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PRESS RELEASE

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East Capital Launches a New Fund Focusing on the Banking Sector in Russia and the CIS

During the last quarter of 2005, East Capital will launch the East Capital Explorer Financial Institutions Fund, a private equity fund with a focus on the banking sector in Russia and the CIS. The fund has a target size of 300-350 MEUR and is expected to have a life term of seven years, with a possible three-year extension. The fund will be a closed-end fund directed at institutional and qualified investors.

The East Capital Explorer Financial Institutions Fund will offer investors exposure to a sector that traditionally carries a range of regulatory and practical hurdles for foreign investors. The expected rapid expansion of the banking sector is fuelled by reforms and a favourable macroeconomic and political environment in this region. *"We believe that this new fund is an attractive and unique investment alternative for investors who can commit themselves in the long-term",* says **Peter Elam Håkansson**, chairman of East Capital. *"The outlook in the region looks promising. For example, the total banking assets to GDP are 4-6 times lower than in Western Europe, which, in combination with 2-3 times higher GDP growth, opens for much room for growth in the financial sector",* Peter continues.

Bengt Dennis, former head of the Central Bank of Sweden, and **Jean-Marie Laporte**, former Nordic Director at Calyon and head of East Capital in France, will be members of the board of directors, which will have the primary responsibility of evaluating and deciding upon investments and divestments of the fund. The management team, led by **Kestutis Sasnauskas**, founding partner of East Capital, will manage the day-to-day investment activities of the fund and its engagements in the portfolio companies. *"The idea is that we will play an active role in the further development of the banks we invest in and promote "best banking practices" with the knowledge and experience we have access to"* says Kestutis.

The fund will be open solely for institutional and qualified investors. Investors will have the option to either make the investment upfront (minimum 50,000 EUR) or by committing to making the investment by capital draw downs on each investment occasion (minimum 5 MEUR in total commitment). For those investors contributing capital upfront, it is expected that limited trading of the shares in the fund will be organised by Öhman Fondkommission in Stockholm, which also acts as placing agent. East Capital may also explore possibilities to list the fund in the future. The fund is expected to have a life term of seven years, with a possible three-year extension, before its investments are divested and the fund is liquidated.

Facts about East Capital

East Capital is a leading, independent asset manager specialising in Eastern European financial markets. The company was founded in 1997 and actively manages EUR 1.8bn. East Capital's investment strategy is based on a profound knowledge of the markets, fundamental analysis and frequent company visits by fund managers and analysts.

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