

People's Bank of Georgia Announces Change of Control

People's Bank of Georgia ("PBG") today announced a change of control, whereby Liberty Capital LLC, a wholly-owned subsidiary of Liberty Investments Holding B.V. ("Liberty"), purchased a 91.218% equity interest in PBG.

Liberty is a recently-established investment company focused on the financial services sector primarily in emerging and frontier markets. Its ultimate beneficial shareholders are Dinu Patriciu and Lado Gurgenzidze. It invests in markets characterised by general openness of the economy as well as sound fiscal and monetary policy and good corporate governance. The acquisition of the controlling equity interest in PBG is Liberty's first investment. Liberty is also currently in the process of purchasing a 60% equity interest in Fairwind Securities, a Romanian broker-dealer.

Georgia is currently ranked No.11 in the World Bank's Doing Business global ranking (the highest-ranked emerging market) and is the fourth best performer globally in the Forbes Tax Misery & Reform Index. In 2004-2008 Georgian banking sector assets grew from US\$600 million to US\$5.4 billion.

Commenting on the deal, **Lado Gurgenzidze**, Chief Executive Officer of Liberty and the incoming Executive Chairman and Chief Executive Officer of PBG said: "I am delighted that Liberty is up and running and has made its first investment. Our business model entails investing in banks in emerging markets where economic conditions and reformist tendencies resemble those in Georgia and other successful open economies. So it is not a surprise that we have begun investing in Georgia itself. People's Bank has significant turnaround potential, due to the largest branch footprint and exclusive pensions franchise. In the hands of a well-capitalised, competent investor the Bank has the potential to be among the top five banks in Georgia. In the coming months, our priority is to initiate the turnaround of People's Bank. We plan to invest additional capital ourselves. We do not intend to de-list the bank from the Georgian Stock Exchange and may consider increasing its free float to 20%-25% over time. We would welcome sophisticated, seasoned investors to join us on this journey".

Dinu Patriciu, Chairman of Liberty, said: "I am delighted to be working on this exciting new project with Lado Gurgenzidze. Over the next few years, we intend to raise additional capital for Liberty and invest in one to two opportunities every year. Our investment philosophy is simple – in emerging markets where economic reforms take root, financial services companies are some of the earliest beneficiaries of the improved business climate and present attractive investment opportunities. Since Lado and I have successful experience of running public companies, we consider the eventual IPO of Liberty on a major exchange a viable exit option".

"I am pleased that People's Bank of Georgia has found seasoned investors who will capitalise it and carry out its modernisation. This transaction proves that the Georgian banking sector remains highly attractive to investors", stated **Giorgi Kadagidze**, President of the National Bank of Georgia.

About Dinu Patriciu

Dinu Patriciu is a Romanian citizen who began his career as an architect. Over the last twenty years he has been at the forefront of regional business and political life, becoming one of the leading advocates of free market principles and classical liberal values in Romania and South Eastern Europe.

Between 1990 and 1998 Dinu was the President of ALPHA Construction and Real Estate Investments SA, the first private company founded in Romania after the collapse of Communism. During this period, he acquired land and developed over 40,000 square meters of high-end commercial and residential properties in Bucharest.

In 1998 he led an investor buyout of the Romanian company Rompetrol SA, served on the Supervisory Board of the new company from its establishment, and took over as full time CEO in 2001. Dinu led Rompetrol from a state-owned Romanian oil services company into one of the top 25 oil operators in the European Union through a program of strategic acquisitions and organic growth. He took control of Rompetrol in 1998 when it was a money-losing asset that had been declared unsalvageable by the World Bank. After several acquisitions in Romania, Rompetrol embarked on an international expansion program in the Balkan region and beyond, including Moldova, Georgia, and Ukraine, and in 2005 acquired Dyneff Group SA, the largest independent distributor of oil products in France. In August 2007, Dinu Patriciu sold 75% of

About People's Bank of Georgia

Established in 2002, People's Bank of Georgia (GSE: AMB) is the seventh largest bank in Georgia by total assets, with 3.4% market share as of 30 June 2009. The bank has the largest branch network and serves approximately 1.5 million individuals. For further information please visit www.peoplesbank.ge or contact:

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Rompetrol to Kazakhstan's KazMunayGas (KMG). In June 2009, Dinu Patriciu sold his remaining 25% equity stake to KMG while remaining a Member of the Board of The Rompetrol Group.

Over the past year, Dinu has focused his attention on the European commercial real estate market with the purchases of AIM-listed Fabian Romania, which owns GBP 138 million of Romanian assets, and 73.6% of LSE-listed Rutley European Property Limited. Dinu is also Chairman of the Board of Adevarul Holding, a media group (since 2006), and President of the Dinu Patriciu Foundation, which provides educational scholarships for promising Romanian students. Forbes ranks Dinu Patriciu the richest man in Romania and the 397th richest person in the world with assets of US\$1.8 billion.

About Lado Gurgenidze

Lado Gurgenidze is a career banker who after a decade spent at several investment banks in Eastern Europe and London returned to his native Georgia in 2004 and spearheaded, as Executive Chairman, a turnaround of Bank of Georgia (LSE: BGEO). During Lado's three-year tenure, the bank's total assets and net income grew 760% and 1,563%, respectively. As its market share grew from 18% to 34%, Bank of Georgia became a leading universal bank in Georgia and the region with market capitalisation of US\$900 million at the time of Lado's departure (up from US\$25 million at the time of his arrival).

In 2007-2008, Lado served as Prime Minister of Georgia, leading the Georgian economy through the final stage of free-market reforms, including tax cuts, financial services sector reform as well as aggressive privatisation and liberalisation policies. In the aftermath of the August 2008 conflict with Russia, Lado was instrumental in stabilising the Georgian economy and its financial sector, as well as securing a US\$750 million IMF stand-by arrangement and a \$4.5 billion multi-donor aid package.

Lado put Georgia on the global institutional investor map, leading the first-ever international equity and debt capital markets issues by Bank of Georgia and the Georgian government as well as the country's first-ever domestic IPOs. He is responsible for bringing in approximately US\$1 billion of portfolio investments and close to US\$500 million of FDI. In October 2008, Lado was awarded St George's Victory Order – the highest civilian honour in Georgia. Since he stepped down as Prime Minister, Lado has been a frequent public speaker on issues of economic liberty and free-market reforms in developing countries and co-chairs the Emory Center for Alternative Investments.

