

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 2017e	BVPS (**)	FFA BVPS 2017e	P/E	P/E 2017e	P/B	P/B 2017e	Est. ROE % (**)
Coverage Universe																							
BANK AUDI	AUDI LB	Financials	Commercial Banks	2,298.6	5.75	-15.4	5.46-6.97	Marketweight	7.00	-18%	8.7	0.50	50%	1.00	-7.0	1.03	7.79	7.97	5.8	5.6	0.74	0.7	12.3
BLOM BANK	BLOM LB	Financials	Commercial Banks	2,502.6	11.64	9.8	10.31-12.10	Overweight	13.00	-10%	8.5	1.00	44%	2.26	-9.0	2.40	13.14	12.25	5.2	4.9	0.89	1.0	16.7
BYBLOS BANK	BYB LB	Financials	Commercial Banks	904.8	1.60	-5.9	1.52-1.75	Marketweight	1.50	7%	8.3	0.13	60%	0.22	31.0	0.16	2.48	2.41	7.3	10.0	0.65	0.7	9.4
SOLIDERE - A	SOLA LB	Financials	Real Estate Management & Dev.	1,319.7	8.01	-27.6	7.35-10.38	Marketweight	8.00	0%	N/A	0.00	N/A	N/A	-125.0	N/A	12.10	12.10	N/A	N/A	0.66	0.7	N/A
SOLIDERE - B	SOLB LB				7.98	-27.9	7.18-10.50																
Other Lebanese Listed Equities																							
BANK OF BEIRUT	BOB LB	Financials	Commercial Banks	948.8	18.80	0.0	18.80-18.80	Not Covered	N/C	N/C	3.5	0.66	23%	2.93	-1.9	N/C	30.73	N/C	6.4	N/C	0.6	N/C	10.1
BLC BANK	BLC LB	Financials	Commercial Banks	198.2	0.93	-6.1	0.93-0.99	Not Covered	N/C	N/C	9.3	0.09	34%	0.25	-99.9	N/C	2.56	N/C	3.7	N/C	0.4	N/C	N/A
BEMO BANK	BEMO LB	Financials	Commercial Banks	100.6	1.30	-23.5	1.30-1.70	Not Covered	N/C	N/C	4.1	0.05	21%	0.25	17.8	N/C	2.70	N/C	5.1	N/C	0.5	N/C	12.2
HOLCIM (LIBAN)	HOLC LB	Materials	Const. Materials	282.2	14.46	23.1	10.28-15.00	Not Covered	N/C	N/C	5.9	0.85	33%	2.60	179.2	N/C	N/A	N/C	5.6	N/C	N/A	N/C	N/A
CIMENTS BLANCS BEARER	CBB LB	Materials	Const. Materials	27.8	3.50	7.7	2.20-3.85	Not Covered	N/C	N/C	15.7	0.48	100%	0.49	58.4	N/C	2.10	N/C	6.3	N/C	1.5	N/C	24.2
CIMENTS BLANCS NOMINAL	CBN LB				2.25	43.3	1.57-2.25																
RASAMNY-YOUNIS MOTOR	RYM LB	Cons. Disc.	Specialty Retail	88.7	3.25	0.0	3.25-3.25	Not Covered	N/C	N/C	3.4	0.11	49%	0.22	101.4	N/C	1.91	N/C	14.7	N/C	1.7	N/C	9.5

N/A: Not Available, N/C: Not Covered

Source: FFA Private Bank, Company Reports, BSE website, Bloomberg

Market close on December 29, 2017

Currency: USD

(*) - Listed shares market price

(**) - Diluted EPS, 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

- Bank Audi EPS and ROE do not include exceptional gains registered in Q2/17

INVESTMENT OPINION:

Bank Audi

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

Bank Audi is the largest Alpha bank in Lebanon in terms of balance sheet size with a demonstrated franchise and the confidence of its clients in Lebanon and abroad. 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 and trade finance driving higher quality core income despite some room for improvement on Tier 1 capital. We continue to rate Bank Audi shares at Marketweight although we 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 55 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 and capitalization 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 and excess capital buffers

We recognize Blom Bank's solid positioning in its domestic market. We highlight the firm's conservative strategy focusing on preserving asset quality and higher capitalization ratios which translates in lower cost of risk and excess common equity Tier 1 capital respectively. We highlight Blom Bank's superior profitability and return ratios relative to its domestic peers from relatively higher operating efficiencies and margins, despite sizeable liquidity buffers. We also value Blom Bank's higher quality core income which translates into steady earnings growth while dividends should continue to benefit from lower than average payouts and above average excess Tier 1 common equity capital.

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 by providing additional visibility on its growth plan via geographic diversification and new business segments

We recognize Byblos Bank's position in its domestic retail market as well as its capacity to show sizeable liquidity buffers and superior asset/liability management practices, a validation of management's risk practices although at the detriment of 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. We favor further efforts towards both organic and inorganic growth targeting geographical expansion and new business segments with focus on new markets and private banking/asset management which would respectively improve interest margins and core income.

Solidere

Lower visibility on future land sales driving our cautious view on Solidere shares amid lack of near term catalyst that would significantly boost demand factors, in addition to uncertain outcome of recent reform efforts as shares generally trade as a political proxy.

We reiterate our cautious view on Solidere shares as pick up in land sales remains to be seen following marginal improvement in real estate indicators likely reflecting investor optimism after key political developments and reform efforts. In addition to subdued domestic demand in the high end real estate segment, we expect Solidere earnings to be further weighed by low appetite from expats and GCC nationals. We also expect higher provisions on persisting credit quality concerns to challenge Solidere's capacity to generate cash flow given unfavorable revenue mix which would weigh on profitability metrics. Longer term, we still recognize unlocked value in Solidere from a rebound in land sales and the completion of the real estate pipeline once domestic/regional pressure eases. Upside risks include a reactivation of political institutions through parliamentary elections and budget ratification, and improved political tensions regarding Syrian crisis.

Contacts

Head of Research: Anna Maria Charaoui

a.charaoui@ffaprivatebank.com +961 1 985195

Analyst: Nadine Mezher

n.mezher@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 5 – Office 410
- Gate Precinct
- 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>