Central District
- PO Box 90-1283 - Beirut - Lebanon
- Tel: +961.1.985 195
- Fax: +961.1.985 193
- <http://www.ffaprivatebank.com>

## FFA Dubai Ltd

- Building No 7 - Level 1
- Gate Village
- Dubai International Financial Centre (DIFC)
- PO Box 506567 - Dubai - UAE
- Tel: +971.4.363 74 70
- Fax: +971.4.363 74 71
- <http://www.ffadubai.com>