

February 28, 2012

# Bank of Georgia Holding

## Premium listing on the LSE launched today

Following completion of its tender offer, Bank of Georgia Holding (BGH) started trading on the London Stock Exchange today and received premium listing status. The ticker for the company is BGEO LN. Today's BGH opening price at GBP 895/share is 6% above the closing Bank of Georgia GDR price on the last day of the tender offer. We reiterate our positive view on the Bank of Georgia and rate BGH shares as BUY.

### Offer participation rate at 98.35%

Holders of GDRs and ordinary shares that jointly represented 98.17% of Bank of Georgia's share capital agreed to exchange their securities for shares in BGH. In addition, the International Finance Corporation and European Bank for Reconstruction and Development agreed to convert part of their loans to Bank of Georgia into BGH shares. BGH became the holding company for Bank of Georgia, holding a 98.35% stake.

### GDR program to be closed

Bank of Georgia plans to close its GDR program by June 30, 2012 and potentially cancel its listing on the Georgian Stock Exchange. Also, since BGH holds more than 95% of Bank of Georgia, it will be able to compel minority shareholders to sell their stakes.

### Target price assigned for BGH and withdrawn for Bank of Georgia

We withdraw our 12-month target price of USD 24.1/share for Bank of Georgia GDRs (new ticker: BGEZ LI) and ordinary shares (GEB GG) and assign a target price for Bank of Georgia Holding (BGEO LN) at USD 23.7 (GBP 1494/share) which implies 67% upside to today's opening price. Please see our Bank of Georgia initiating coverage report "Bank of Georgia: In a class of its own" dated Feb. 14, 2012.

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Bloomberg	BGEO LN
Number of shares	35,909,383

#### Recommendation BUY

Price, USD	14.2
12M target, USD	23.7
Price, GBP	895
12M target, GBP	1494
Upside	67%

Opening prices as of Feb. 28, 2012

#### Key BGH shareholders\*

East Capital	13.6%
Firebird Management	8.3%
Artio Int'l Equity	6.9%
OP-Pohjola	5.3%
IFC	5.1%
EBRD	5.1%

\* Estimates based on Bank of Georgia data as of Sep. 30, 2011

#### Bank of Georgia key financials and forecasts

	2008	2009	2010	2011E	2012E	2013E
Assets, USD mln	1 955	1 728	2 259	2 815	3 331	3 869
Assets, yoy	5%	-12%	31%	25%	18%	16%
Net loans, USD mln	1 223	985	1 327	1 585	1 864	2 187
Net loans, yoy	16%	-19%	35%	20%	18%	17%
Net income, USD mln	0	-59	46	81	97	117
Net income, yoy	nm	nm	nm	75%	20%	20%
ROE	0.0%	-15.1%	12.4%	18.0%	17.2%	17.7%
Net loans/client deposits	171%	131%	117%	107%	104%	102%
Cost of risk	7.1%	6.3%	2.0%	0.9%	0.8%	0.8%

Source: Company data, Concorde Capital

### Analyst certification

We, Olena Zuikova and Vitaliy Vavryshchuk, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

### Rating history

#### Company: Rating history

<i>Date</i>	<i>12M target price, USD</i>	<i>Market price, USD</i>	<i>Rating</i>	<i>Action</i>
28-Feb-2012	23.7	14.2	BUY	Initiating

*Source: Concorde Capital*

### Investment ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 20% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 20%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

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