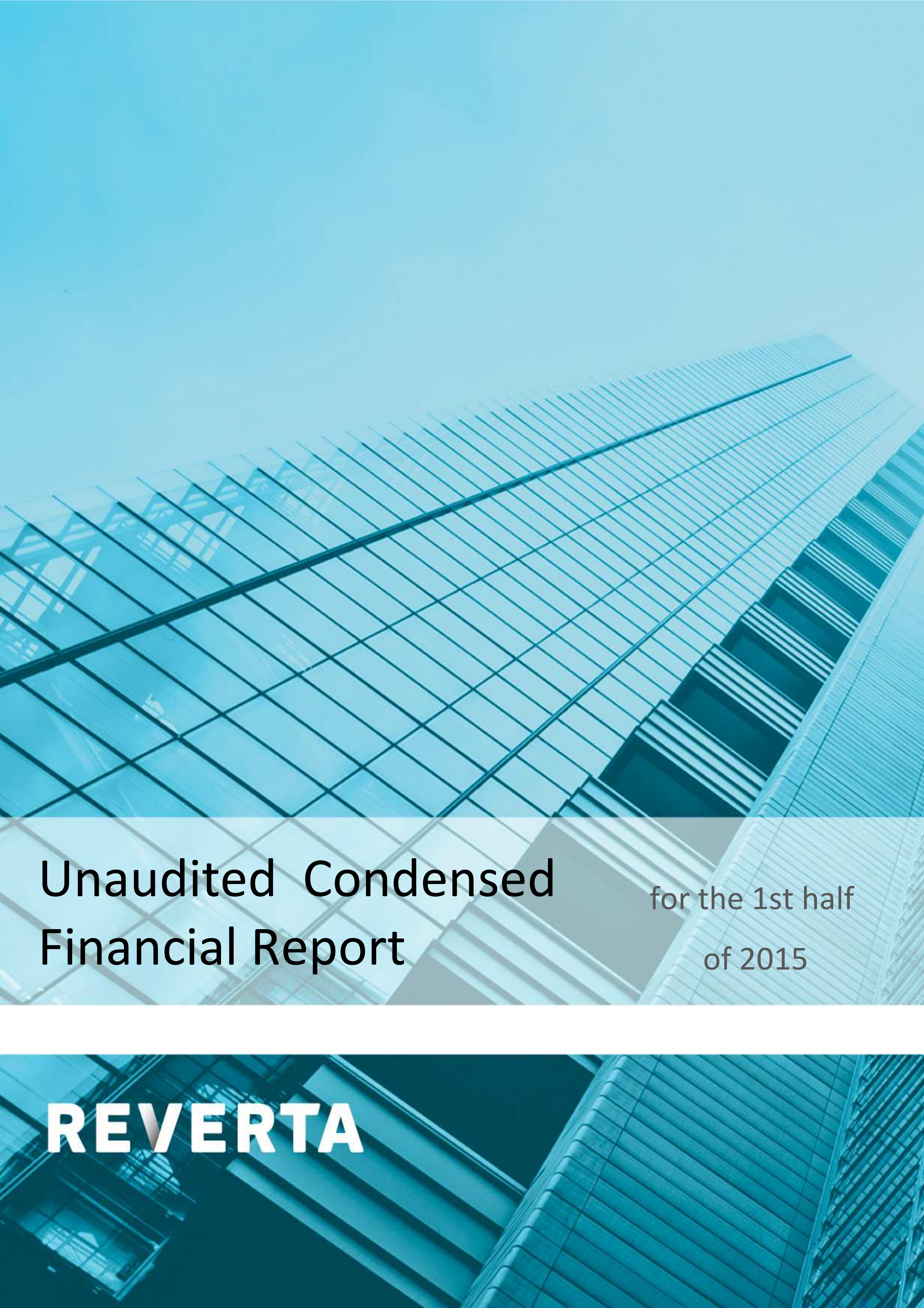

Unaudited Condensed Financial Report

for the 1st half of 2015

REVERTA

Contents

Management Report

Dear shareholders and partners!

Reverta's performance in the first six months of 2015 was still being affected by unfavourable external conditions, especially Russian-Ukrainian conflict, as a result of which the amount of funds recovered from the CIS portfolio has sharply decreased. Since 1 August 2010, when Reverta commenced recovery of state aid paid to Parex banka, this has been the most difficult and complicated period with respect to loan workout and recovery. Recession of Russian economy and devaluation of rouble made it difficult for clients based in Russia and other CIS countries to repay their loans, besides, often borrowers used the situation to their advantage by trying to hoard their assets and ceasing payments.

Notwithstanding the unfavourable market situation, during the reporting period Reverta has recovered EUR 20.6m from difficult loans. EUR 9.7m was paid to the State Treasury during the first six months of this year and another EUR 12.8m was paid after the end of the reporting period.

Since 1 August 2010 to the end of the reporting period Reverta has recovered a total of EUR 625.5m and the State has recovered a total of EUR 569m in the form of various payments, including EUR 323.2m paid to the State Treasury. Until 1 July 2014, when amendments to the law became effecticve, Reverta had also performed payments on subordinated liabilities in the amount of EUR 17.2m, the largest portion of which were payments to the former shareholders of Parex banka and associated persons.

Similarly to previous years, the loan recovery process is being significantly encumbered by the overloaded and inefficient Latvian court system. Averge period of disposal of a case is 5 - 7 years, during which the value of the pledged objects significantly decreases along with the amount recovered from their sales. The lengthy proceedings also consume a considerable amount of human resources: at the end of the reporting period there were 2440 court proceedings in various stages and 2009 credit card cases on Reverta's agenda. During the first half of the year Reverta has participated in 621 court hearings.

During the reporting period Reverta continued energetic sales of real estate properties and decreased the amount of the real estate portfolio from approximately 584 objects at the beginning of this year to 390 objects at the end of the reporting period. 125 properties were sold during the first half of the year as compared to 254 deals concluded in the same period last year. The decrease in the number of sales deals is due to the current structure of Reverta's real estate portfolio – the liquid properties have been already sold whereas the remaining ones do not belong to the segment of the most demanded properties (flats in soviet-era and new appartment houses in the price category up to EUR 100k). Total proceeds from the sales of real estate properties during the reporting period was EUR 5.7m.

Shortage of interest in Latvian real estate market by Russian and Western investors has negatively affected sales of the big investment objects. Although there was a recurring interest showed in such objects during the reporting period, no deals with the potential investors have taken place.

Taking into account connection of Reverta's loan portfolio to big business projects in Russia and Ukraine, as well as the low quality of collaterals and world economy tendencies, Reverta continued with preventive activities and created additional provisions for unsecured loans. Therefore loss in the reporting period was EUR 26.2m and it is expected that further provisions will be made and losses recognised.

On 30 June 2015 Reverta’s total assets were EUR 194.9m, of which EUR 134.7m was made up by loan portfolio.

The following changes in the composition of Reverta’s Supervisory Board took place during the reporting period: on 1 February 2015 Deputy Chairman of the Supervisory Board of Reverta Kaspars Āboliņš stepped down from his position and on 28 May 2015 the Annual General Shareholders Meeting elected Michael Bourke, Mary Ellen Collins, Līga Kļaviņa, and Artūrs Neimanis to the new Supervisory Board. On 3 June 2015 Reverta’s Supervisory Board re-elected Michael Bourke to the position of the Chairman of the Board and Līga Kļaviņa was chosen for the position of the Deputy Chairperson of the Supervisory Board.

On 13 July 2015 Reverta’s Supervisory Board re-elected Solvita Deglava to the position of the Chairperson of the Management Board. The re-election took place due to the end of S.Deglava’s term of office on 31 July 2015. As before, Ruta Amtmane and Edgars Miļūns will continue performing their responsibilities as members of the Management Board. In accordance with the Commercial Law of Latvia, the Management Board is elected for a five year term.

Solvita Deglava
Chairperson of the Management Board

Edgars Miļūns
Member of the Management Board

Ruta Amtmane
Member of the Management Board

Riga,
28 August 2015

The Council and the Management Board

The Council

Name	***Position***
Michael Joseph Bourke	Chairman of the Council
Kaspars Āboliņš	Deputy Chairman of the Council (till 01.02.2015)
Mary Ellen Collins	Deputy Chairperson of the Council (from 25.02.2015 till 02.06.2015)
Mary Ellen Collins	Member of the Council (till 24.02.2015 and from 03.06.2015)
Līga Kļaviņa	Deputy Chairperson of the Council (from 03.06.2015)
Andris Ozoliņš	Member of the Council (till 28.05.2015)
Artūrs Neimanis	Member of the Council (from 29.05.2015)

The Management Board

Name	***Position***
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 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 30 June 2015 and the results of their operations, changes in shareholders' equity and cash flows for the six month period ended 30 June 2015. 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.

Solvita Deglava
Chairperson of the Management Board

Edgars Miļūns
Member of the Management Board

Ruta Amtmane
Member of the Management Board

Riga,
28 August 2015

Statements of Comprehensive Income

	EUR 000's			
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	Group	Group	Company	Company
Interest income	637	1,617	876	2,175
Interest expense	(11,199)	(15,107)	(11,199)	(15,107)
Net interest expense	**(10,562)**	**(13,490)**	**(10,323)**	**(12,932)**
Commission and fee income	9	13	9	13
Commission and fee expense	(13)	(8)	(11)	(7)
Net commission and fee income / (expense)	**(4)**	**5**	**(2)**	**6**
Result of revaluation of financial instruments and foreign currency, net	322	(87)	322	(87)
Other income	329	82	719	744
Net financial result of the segment	**(9,915)**	**(13,490)**	**(9,284)**	**(12,269)**
Real estate segment income	342	1,701	-	35
Real estate segment expense	(563)	(820)	(108)	(44)
Revaluation result, net	-	(14)	-	-
Net result of RE segment	**(221)**	**867**	**(108)**	**(9)**
Collaterals and assets under repossession expense	(29)	(13)	(29)	(13)
Administrative expense	(3,328)	(3,588)	(3,258)	(3,478)
Amortisation and depreciation charge	(38)	(33)	(37)	(32)
Impairment of assets, net	(13,510)	(7,501)	(13,510)	(7,434)
Loss before taxation	**(27,041)**	**(23,758)**	**(26,226)**	**(23,235)**
Corporate income tax	(6)	(78)	(6)	(78)
Loss for the period	**(27,047)**	**(23,836)**	**(26,232)**	**(23,313)**

Statements of Financial Position

	EUR 000's			
	30/06/2015	31/12/2014*	30/06/2015	31/12/2014*
	Group	Group	Company	Company
Assets				
Balances due from credit institutions	11,530	5,713	10,824	5,171
Loans	125,750	162,096	134,673	173,040
Fixed assets	55	63	48	55
Intangible assets	68	87	68	86
Investments in subsidiaries	-	-	21,655	21,655
Investment property	50,365	46,466	17,171	9,703
Other assets	14,492	14,395	10,470	10,548
Total assets	**202,260**	**228,820**	**194,909**	**220,258**
Liabilities				
Issued debt securities	459,656	458,185	459,656	458,185
Other liabilities	1,428	2,456	995	1,627
Subordinated liabilities	75,895	75,851	75,895	75,851
Total liabilities	**536,979**	**536,492**	**536,546**	**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	(795,334)	(768,287)	(802,252)	(776,020)
Total shareholders' equity attributable to the shareholders of the Company	**(334,719)**	**(307,672)**	**(341,637)**	**(315,405)**
Total liabilities and equity	**202,260**	**228,820**	**194,909**	**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	-	-	(23,836)	(23,836)
Balance as at 30 June 2014	**442,552**	**18,063**	**(731,734)**	**(271,119)**
Loss for the period	-	-	(36,553)	(36,553)
Balance as at 31 December 2014	**442,552**	**18,063**	**(768,287)**	**(307,672)**
Loss for the period	-	-	(27,047)	(27,047)
Balance as at 30 June 2015	**442,552**	**18,063**	**(795,334)**	**(334,719)**

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	-	-	(23,313)	(23,313)
Balance as at 30 June 2014	**442,552**	**18,063**	**(741,863)**	**(281,248)**
Loss for the period	-	-	(34,157)	(34,157)
Balance as at 31 December 2014	**442,552**	**18,063**	**(776,020)**	**(315,405)**
Loss for the period	-	-	(26,232)	(26,232)
Balance as at 30 June 2015	**442,552**	**18,063**	**(802,252)**	**(341,637)**

Statements of Cash Flows

	EUR 000's			
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	Group	Group	Company	Company
Cash flows from operating activities				
Loss before tax	(27,041)	(23,758)	(26,226)	(23,235)
Amortisation and depreciation	38	33	37	32
Change in impairment allowances and other accruals	13,510	7,501	13,510	7,434
Interest income	(637)	(1,617)	(876)	(2,175)
Interest expense	11,199	15,107	11,199	15,107
Other non-cash items	(519)	(426)	(322)	(461)
Cash generated before changes in assets and liabilities	**(3,450)**	**(3,160)**	**(2,678)**	**(3,298)**
Proceeds from loans and receivables	16,408	25,229	18,668	37,492
Proceeds from investment property	5,698	16,342	187	350
(Increase)/decrease in other assets	(2,107)	(3,558)	(188)	89
(Decrease)/ increase in other liabilities	(1,029)	(1,152)	(633)	(1,236)
Cash generated from operating activities before corporate income tax	**15,520**	**33,701**	**15,356**	**33,397**
Corporate income tax paid	(6)	(78)	(6)	(78)
Net cash flows from operating activities	**15,514**	**33,623**	**15,350**	**33,319**
Cash flows from investing activities				
Purchase of intangible and fixed assets	(13)	(49)	(13)	(49)
Net cash flow from investing activities	**(13)**	**(49)**	**(13)**	**(49)**
Cash flows from financing activities				
Redemption of issued debt securities (principal)	-	(19,801)	-	(19,801)
Interest for issued debt securities	(9,684)	(11,262)	(9,684)	(11,262)
Interest for subordinated debt	-	(2,298)	-	(2,298)
Net cash flow from financing activities	**(9,684)**	**(33,361)**	**(9,684)**	**(33,361)**
Net cash flow for the reporting period	**5,817**	**213**	**5,653**	**(91)**
Cash and cash equivalents at the beginning of the reporting period	**5,713**	**21,485**	**5,171**	**14,156**
Cash and cash equivalents at the end of the reporting period	**11,530**	**21,698**	**10,824**	**14,065**

Consolidation Group Structure as at 30 June 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 Komercīpašumi”	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 30 June 2015 the Company had 4 representative offices.

Issued share capital as at 30 June 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			
	1st half of 2015		**1st half of 2014**	
	Period-end balance	**Interest income/ (expense)**	**Period-end balance**	**Interest income/ (expense)**
Loans issued by the Company	2,805	-	2,672	-
Subordinated financing provided to the Company	51,311	-	51,311	(1,473)

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) 30/06/2015	Amortised cost (EUR 000's) 30/06/2014
Notes-private placement	UK	20,000	4.759%	28/12/2007	28/12/2022	19,14	19,051
Private person	Latvia	10,672	6M Rigibid + 3%	28/09/2007	26/09/2017	10,699	10,699
Private person	Latvia	10,672	6M Rigibid + 3%	28/09/2007	26/09/2017	10,699	10,699
Notes – public issue	n/a	5,350	12%	08/05/2008	08/05/2018	5,444	5,444
Private person	Latvia	15,000	12%	20/06/2008	14/05/2015	15,075	15,075
Private person	Latvia	2,134	6M Rigibid + 3%	30/10/2008	30/10/2018	2,140	2,140
Private person	Latvia	2,134	6M Rigibid + 3%	30/10/2008	30/10/2018	2,140	2,140
Private person	Latvia	3,250	6M Rigibid + 3%	04/12/2008	17/09/2015	3,259	3,259
Private person	Latvia	3,250	6M Rigibid + 3%	04/12/2008	17/09/2015	3,259	3,259
Private person	Latvia	2,015	6M Rigibid + 3%	04/12/2008	29/09/2015	2,020	2,020
Private person	Latvia	2,015	6M Rigibid + 3%	04/12/2008	29/09/2015	2,020	2,020
					Total	**75,895**	**75,806**

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.