

AKCIJU SABIEDRĪBA
"LATVIJAS KRĀJBANKA"
ARTICLES OF ASSOCIATION

APPROVED
AS AMENDED

At the extraordinary shareholders` meeting on
September 07, 2009

RIGA, 2009

I. FIRM

- 1.1. The firm of the joint stock company is the Akciju sabiedrība "Latvijas Krājbanka" (JSC) (hereinafter referred to as the Bank).

II. LINES OF COMMERCIAL ACTIVITIES

- 2.1. The Bank shall carry on the following commercial activities:
 - 2.1.1. financial intermediation, except for insurance and pension funding (NACE 64.9 group "Other financial intermediation, except for insurance and pension funding") and activities supplementing financial intermediation (NACE 66.1 group "Activities supplementing financial intermediation, except for insurance and pension funding"), also including:
 - 2.1.1.1. attracting deposits and other refundable sums;
 - 2.1.1.2. lending, including on conditions of financial leasing;
 - 2.1.1.3. execution of cash and non-cash payments;
 - 2.1.1.4. issuing and servicing of non-cash monetary means of payment (all means of payment, except banknotes and coins of any currency);
 - 2.1.1.5. currency trading on behalf of the Bank or the customer;
 - 2.1.1.6. trust operations;
 - 2.1.1.7. providing investment services and auxiliary investment services;
 - 2.1.1.8. issuing guarantees and other liability acts, whereby commitments are undertaken to be responsible to the creditor for a third person's debt;
 - 2.1.1.9. safe custody of valuables;
 - 2.1.1.10. customer consulting in financial issues;
 - 2.1.1.11. providing information related to fulfilment of the customer's debt liabilities;
 - 2.1.1.12. other transactions that are similar in nature to the above financial services;
 - 2.1.2. providing other commercial services, including:
 - 2.1.2.1. collection of cash and valuables;
 - 2.1.2.2. ensuring the Bank's guarding and internal security.
- 2.1. In cases where the Bank is only entitled to carry on any of the above-mentioned commercial activities pursuant to legal requirements after a special permission, licence, or registration is obtained, the Bank shall only commence the relevant commercial activities after such special permission, licence, or registration is obtained.

3. PAMATKAPITĀLS

- 3.1. The Bank's stock capital amounts to LVL 13'149'248 (thirteen million one hundred forty-nine thousand two hundred and forty-eight lats).

4. AKCIJAS

- 4.1. The Bank's stock capital shall be composed of 13'149'248 (thirteen million one hundred forty-nine thousand two hundred and forty-eight) shares, inter alia :
 - 13'146'414 ordinary shares of one category all having equal rights to receiving the dividend, liquidation quota and voting rights at the Meeting of Shareholders and
 - 2'834 "A" category preference shares having equal guaranteed rights to receiving dividend and liquidation quota
- 4.2. The Bank shall be entitled to issue ordinary and preference shares of various categories.
- 4.3. Ordinary shares issued by the Bank:
 - 4.3.1. shall be of one category and entitle to receiving the dividend and the liquidation quota;
 - 4.3.2. each paid-up share shall entitle to one vote at the Meeting of Shareholders;

- 4.3.3. the par value of each share shall amount to 1 (one) lat;
- 4.3.4. all shares shall be dematerialised bearer shares.
- 4.4. Preference shares issued by the Bank:
 - 4.4.1. shall be preference shares of "A" category and entitle to equal guaranteed rights to receiving the dividend from part of the net profit, which is proportional to the part of all preference shares of "A" category in the Bank's fixed capital, and the liquidation quota;
 - 4.4.2. preference shares shall not entitle to voting rights at the Meeting of Shareholders;
 - 4.4.3. the par value of each share shall amount to 1 (one) lat;
 - 4.4.4. all shares shall be dematerialised bearer shares.
- 4.5. Making respective amendments to the Articles of Association, the Meeting of Shareholders may take the resolution on revision, limitation or cancellation of preferences granted by preference shares.
- 4.6. In cases where the decision is taken to issue new preference shares that have more or similar preferences against the current preference shares, holders of earlier preference shares shall have pre-emption rights to newly issued preference shares.

5. MANAGEMENT

- 5.1. The Meeting of Shareholders, the Council and the Board shall manage the Bank.
- 5.2. The Meeting of Shareholders is the higher management body of the Bank.
- 5.3. The Meeting of Shareholders shall be competent, provided shareholders that represent a total of more than a half of the paid-up fixed capital participate therein.
- 5.4. In cases where the current or the extraordinary Meeting of Shareholders is not competent due to lack of quorum, the Board shall convene a repeated current or extraordinary Meeting of Shareholders within a week at the latest. Such repeated Meeting of Shareholders with the same agenda shall be competent regardless of the number of votes represented therein.
- 5.5. The Meeting of Shareholders shall pass resolutions by the majority of votes of attending shareholders with voting rights.
The Meeting of Shareholders shall pass resolutions on making amendments to the Articles of Association, changes in the fixed capital, issuing convertible bonds, reorganisation of the Bank, concluding, amending or termination of a concern contract, admitting the company therein, consent to such admittance and termination of or continuing activities, provided at least three quarters of votes of attending shareholders with voting rights are cast for the same.
- 5.6. The Council shall be composed of 6 (six) members. The Council shall be elected for 3 years.
- 5.7. The Council shall pass its resolutions by a simple majority of votes.
- 5.8. Tasks and competence of the Council:
 - 5.8.1. to elect and revoke the Board members, to supervise the work of the Board;
 - 5.8.2. to ensure that the business of the Bank is settled in accordance with the law, articles of association and the shareholders` meeting decisions;
 - 5.8.3. together with the Board to ensure the development of the internal control system and its efficient functioning according to the demands of normative acts;
 - 5.8.4. to review the annual report of the Bank and the suggestion of the Board regarding the profit disposition and to make the related report for the shareholders` meeting, which would also involve the assessment of the Bank's activity and financial position, the evaluation of the Board work, the report on the Council work during the accounting period, as well as the proposals on the Bank's operating strategy;

- 5.8.5. to review and decide on the other issues, which, according to the normative acts, regulating the Bank's activity, articles of association and the shareholders' meeting decisions, are under the competence of the Council.
- 5.9. The Council shall determine the amount of remuneration (salary, bonuses and other remuneration) of the Board Members of the Bank.
- 5.10. The Board shall be composed of 5 (five) members.
- 5.11. The Council shall elect the Chairman of the Board (the President) and the First Deputy Chairman of the Board (the First Vice President) from the Board Members.
- 5.12. The Chairman of the Board (the President) shall conduct the work of the Board; the First Deputy Chairman of the Board (the First Vice President) shall do so during his absence.
- 5.13. The Board shall pass its resolutions by a simple majority of votes.
- 5.14. The Chairman of the Board and the First Deputy Chairman of the Board shall be entitled to represent the Bank severally, and the other Board Members - each together with another Board Member.
- 5.15. To decide significant issues, the Board shall require the consent of the Council. Such significant issues shall cover:
- approving general principles of activities, including policies that regulate the activity;
 - approving the Bank's budget and operation plan;
 - approving documents that regulate the credit policy;
 - granting of such loans, for the issue of which the Board needs the consent of the Council;
 - the increase of the stock capital of the Bank as specified in the clause 5.16 of the articles of association;
 - determining the amount of remuneration (salary, bonuses and other remuneration) of the Head and employees of the Internal Audit of the Bank.
- 5.16. During the period of time until September 1st 2014 the Board is entitled to pass resolution on the increase of the stock capital of the Bank in amount, which does not exceed LVL 3'900'000 (three million nine thousand lats). When passing resolution on the increase of the stock capital the Board has to comply with limitations defined in the normative acts of the Republic of Latvia. By the increase of the stock capital pursuant to the resolution of the Board, the Council shall approve the amendments of the articles of association of the Bank.
- 5.17. When increasing the stock capital in accordance with the order set in the clause 5.16. of the articles of association, the new issues shares shall be paid only with money, and the share payment due date shall be no longer than three months from the day, when the resolution on the increase of the stock capital was adopted.
- 5.18. The consent of the Council to the resolutions passed by the Board in issues pursuant to paragraph 5.15 shall not release the Board from responsibility for such resolutions.
- 5.19. The Meeting of Shareholders, the Council and the Board shall not be entitled to pass resolutions that are contrary to the laws of the Republic of Latvia, mandatory instructions of the Financial and Capital Market Commission and the Bank of Latvia.

6. AUDIT AND SUPERVISION BODIES

- 6.1. The auditor shall audit financial statements of the Bank and give respective reports; a special audit service established by the Council - the Internal Audit shall perform everyday internal audits and supervision. The same shall operate within powers set by, on instructions and under control of the Council.

The Council shall elect and revoke the Head of Internal Audit of the Bank, but the employees of the Internal Audit shall be hired and dismissed by Chairman of the Board (the President) upon approval of the Council.

- 6.2. The Meeting of Shareholders shall elect the auditor (the sworn auditor). The Board shall prepare its proposition for the sworn auditor nominee and submit it to the Meeting of Shareholders. After the auditor (the sworn auditor) is chosen, the Board shall conclude a contract with the same on behalf of the Bank.

7. DIVIDENDS

- 7.1. No dividends shall be set, calculated or paid out, including on preference shares, in cases where it follows from the financial statements that the equity of the Bank is less than its stock capital, as well as in other cases pursuant to the laws of the Republic of Latvia, and mandatory instructions of the Financial and Capital Market Commission and the Bank of Latvia.

Chairman of the Board:

Ivars Priedītis