

Provisions of Direct Debit Agreement

1. Definitions

Bank	Swedbank AS, single reg. No. 40003074764, BIC/SWIFT: HBALBV22, registered office: Balasta dambis 1A, Riga, LV-1048, e-mail: info@swedbank.lv
Customer	a private or corporate holder of current account or private/salary account with the Bank who authorizes the Bank to debit that account for payment invoice presented by the Beneficiary
Consumer Agreement	a Customer who is considered a consumer under Latvian legislation The Direct Debit Agreement between the Bank and the Customer, or the Automatic Payments Agreement entered into by the Customer with Itella with the Beneficiary
Terms	the present terms of Direct Debit, which constitute an integral part of this Agreement
Itella	Itella reg. No. 40003380477, a company that, in representation of the Beneficiary, provides the technical solution for execution of direct debit payments in cases when the Bank itself has not entered into an agreement with the Beneficiary
Account Identifier	Customer's account with the Bank, which will be debited for Payments a unique identifier (a combination of letters, digits or characters) fixed by the Beneficiary and specified in the Agreement by the Customer, by which the Beneficiary identifies the Invoice payable (e.g. customer number, contract number, phone number)
Payment	a transfer of funds from the Account to the Beneficiary for payment of Invoice
Invoice	an invoice presented to the Bank by the Beneficiary or by Itella on behalf of the Beneficiary on the bank of identifiers
Beneficiary	a third party stated in the Agreement whose Invoices are paid by debiting the Account
Limit	the amount specified in the Direct Debit Agreement, up to which the Bank may execute Payments to the Beneficiary and which is the maximum amount permitted by the Customer for Payments
Price List	the Bank's price list for services in force at the time of receiving the service in question, which forms an integral part of the Agreement

2. General

- The basis for executing Payments is the Agreement whereby the Customer instructs the Bank to execute Payments based on Invoices presented by the Beneficiary.
- The relationship between the Bank and the Customer in the execution of Payments is governed by the Agreement, the General Conditions of the Bank, the terms of the Account Agreement, the agreement between the Bank and the Beneficiary or between the Bank and Itella who in such an event represents the Beneficiary, and the applicable laws and regulations of the Republic of Latvia. In case discrepancy between other terms of the Bank, the present Terms shall prevail.
- The Bank shall charge a fee for execution of Payments to the Account according to the Price List.
- If the Agreement was signed at the Bank, information about the Agreement and any changes in the Agreement or the Terms shall be available on the Bank's Internet Banking facility in accordance with the Remote Banking Services Agreement or at branches of the Bank upon the Customer's request.
- Each restated version of these Terms, to which the Customer has consented after entry into the Agreement, shall, unless agreed otherwise with the Customer, replace and supersede the present Terms.
- Where the Agreement is entered into at the Bank, it comes into force upon approval by the Bank.
- Where the Agreement is entered into at the Beneficiary as part as cooperation with Itella, the Agreement shall be binding on the Bank after information on the Agreement is received from Itella and approved by the Bank.
- Where the Consumer enters into the Agreement at the Beneficiary in cooperation with Itella, the Bank, after receipt of information on the Agreement, shall send the Terms to the Consumer using the means of communication specified by the Consumer in the Agreement or using the means of communication available at the Bank (incl. the Bank's Internet Banking facility, e-mail, etc.). The Consumer shall have a duty to read the Terms. Where the Consumer has not made any objections in writing within 1.4 days of the Terms having been sent out, the Bank shall consider that the Consumer has agreed to the Terms and to have recognized this Agreement as binding on him or her.

3. Execution of Payments

- The Bank shall execute Payments from the date stated in the Agreement. The Bank shall not verify the conformity of the Invoice with the contract between the Customer and the Beneficiary. Payments may also be made for third party Invoices according to the Identifiers specified in the Agreement.
- 3.2. (1) Payments shall be executed in the Payment currency specified in the Agreement at the Bank's exchange rate then in force, up to the Limit and within the Invoice payment period specified in the Agreement. Unless indicated otherwise, the Bank assumes that the currency of Payment is Latvian Lats.

(2) In cases where the Invoice payment period is not defined, execution of Payments is started at least 2 (two) business days after the date of receiving the Invoice and is ended upon expiry of the period stated in the agreement between the Bank and the Beneficiary or between the Bank and Itella.

(3) Where the Invoice payment period has not been or cannot be set in the Agreement, the Customer shall be informed about the start date of the Invoice payment period according to the procedure agreed between the Customer and the Beneficiary, and in such an event the Beneficiary's duty is to notify the Customer with the relevant information about the Invoice and the time of payment thereof.

3.3. The Bank shall not execute Payments:

3.3.1. if the Invoice is not received at the Bank;

3.3.2. there are no sufficient funds in the Account for execution of Payments and for payment of fees for the services rendered;

3.3.3. if the amount of Invoice exceeds the Limit and the Beneficiary has not permitted partial payment of Invoices;

3.3.4. if execution of Payment would result in the Account balance dropping below the minimum available account balance after Payment as set in the Agreement;

3.3.5. if the amount of Payment is below the minimum amount permitted in the Agreement between the Bank and the Beneficiary or between the Bank and Itella representing the Beneficiary.

3.3.6. if the Customer has inaccurately specified the Beneficiary's Identifier(s) in the Agreement and the Customer or the third party, whose Invoices the Customer wishes to pay, cannot be determined using the Identifiers supplied;

3.3.7. if the Account is frozen, payment operations have been halted or funds are debited from the Account in the events stipulated in applicable legislation of the Republic of Latvia;

3.3.8. if the events stipulated in the Agreement between the Bank and the Customer.

3.4. The Customer has the right to cancel pending Payments by submitting a written cancellation of Payment at a branch of the Bank (incl. by submitting such a cancellation via the Bank's Internet Banking facility under the Remote Banking Services Agreement) one business day before the Account being debited and the Invoice being paid to the Beneficiary. A cancellation of one current Payment shall not be considered an application to terminate the Agreement.

3.5. The Consumer has the right to cancel executed Payments by submitting a written cancellation of Payment at a branch of the Bank (incl. by submitting such a cancellation via the Bank's Internet Banking facility under the Remote Banking Services Agreement) within 8 (eight) weeks after the Account was debited provided that:

3.5.1. an inaccurate amount of Payment was given in authorization of the Payment, and

3.5.2. the Payment was larger than the Consumer could have reasonably expected for the Payment in question considering the details of the Consumer's earlier Payments, the Agreement, and the circumstances surrounding the transaction in question.

3.6. The Consumer shall not be entitled to cancel executed Payments by justifying such a cancellation by reference to considerations related to currency exchange if the Bank's exchange rate in force on the respective day was applied.

3.7. The Bank shall review the Consumer's application to cancel the Payment and shall, within 10 (ten) business days of receiving the cancellation, either return the amount of Payment or give a motivated refusal to do so.

3.8. In case of cancellation of executed Payments, the Consumer has a duty to supply the Bank with information and/or documents substantiating the compliance of the Payment cancellation with requirements of legislation of the Republic of Latvia.

3.9. The Bank shall have the right to notify the Beneficiary or Itella, if it represents the Beneficiary, of the reasons of non-payment of Invoices, as well as the Consumer's cancellations of Payments. The disclosure of such information to the Beneficiary or Itella shall not constitute a breach of secrecy of the Customer's identity, transactions and deposits.

3.10. If a number of payment orders are submitted in respect of the Account during one business day of the Bank, the Bank shall have right to select the order of execution of payments at its sole discretion.

3.11. The Customer's payments to the Bank shall take priority over other payments out of the Account.

3.12. The Bank shall make a partial payment of an Invoice only if the Bank and the Beneficiary have agreed thereon.

4. Liability

4.1. The liability of the Bank is limited to accurate execution of the Payment in compliance with these Terms and applicable legislation of the Republic of Latvia only.

4.2. The Customer is liable for accurately specifying the Identifier in the Agreement. The Bank shall execute the Payment following the specified Identifiers, including if the Customer has not set the start date of the Payment or if it wishes to pay Invoices in favour of third parties.

4.3. The Bank is not liable for:

4.3.1. non-execution of Payment in the cases provided for in Clause 3.3 of the Agreement;

4.3.2. legality of sources of the Customer's funds or legality of Payments executed, or for the acts of the Customer's authorized representatives;

4.3.3. any loss to the Customer or Beneficiary incurred due to non-execution of Payments in the Agreement provided for in these Terms;

4.3.4. any relations or potential claims between the Customer and the Beneficiary.

5. Duration of the Agreement

5.1. The Agreement shall come into full force and effect upon entry into and shall remain in force for an unlimited period of time, unless other duration of the Agreement is stated in the Agreement.

5.2. The Customer shall have the right to terminate the Agreement by giving a notice thereof to the Bank according to the procedure prescribed by the Bank.

5.3. The Bank shall have the right to terminate the Agreement subject to a 30 (thirty) days' prior notice thereof to the Customer, and a 60 (sixty) days' prior notice thereof in case of a Consumer.

5.4. The Agreement shall become null and void immediately:

5.4.1. if the Account is closed;

5.4.2. if the agreement between the Bank and the Beneficiary is terminated;

5.4.3. if the Customer is in breach of the terms of the Agreement;

5.4.4. if the Payment cannot be executed according to the Identifiers specified in the Agreement, whereof the Beneficiary or Itella has notified the Bank;

5.4.5. if agreement with Itella is terminated and execution of Payment to the Beneficiary cannot be caused otherwise;

5.4.6. if no Invoices are received from the Beneficiary under the Agreement and no Payments have been made out of the Account in favour of the Beneficiary for a period of 1.3 months;

5.4.7. in other cases set forth in the Agreement and the General Conditions of the Bank.

6. Miscellaneous

6.1. The Customer cause the Beneficiary to be notified about termination of the Agreement or about any other actions terminating execution of Payments.

6.2. In case of Itella representing the Beneficiary, it shall have the right to process information on the Customer necessary for execution of Payments and supplied in the Agreement entered into by the Customer at the Beneficiary.

6.3. Itella shall have the right to receive information, as may be necessary for causing execution of Payments, from the Bank, from Beneficiaries represented by Itella and from the Customer, if the Payment cannot be executed according to the Identifiers presented by Itella.

6.4. (1) The Bank reserves the right to modify the Price List at its sole discretion at any time. It shall be the Customer's right and obligation to follow changes in the Price List. Information on changes in the Price List shall be available at the Bank's premises during business hours of the Bank, on the website of the Bank www.swedbank.lv and on Bank's Internet Banking site (in accordance with the Remote Banking Services Agreement).

(2) Changes in the Price List shall come into force immediately after being published on the Bank's website www.swedbank.lv.

(3) Information on changes in the Price List shall be communicated to the Consumer using the Bank's means of communication with the Customer (such as text messaging, e-mail, etc) or through mass media at least 60 (sixty) days in advance.

6.5. The Bank reserves the right to modify the Terms at its sole discretion at any time. It shall be the Customer's right and obligation to follow such changes.

(2) Information on changes in the Terms shall be communicated to the Consumer on the Bank's Internet Banking site (according to the Remote Banking Services Agreement), where there is no Remote Banking Services Agreement with the Customer, information on the changes shall be delivered to the Customer's mailing address specified by the Customer.

(3) If, within 60 (sixty) days following notification to the Customer about the changes in the Terms, the Customer has not demanded in writing that the Agreement be terminated, the Customer shall be considered to have approved those changes and has acknowledged them to be binding.

6.6. If the Consumer files a complaint to the Bank, which concerns the receipt of a service inconsistent with the terms of the Agreement, the Consumer must prepare such complaint in accordance with statutory requirements and the Bank shall, in such an event, give a written reply to the Consumer within 10 (ten) days of receiving the complaint, unless agreed otherwise by the Bank and the Customer.

6.7. The Consumer is entitled to complain to the Ombudsman of the Association of Commercial Banks of Latvia about performance of the Agreement and about causing execution of Payments in accordance with the procedure prescribed in legislation of the Republic of Latvia. The filing of a complaint with the Ombudsman will not be regarded as a necessary condition for the Customer to bring action to court.

6.8. All cases of disputes or uncertainties shall be resolved through negotiation between the Bank and the Customer. Presentation of a written claim to the other party shall be a condition precedent to dispute resolution. If it proves impossible to resolve a dispute by means of negotiation, it shall be resolved, at the claimant's option, either at a court of law of the Republic of Latvia in accordance with the applicable legislation of the Republic of Latvia or at the Court of Arbitration of the Association of Commercial Banks of Latvia under its rules and regulations if the Customer is not a Consumer.

6.9. In order to stipulate the terms of the Agreement, the Customer and the Bank shall not be liable for any circumstances, including those which they could neither have predicted nor influenced by reasonable means (force majeure).

6.10. If the Customer is not a Consumer, then the Bank and the Customer agree that the legal rules applicable specifically to consumers shall not be enforceable in the relations between the Bank and the Customer. Where an arrangement between the Bank and the Customer is required on a consumer basis, the respective legal rules, the entry into the Agreement shall be considered to constitute such an arrangement.