Unaudited Public Financial Report

for the 1st quarter of 2012

REVERTA

Contents

Management Report

Dear Shareholders and Cooperation Partners,

The Management *Reverta* (until 10 May 2012 known as *Parex banka*) is pleased to report results for the first quarter of 2012. We continued to meet objectives and accomplish tasks set forth, at the same time implementing new business solutions in the area of loan restructuring.

Owing to the success in loan restructuring *Reverta* was able to repay LVL 8 million to the Ministry of Finance sooner than envisaged in the Restructuring plan.

All in all, economic activity of *Reverta* has been in compliance with the Restructuring plan and the reporting period was closed with LVL 7.6 million in losses as planned. Similarly as before, losses consist mainly of two items: provisions for unsecured loans and interest expenses exceeding interest income. In comparison with first quarter of 2011 when provisions were reduced by LVL 6 million, respective accounting period of 2012 presents additional provisions of LVL 700,000. Net interest expenses during the accounting period have reduced by LVL 1.2 million if compared with the respective period of 2011 which is due to the syndicated loan repayment (LVL 164 million) made last year.

Considering that loan portfolio of *Reverta* consists of distressed loans with permanent payment discipline problems, debt recovery is intensive. By the end of the accounting period experts of *Reverta* Litigations Division worked on more than 2500 loan cases in different stages.

In the current economic environment, and after several years of intensive recovery work, Management believes we are entering a very challenging phase in the corporate recoveries. We have employed a strategy designed to minimize dependence on the State, but now we are approaching the end of legal processes in a number of cases where the final recoveries will be crystallized. It is clear that substantial losses will need to be recognized.

Since distressed assets are gradually turned into recovered assets, mainly – real estates, more and more attention is paid to profitable disposal of them. Sale of real estates has been activated in various market segments – economic and premium class apartments, private house villages and development projects. During the accounting period a modern sales platform was launched on web site www.reverta.lv, as well as recruitment of a real estate sales team. Growth in sales proves that such decision was correct. During the reporting period we observed significant increase in the number of real estate transactions.

Several significant and awaited decisions were taken during the accounting period thus successfully closing the main stages for transforming *Reverta* into professional distressed loan management company:

- On March 15, 2012 the Financial and Capital Market Commission approved the request of *Reverta*, at that time – *Parex banka*, and annulled its banking licence;
- On April 27, 2012 Shareholders' meeting of former *Parex banka* approved the new company name *Reverta,* by making respective amendments to the articles of association.

It has to be noted that change of status has not altered amount and structure of clients' obligations – *Reverta* will continue to use every possible and legitimate tool to recover the state aid.

Main events after the end of the accounting period

May 10, 2012 was the first day for *Reverta* as a – the distressed asset management company with an asset portfolio worth almost a billion euro. The new brand and modern website not only mark changes in the visual identity of the company, but also portrays its status change.

On May 14, 2012 *Reverta* made the payment to the Ministry of Finance ahead of the planned schedule. The payment was transferred in two parts and amounted to EUR 25.2 million. Of that sum, EUR 8.4 million was paid in respect of interest for state obligations and EUR 16.8 million capital repayment. Consequently, during first 5 months of 2012. *Reverta* has repaid EUR 36.6 million in total to the Ministry of Finance. Since 1st August 2010 a total of EUR 47.4 million has been repaid to the State, in additional to the repayment of the syndicated loan of EUR 233.4 million.

Christopher John Gwilliam
Chairman of the Management Board

Solvita Deglava
Member of the Management Board

Jurijs Adamovičs
Member of the Management Board

Riga,
31 May 2012

The Council and the Management Board

The Council

Name	***Position***
Michael Joseph Bourke	Chairman of the Council
Sarmīte Jumīte	Deputy chairwoman of the Council
Vladimirs Loginovs	Member of the Council
Mary Ellen Collins	Member of the Council

The Management Board

Name	***Position***
Christopher John Gwilliam	Chairman of the Management Board, p.p.
Solvita Deglava	Member of the Management Board, p.p.
Jurijs Adamovičs	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 7 to 14 are prepared in accordance with the source documents and present fairly the financial position of the Company and the Group as at 31 March 2012 and the results of their operations, changes in shareholders’ equity and cash flows for three month period ended 31 March 2012. The management report set out on pages 3 to 4 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.

Christopher John Gwilliam
Chairman of the Management Board

Solvita Deglava
Member of the Management Board

Jurijs Adamovičs
Member of the Management Board

Riga,
31 May 2012

Statements of Comprehensive Income

	LVL 000's			
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	Group	Group	Company	Company
Interest income	2,099	3,706	2,180	3,510
Interest expense	(7,054)	(9,608)	(7,054)	(9,608)
Net interest expense	**(4,955)**	**(5,902)**	**(4,874)**	**(6,098)**
Commission and fee income	59	105	29	2
Commission and fee expense	(7)	(31)	(5)	(12)
Net commission and fee income / (expense)	**52**	**74**	**24**	**(10)**
Net realised gain/ (loss) on available-for-sale financial assets	(54)	(3,955)	(54)	(3,955)
Result of revaluation of financial instruments and foreign currency, net	(668)	538	433	194
Other income	290	706	216	280
Net financial result of the segment	**(5,335)**	**(8,539)**	**(4,255)**	**(9,589)**
Real estate segment income	125	153	73	78
Real estate segment expense	(208)	(96)	(57)	(67)
Revaluation result, net	(89)	-	(89)	-
Net RE result of the segment	**(172)**	**(57)**	**(73)**	**11**
Collaterals and assets under repossession expense	(45)	(23)	(45)	(23)
Administrative expense	(1,766)	(2,827)	(1,599)	(1,716)
Amortisation and depreciation charge	(182)	(99)	(181)	(65)
Impairment charges and reversals, net	297	7,201	(746)	5,959
Loss from asset write-offs	(603)	-	(603)	-
Profit on disposal of assets held for sale	-	56	-	-
Other expense	(342)	(289)	(9)	-
Loss before taxation	**(8,148)**	**(4,463)**	**(7,511)**	**(5,423)**
Corporate income tax	(97)	(853)	(75)	(50)
Loss for the period	**(8,245)**	**(5,316)**	**(7,586)**	**(5,473)**
Attributable to:				
Shareholders of the parent company	(8,245)	(5,316)	(7,586)	(5,473)
Non-controlling interest	-	-	-	-
Other comprehensive income:				
Change in fair value of available-for-sale securities	487	4,919	487	4,905
Total comprehensive loss for the period	**(7,758)**	**(397)**	**(7,099)**	**(568)**
Attributable to:				
Shareholders of the parent company	(7,758)	(397)	(7,099)	(568)
Non-controlling interest	-	-	-	-

Statements of Financial Position

	LVL 000's			
	31/03/2012	31/12/2011*	31/03/2012	31/12/2011*
	Group	Group	Company	Company
Assets				
Cash and deposits with central banks	-	5	-	5
Balances due from credit institutions	26,422	25,623	26,115	25,475
Shares and other non-fixed income securities	30	31	30	31
Bonds and other fixed income securities	910	4,436	910	4,436
Loans	396,646	425,250	430,424	452,676
Held-to-maturity securities	-	24,318	-	24,318
Derivative financial instruments	204	-	204	-
Fixed assets	165	283	121	279
Intangible assets	126	139	126	139
Investments in subsidiaries	-	-	16,253	62
Investment property	44,544	40,450	2,377	18,586
Other assets	15,185	15,642	8,530	9,511
Total assets	**484,232**	**536,177**	**485,090**	**535,518**
Liabilities				
Derivative financial instruments	440	1,688	440	1,688
Financial liabilities measured at amortised cost:				
- balances due to credit institutions and central banks	-	13,295	-	13,295
- deposits	-	26,714	-	26,714
- issued debt securities	426,041	428,028	426,041	428,028
Other liabilities	1,891	2,949	1,588	1,788
Subordinated liabilities	53,197	53,082	53,197	53,082
Total liabilities	**481,569**	**525,756**	**481,266**	**524,595**
Equity				
Paid-in share capital	311,027	311,027	311,027	311,027
Share premium	12,694	12,694	12,694	12,694
Fair value revaluation reserve – available-for-sale securities	-	(487)	-	(487)
Accumulated losses	(321,058)	(312,813)	(319,897)	(312,311)
Total shareholders' equity attributable to the shareholders of the Company	**2,663**	**10,421**	**3,824**	**10,923**
Non-controlling interest	-	-	-	-
Total equity	2,663	10,421	3,824	10,923
Total liabilities and equity	**484,232**	**536,177**	**485,090**	**535,518**

* Auditors: SIA "PricewaterhouseCoopers"

Statements of Changes in Equity

Group	Issued share capital	Share premium	Fair value revaluation reserve	Retained earnings	Total equity
	LVL 000's				
Balance as at 31 December 2010	**271,227**	**12,694**	**(4,685)**	**(242,323)**	**36,913**
Loss for the period	-	-	-	(5,316)	(5,316)
Other comprehensive income for the period	-	-	4,919	-	4,919
Balance as at 31 March 2011	**271,227**	**12,694**	**234**	**(247,639)**	**36,516**
Issue of new shares	39,800	-	-	-	39,800
Loss for the period	-	-	-	(65,174)	(65,174)
Other comprehensive loss for the period	-	-	(721)	-	(721)
Balance as at 31 December 2011	**311,027**	**12,694**	**(487)**	**(312,813)**	**10,421**
Loss for the period	-	-	-	(8,245)	(8,245)
Other comprehensive income for the period	-	-	487	-	487
Balance as at 31 March 2012	**311,027**	**12,694**	**-**	**(321,058)**	**2,663**

Company	Issued share capital	Share premium	Fair value revaluation reserve	Retained earnings	Total equity
	LVL 000's				
Balance as at 31 December 2010	**271,227**	**12,694**	**(4,685)**	**(241,937)**	**37,299**
Loss for the period	-	-	-	(5,473)	(5,473)
Other comprehensive income for the period	-	-	4,905	-	4,905
Balance as at 31 March 2011	**271,227**	**12,694**	**220**	**(247,410)**	**36,731**
Issue of new shares	39,800	-	-	-	39,800
Loss for the period	-	-	-	(64,901)	(64,901)
Other comprehensive loss for the period	-	-	(707)	-	(707)
Balance as at 31 December 2011	**311,027**	**12,694**	**(487)**	**(312,311)**	**10,923**
Loss for the period	-	-	-	(7,586)	(7,586)
Other comprehensive income for the period	-	-	487	-	487
Balance as at 31 March 2012	**311,027**	**12,694**	**-**	**(319,897)**	**3,824**

Statements of Cash Flows

	LVL 000's			
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	Gruop	Group	Company	Company
Cash flows from operating activities				
Loss before tax	(8,148)	(4,463)	(7,511)	(5,423)
Amortisation and depreciation	182	99	181	66
Change in impairment allowances and other accruals	2,135	(2,684)	3,176	(3,247)
Other finance costs	6,014	5,920	6,014	5,920
Other non-cash items	(3,154)	2,151	(2,612)	1,564
Foreign currency transactions	(1,452)	2,478	(1,452)	2,478
Cash generated before changes in assets and liabilities	**(4,423)**	**3,501**	**(2,204)**	**1,358**
Decrease in loans and receivables	25,542	9,708	21,097	12,849
(Decrease)/ increase in deposits	(10,166)	(6,144)	(10,166)	(6,154)
Decrease /(increase) in other assets	(552)	3,486	482	-
(Decrease)/ increase in other liabilities	(827)	2,467	31	2,959
Cash generated from operating activities before corporate income tax	**9,574**	**13,018**	**9,240**	**11,012**
Corporate income tax paid	(97)	(853)	(75)	(50)
Net cash flows from operating activities	**9,477**	**12,165**	**9,165**	**10,962**
Cash flows from investing activities				
Purchase of intangible and fixed assets	(13)	-	(13)	-
Sale of available-for-sale securities, net	115	55,146	268	56,424
Net cash flow from investing activities	**102**	**55,146**	**255**	**56,424**
Cash flows from financing activities				
Redemption of issued debt securities (principal)	(5,096)	-	(5,096)	-
Interest for issued debt securities	(2,905)	-	(2,905)	-
Interest for subordinated debt	(744)	(695)	(744)	(695)
Net cash flow from financing activities	**(8,745)**	**(695)**	**(8,745)**	**(695)**
Net cash flow for the reporting period	**834**	**66,616**	**675**	**66,691**
Cash and cash equivalents at the beginning of the reporting period	**25,588**	**86,671**	**25,440**	**84,821**
Cash and cash equivalents at the end of the reporting period	**26,422**	**153,287**	**26,115**	**151,512**

Consolidation Group Structure as at 31 March 2012

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 "Ekspress Lizing"	RU-1037867006726	Russia, St. Petersburg 192019, Sedova 11, liter A	RU	LIZ	100	100	MS
4	OOO "Laska Leasing"	UA-33104543	Ukraine, Kiev 03150, Dimitrova 5	UA	LIZ	100	100	MS
5	OOO "Parex Leasing and Factoring"	GE-205224461	Georgia, Tbilisi, Kazbegi avenue 44	GE	LIZ	100	100	MS
6	SIA "NIF"	LV-40103250571	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
7	SIA "NIF Dzīvojamie īpašumi"	LV-40103253915	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
8	SIA "NIF Komercīpašumi"	LV-40103254003	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
9	SIA "NIF Zemes īpašumi"	LV-40103255348	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
10	UAB "NIF Lietuva"	LT-302462108	Lithuania, Vilnius LT03107, K.Kalinausko 13	LT	PLS	100	100	MS
11	OÜ "NIF Eesti"	EE-11788043	Estonia, Tallinn 10119, Roosikrantsi 2	EE	PLS	100	100	MS
12	SIA "NIF Projekts 1"	LV-50103300111	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MMS
13	SIA "NIF Projekts 2"	LV-40103353475	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
14	SIA "NIF Projekts 3"	LV-40103353511	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
15	SIA "NIF Projekts 4"	LV-40103398418	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
16	SIA "NIF Projekts 5"	LV-40103398850	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
17	SIA "NIF Projekts 6"	LV-40103398865	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
18	SIA "NIF Projekts 7"	LV-40103512479	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
19	SIA "NIF Projekts 8"	LV-40103512604	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS
20	SIA "NIF Projekts 9"	LV-40103512498	Latvia, Riga LV-1010, Republikas laukums 2A	LV	PLS	100	100	MS

*KS – commercial company, CFI – other financial institution, LIZ – leasing company, PLS – company providing various support services.** MS – subsidiary company, MMS – subsidiary of the subsidiary company, MAS – parent company.

Notes

Information about Reverta's structure

As at 31 March 2012 the Company had 2 foreign branches and 4 representative offices.

Issued share capital as at 31 March 2012

Shareholders	Nominal value, (LVL)	Number of shares	Paid-in share capital, (LVL)	Voting rights	Paid-in share capital, (%)
SJSC "Privatizācijas Aģentūra"	1	261 733 152	261,733,152	205 783 152	84.15%
EBRD	1	39 631 824	39,631,824	39 631 824	12.74%
Other	1	9 662 319	9,662,319	5 468 463	3.11%
Total		**311 027 295**	**311,027,295**	**250 883 439**	**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:

	LVL 000's					
	1st quarter of 2012			1st quarter of 2011		
	Period-end balance	Average interest rate *	Interest income/ (expense)	Period-end balance	Average interest rate *	Interest income/ (expense)
Loans issued by the Company	1,888	0.00%	-	1,864	0.00%	-
Subordinated financing provided to the Company	36,005	4.52%	(597)	36,005	3.89%	(539)

* According to period-end rates

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	Currency	Issue size, 000's	Interest rate	Original agreement date	Original maturity date	Amortised cost (LVL 000's) 31/03/2012	Amortised cost (LVL 000's) 31/03/2011
Notes-private placement	UK	EUR	20,000	6.078%	28/12/2007	28/12/2022	13,269	13,218
Private person	Latvia	LVL	7,500	6M Rigibid + 3%	28/09/2007	26/09/2017	7,501	7,501
Private person	Latvia	LVL	7,500	6M Rigibid + 3%	28/09/2007	26/09/2017	7,501	7,501
Notes – public issue	n/a	EUR	5,050	11%	08/05/2008	08/05/2018	3,924	3,923
Private person	Latvia	EUR	15,000	12%	20/06/2008	14/05/2015	10,602	10,602
Private person	Latvia	LVL	1,500	6M Rigibid + 3%	30/10/2008	30/10/2018	1,500	1,500
Private person	Latvia	LVL	1,500	6M Rigibid + 3%	30/10/2008	30/10/2018	1,500	1,500
Private person	Latvia	LVL	2,284	6M Rigibid + 3%	04/12/2008	17/09/2015	2,284	2,284
Private person	Latvia	LVL	2,284	6M Rigibid + 3%	04/12/2008	17/09/2015	2,284	2,284
Private person	Latvia	LVL	1,416	6M Rigibid + 3%	04/12/2008	29/09/2015	1,416	1,416
Private person	Latvia	LVL	1,416	6M Rigibid + 3%	04/12/2008	29/09/2015	1,416	1,416
Total							**53,197**	**53,145**

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, market risk, interest rate 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. In 2012 the Company was in compliance with liquidity ratio requirements.

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’s Currency Risk Management Policy. Day-to-day currency risk monitoring, management and reporting is the responsibility Finance, Risk Management & Operational Department.