

JSC People's Bank of Georgia Announces A GEL 25.8 Million Capital Increase

People's Bank of Georgia (the "Bank") announced today that it has issued new common shares which, on a fully-paid basis, will result in an increase in the Bank's equity capital by GEL 25.8 million.

Liberty Capital and group entities have acquired 1,259,990,909 newly issued common shares (the "Capital Increase"), paying in GEL 17,160,000 (US\$10 million equivalent) in cash, with further GEL 5,015,840 payable in the future. Liberty Capital has therefore fulfilled its obligation to increase the Bank's equity capital by at least US\$10,000,000 (GEL equivalent), which was agreed upon with the regulator as part of the terms and conditions upon which Liberty Capital purchased the controlling equity interest in the Bank in September 2009.

34,665,623 common shares previously held in treasury have been sold to 15 third-party investors at the average price of GEL 0.0422 (net of commission) per share, increasing the Bank's equity capital by a further GEL 1,463,299.

174,678,856 common shares have been issued to Stichting Liberty ESOP, of which 139,655,745 common shares have been awarded to 39 employees on a three-year straightline vesting schedule in accordance with the Bank's commitment to such eligible employees made on 2 November 2009.

At the completion of these transactions, the total number of common shares outstanding will have increased to 3,006,779,465 common shares. In addition, 108,133,844 common shares have been reserved for issuance in the event that the minority shareholders subscribe in full to their respective allocations pursuant to their pre-emption rights with regard to the Capital Increase.

The Bank's consolidated Shareholders' Equity (unaudited, IFRS-based) stood at GEL 10,489,888 at YE 2009.

"This increase in equity capital strengthens the bank's balance sheet and diversifies our shareholder base. I am pleased to welcome our new shareholders aboard. I am also very pleased that the ESOP has now been fully implemented, as it plays a major part in the overall compensation of the senior employees who will steer the bank to profitability and market share growth", commented **Lado Gurgenedze**, Executive Chairman and Chief Executive Officer of the Bank.

About People's Bank of Georgia

Established in 2002, People's Bank of Georgia (GSE: BANK) is the seventh largest bank in Georgia by total assets, with a 4.1% market share as of 31 December 2009. The bank has the largest branch network in Georgia, comprising 175 branches, and serves approximately 1.2 million individuals and over 26 thousand legal entities.

For further information please visit www.peoplesbank.ge or contact:

Lado Gurgenedze
Executive Chairman and Chief Executive Officer
Telephone: +995 99 477 272
Email: lado.gurgenedze@peoplesbank.ge or ir@peoplesbank.ge

About Liberty Investments

Established in September 2009, Liberty Investments is an investment company focused on the financial services institutions in emerging and frontier markets. Its ultimate beneficial shareholders are Dinu Patriciu and Lado Gurgenedze. It invests in frontier and emerging markets characterised by general openness of the economy as well as sound fiscal and monetary policy and good corporate governance.

For further information please contact:

Lado Gurgenedze
Chief Executive Officer
Telephone: +995 99 477 272
Email: lg@libertycapital.ge

Dmitry Kasatkin
Chief Operating Officer
Telephone: +44 77 860 28 700
Email: dk@libertycapital.ge