



Unaudited Condensed
Financial Report

for the 1st quarter
of 2015

REVERTA

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Management Report

Dear shareholders and partners!

During the first three months of the year joint-stock company Reverta continued performance of targets and tasks established in the Restructuring Plan and repaid EUR 5m of interest to the State Treasury. Thus, the total amount repaid to the Treasury since 1 August 2010 to 31 March 2015 is EUR 318.5m.

During the reporting period Reverta recovered EUR 9.6m from the restructuring of distressed loans and disposal of real estate properties, as compared to EUR 16.6m during the same period of the previous year.

Taking into account the fact that Reverta is recovering loans not only in the Baltic States but also in Russia and Ukraine, the Russian - Ukrainian crisis that started in 2014 and weakened the economy of both countries is still affecting Reverta's performance results in a negative way. The devaluation of rouble encumbered loan repayment capacity of Russian and other CIS clients and therefore the amount of funds recovered in the CIS during Q1 2015 has significantly decreased. In some cases borrowers took advantage of the situation by ceasing repayments without any justified grounds and by trying to hide their assets.

During the reporting period Reverta continued the workout of the real estate portfolio through professional management and sales of the repossessed collaterals. During the first three months of 2015 Reverta's Sales Team has sold 74 real estate properties for the total amount of EUR 3m. Although the achieved result is in line with the plan, it is by half less than the performance of the same period last year. This can be explained by the fact that currently prospective buyers are interested in properties of lower value, which leads to significantly smaller sales transaction amounts.

Overall, since 1 August 2010 to 31 March 2015 the State has received from Reverta a total of more than half a billion euros. This sum comprised payments to the State Treasury, repayments of the State guaranteed Syndicated Loan, and accrued interest in the amount of EUR 244.6m. Approximately EUR 15m has been paid in addition to the State in the form of various taxes and duties. Starting from 1 August 2010 Reverta has paid a total of EUR 17.2m under subordinated liabilities.

At the end of the reporting period the total asset portfolio of Reverta was EUR 214.1m. As a result of loan restructuring and debt recovery the net book value of Reverta's loan portfolio has decreased to EUR 166m.

Solvita Deglava
Chairperson of the Management Board

Edgars Miļūns
Member of the Management Board

Ruta Amtmane
Member of the Management Board

Riga,
28 May 2015

The Council and the Management Board

The Council

<i>Name</i>	<i>Position</i>
Michael Joseph Bourke	Chairman of the Council
Kaspars Āboliņš	Deputy Chairman of the Council (till 01.02.2015)
Mary Ellen Collins	Member of the Council (till 24.02.2015)
Mary Ellen Collins	Deputy Chairperson of the Council (from 25.02.2015)
Andris Ozoliņš	Member of the Council

The Management Board

<i>Name</i>	<i>Position</i>
Solvita Deglava	Chairperson of the Management Board
Ruta Amtmane	Member of the Management Board
Edgars Miļūns	Member of the Management Board

Statement of Responsibility of the Management

The Management of AS Reverta (hereinafter – the Company) are responsible for the preparation of the financial statements of the Company as well as for the preparation of the consolidated financial statements of the Company and its subsidiaries (hereinafter – the Group).

The financial statements set out on pages 6 to 13 are prepared in accordance with the source documents and present fairly the financial position of the Company and the Group as at 31 March 2015 and the results of their operations, changes in shareholders' equity and cash flows for the three month period ended 31 March 2015. The management report set out on page 3 presents fairly the financial results of the reporting period and future prospects of the Company and the Group.

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Management in the preparation of the financial statements.

The Management of AS Reverta are responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group.

Solvita Deglava
Chairperson of the Management Board

Edgars Miļūns
Member of the Management Board

Ruta Amtmane
Member of the Management Board

Riga,
28 May 2015

Statements of Comprehensive Income

	EUR 000's			
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	Group	Group	Company	Company
Interest income	477	991	601	1,292
Interest expense	(5,617)	(6,802)	(5,617)	(6,802)
Net interest expense	(5,140)	(5,811)	(5,016)	(5,510)
Commission and fee income	5	9	5	9
Commission and fee expense	(7)	(5)	(6)	(4)
Net commission and fee income / (expense)	(2)	4	(1)	5
Result of revaluation of financial instruments and foreign currency, net	406	(141)	406	(141)
Other income	307	19	351	334
Net financial result of the segment	(4,429)	(5,929)	(4,260)	(5,312)
Real estate segment income	555	842	-	6
Real estate segment expense	(275)	(394)	(43)	(26)
Revaluation result, net	-	(14)	-	-
Net result of RE segment	280	434	(43)	(20)
Collaterals and assets under repossession expense	(18)	(6)	(18)	(6)
Administrative expense	(1,738)	(1,791)	(1,661)	(1,710)
Amortisation and depreciation charge	(19)	(17)	(19)	(17)
Impairment of assets, net	15	183	15	183
Loss before taxation	(5,909)	(7,126)	(5,986)	(6,882)
Corporate income tax	-	(40)	-	(40)
Loss for the period	(5,909)	(7,166)	(5,986)	(6,922)

Statements of Financial Position

	EUR 000's			
	31/03/2015	31/12/2014*	31/03/2015	31/12/2014*
	Group	Group	Company	Company
Assets				
Balances due from credit institutions	6,849	5,713	6,011	5,171
Loans	155,321	162,096	165,900	173,040
Fixed assets	61	63	54	55
Intangible assets	77	87	77	86
Investments in subsidiaries	-	-	21,655	21,655
Investment property	44,845	46,466	9,698	9,703
Other assets	15,291	14,395	10,749	10,548
Total assets	222,444	228,820	214,144	220,258
Liabilities				
Issued debt securities	458,747	458,185	458,747	458,185
Other liabilities	1,406	2,456	916	1,627
Subordinated liabilities	75,872	75,851	75,872	75,851
Total liabilities	536,025	536,492	535,535	535,663
Equity				
Paid-in share capital	442,552	442,552	442,552	442,552
Share premium	18,063	18,063	18,063	18,063
Accumulated losses	(774,196)	(768,287)	(782,006)	(776,020)
Total shareholders' equity attributable to the shareholders of the Company	(313,581)	(307,672)	(321,391)	(315,405)
Total liabilities and equity	222,444	228,820	214,144	220,258

* Auditor: SIA "PricewaterhouseCoopers"

Statements of Changes in Equity

Group	EUR 000's			
	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 31 December 2013	442,552	18,063	(707,898)	(247,283)
Loss for the period	-	-	(7,166)	(7,166)
Balance as at 31 March 2014	442,552	18,063	(715,064)	(254,449)
Loss for the period	-	-	(53,223)	(53,223)
Balance as at 31 December 2014	442,552	18,063	(768,287)	(307,672)
Loss for the period	-	-	(5,909)	(5,909)
Balance as at 31 March 2015	442,552	18,063	(774,196)	(313,581)

Company	EUR 000's			
	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 31 December 2013	442,552	18,063	(718,550)	(257,935)
Loss for the period	-	-	(6,922)	(6,922)
Balance as at 31 March 2014	442,552	18,063	(725,472)	(264,857)
Loss for the period	-	-	(50,548)	(50,548)
Balance as at 31 December 2014	442,552	18,063	(776,020)	(315,405)
Loss for the period	-	-	(5,986)	(5,986)
Balance as at 31 March 2015	442,552	18,063	(782,006)	(321,391)

Statements of Cash Flows

	EUR 000's			
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	Group	Group	Company	Company
Cash flows from operating activities				
Loss before tax	(5,909)	(7,126)	(5,986)	(6,882)
Amortisation and depreciation	19	17	19	17
Change in impairment allowances and other accruals	(15)	(182)	(15)	(182)
Interest income	(477)	(992)	(601)	(1,292)
Interest expense	5,617	6,802	5,617	6,802
Other non-cash items	(550)	(174)	(552)	(187)
Cash generated before changes in assets and liabilities	(1,315)	(1,655)	(1,518)	(1,724)
Proceeds from loans and receivables	7,820	12,373	8,310	16,195
Proceeds from investment property	2,953	6,234	44	43
(Increase)/decrease in other assets	(2,227)	(1,504)	(240)	40
(Decrease)/ increase in other liabilities	(1,051)	(1,058)	(712)	(1,189)
Cash generated from operating activities before corporate income tax	6,180	14,390	5,884	13,365
Corporate income tax paid	-	(40)	-	(40)
Net cash flows from operating activities	6,180	14,350	5,884	13,325
Cash flows from investing activities				
Purchase of intangible and fixed assets	(10)	-	(10)	-
Net cash flow from investing activities	(10)	-	(10)	-
Cash flows from financing activities				
Interest for issued debt securities	(5,034)	(5,717)	(5,034)	(5,717)
Interest for subordinated debt	-	(965)	-	(965)
Net cash flow from financing activities	(5,034)	(6,682)	(5,034)	(6,682)
Net cash flow for the reporting period	1,136	7,668	840	6,643
Cash and cash equivalents at the beginning of the reporting period	5,713	21,485	5,171	14,157
Cash and cash equivalents at the end of the reporting period	6,849	29,153	6,011	20,800

Consolidation Group Structure as at 31 March 2015

No.	Name of company	Registration number	Registration address	Country of domicile	Company type*	% of total paid-in share capital	% of total voting rights	Basis for inclusion in the group**
1	AS "Reverta"	LV-40003074590	Latvia, Riga LV-1010, Republikas laukums 2A	LV	KS	100	100	MAS
2	Regalite Holdings Limited	CY-HE93438	Cyprus, Nicosia 1075, 58 Arch. Makarios 3 Avenue, Iris Tower, 6th floor, office 602	CY	PLS	100	100	MS
3	OOO "Parex Leasing and Factoring"	GE-205224461	Georgia, Tbilisi, Kazbegi avenue 44	GE	LIZ	100	100	MS
4	SIA "NIF Dzīvojamie īpašumi"	LV-40103253915	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
5	SIA "NIF Komerģīpašumi"	LV-40103254003	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
6	SIA "NIF Zemes īpašumi"	LV-40103255348	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
7	UAB "NIF Lietuva"	LT-302462108	Lithuania, Vilnius LT03107, K.Kalinausko 13	LT	PLS	100	100	MS
8	OÜ "NIF Eesti"	EE-11788043	Estonia, Tallinn 10119, Roosikrantsi 2	EE	PLS	100	100	MS
9	SIA "NIF Projekts 1"	LV-50103300111	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
10	SIA "NIF Projekts 6"	LV-40103398865	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
11	SIA "NIF Projekts 7"	LV-40103512479	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
12	SIA "NIF Projekts 8"	LV-40103512604	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
13	Carnella Maritime Corp.	BVI-1701483	British Virgin Islands, Mill Mall Tower, 2 nd Floor, Wickhams Cay 1, Tortola.	BVI	PLS	100	100	MS

*KS – commercial company, LIZ – leasing company, PLS – company providing various support services.

** MS – subsidiary company, MAS – parent company.

Notes

Information about Reverta's structure

As at 31 March 2015 the Company had 4 representative offices.

Issued share capital as at 31 March 2015

Shareholders	Nominal value, (EUR)	Number of shares	Paid-in share capital, (EUR)	Voting rights	Paid-in share capital, (%)
SJSC "Privatizācijas Aģentūra"	0.10	3 724 127 238	372,412,723.8	2 928 030 460	84.15%
EBRD	0.10	563 910 051	56,391,005.1	563 910 051	12.74%
Other	0.10	138 482 377	13,748,237.7	77 809 197	3.11%
Total		4 425 519 666	442,551,966.6	3 569 749 708	100%

Information on certain parties that were related to the Company at the moment it received state aid

The following table represents summary of material transactions with certain parties that were related to the Company at the moment it received the State Aid:

	EUR 000's			
	1 st quarter of 2015		1 st quarter of 2014	
	Period-end balance	Interest income/ (expense)	Period-end balance	Interest income/ (expense)
Loans issued by the Company	2,824	-	2,666	-
Subordinated financing provided to the Company	51,311	-	51,230	(744)

Subordinated financing contracts were entered into force in 2008 and have maturities ranging 2015 through 2018. Subordinated financing is LVL and EUR denominated. Prior repayment can be unilaterally requested only upon liquidation of the Company.

The following table represents the details of the Company's subordinated capital:

Counterparty	Residence country	Issue size, (EUR 000's)	Interest rate	Original agreement date	Original maturity date	Amortised cost (EUR 000's) 31/03/2015	Amortised cost (EUR 000's) 31/03/2014
Notes-private placement	UK	20,000	4.759%	28/12/2007	28/12/2022	19,118	19,038
Private person	Latvia	10,672	6M Rigibid + 3%	28/09/2007	26/09/2017	10,699	10,673
Private person	Latvia	10,672	6M Rigibid + 3%	28/09/2007	26/09/2017	10,699	10,673
Notes – public issue	n/a	5,350	12%	08/05/2008	08/05/2018	5,444	5,604
Private person	Latvia	15,000	12%	20/06/2008	14/05/2015	15,075	15,085
Private person	Latvia	2,134	6M Rigibid + 3%	30/10/2008	30/10/2018	2,140	2,134
Private person	Latvia	2,134	6M Rigibid + 3%	30/10/2008	30/10/2018	2,140	2,134
Private person	Latvia	3,250	6M Rigibid + 3%	04/12/2008	17/09/2015	3,259	3,251
Private person	Latvia	3,250	6M Rigibid + 3%	04/12/2008	17/09/2015	3,259	3,251
Private person	Latvia	2,015	6M Rigibid + 3%	04/12/2008	29/09/2015	2,020	2,015
Private person	Latvia	2,015	6M Rigibid + 3%	04/12/2008	29/09/2015	2,020	2,015
Total						75,873	75,873

Risk management

The Group's risk is managed according to principles set out in Group's Risk Management Policy. The Group adheres to the following key risk management principles:

- Undertaking an acceptable risk level is one of the Group's main functions in all areas of operation. Risks are always assessed in relation to the expected return. Risk exposures that are not acceptable for the Group are, where possible, avoided, limited or hedged;
- The Group does not assume new high or uncontrollable risks irrespective of the return they provide. Risks should be diversified and those risks that are quantifiable should be limited or hedged;
- Risk management is based on awareness of each and every Group's employee about the nature of transactions he/she carries out and related risks;
- The Group aims to ensure as low as possible risk exposure and low level of operational risk.

Risk management is an essential element of the Group's management process. Risk management within the Group is controlled by an independent unit unrelated to customer servicing - Risk Management Division.

The Group is exposed to the following main risks: credit risk, liquidity risk, currency risk and operational risk. The Group has approved risk management policies for each of these risks, which are briefly summarised below.

Credit risk

Credit risk is the risk that the Group will incur losses from debtor's non-performance or default. The group is exposed to credit risk in its loan restructuring activities.

Credit risk management is based on adequate risk assessment and decision-making. For material risks, risk analysis is conducted by independent Risk Management Division. The analysis of credit risk comprises evaluation of customer's creditworthiness and collateral and its liquidity. The analysis of creditworthiness of a legal entity includes analysis of the industry, the company, and its current and forecasted financial position. The analysis of creditworthiness of an individual includes the analysis of the customer's credit history, income and debt-to-income ratio analysis, as well as the analysis of social and demographic factors. All decisions about loan restructuring or changes in loan agreements are made by the Credit Committee and further reviewed by the Company's Management Board.

The Group reviews its loan portfolio on a regular basis to assess its quality and concentrations, as well as to evaluate the portfolio trends.

Credit risk identification, monitoring and reporting is the responsibility of Risk Management Division.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its legal payment obligations. The purpose of liquidity risk management is to ensure the availability of liquid assets sufficient to meet potential obligations.

Under ordinary circumstances the Group manages its liquidity risk in accordance with the Group’s Liquidity Risk Management Policy. Liquidity risk is assessed and related decisions are made by the Company’s Management Board. Daily liquidity management, as well as liquidity risk measurement, monitoring and reporting, is ensured by the Finance, Risk Management & Operational Department. Liquidity risk management in the Group is coordinated by the Finance, Risk Management & Operational Department. The main source of liquidity are debt securities issued by the Company.

Operational risk

Operational risk is the risk of suffering losses resulting from processes that are deficient or non-compliant with requirements of external and internal regulations, losses resulting from actions of employees and system malfunctioning, as well as losses resulting from actions of third parties or from other external conditions, including legal risk (risk of penalty fees, sanctions applied by external institutions, losses resulting from litigation and other similar events), but excluding strategic risk and reputation risk. The Group further divides operational risk into the following categories: personnel risk, process risk, IT and systems risk, external risk.

The Group does not undertake / accept operational risks with unquantifiable impact that are concurrently unmanageable (it is impossible to prevent such risks or provide for their consequences – e.g. non-compliance with legal regulations etc.), irrespective of the financial gains this could bring (i.e., the Group does not perform business activities incurring such operational risks).

The Group applies following approaches for operational risk management:

- Defining operational risk indicators – use of statistical, financial and other indicators that reflect the level of various operational risk types and its changes within the Group;
- Operational risk measurement by recording and analysing operational risk events, the extent of the respective damage incurred, causes and other related information (data base of operational risk losses and incidents);
- “Four-eye-principle” and segregation of duties;
- Business continuity planning;
- Insurance;
- Investments in appropriate data processing and information protection technologies.

Currency risk

Currency risk is related to mismatch in foreign currency asset and liability positions that impact the Group’s cash flow and financial results via fluctuations in currency exchange rates.

Currency risk management in the Group is carried out in accordance with the Group options. Day-to-day currency risk monitoring, management and reporting is the responsibility of Finance, Risk Management & Operational Department.