KEY FACTS STATEMENT
LETTER OF GUARANTEE

Product/Service

Product/Service Name: Letter of Guarantee

Description:

- A bank guarantee is generally not an instrument of payment, it is an undertaking issued by the bank (the guarantor) at the request of its customer (the principal) to another party (the beneficiary) whereby the guarantor undertakes, (in the event of default by the principal in the fulfillment of his obligations) to make payment to the beneficiary for a certain stated amount and within its validity.
- A Letter of Guarantee is not meant to be drawn unless the event occurs (in case of principal's default).

Offering Documents

This statement is part of the offering documents and must be read in conjunction with:

1- The Bank's Terms and Conditions -available on Banque BEMO website at: **Terms & Conditions**
2- The offer letter signed by Banque BEMO and the client.
3- The General agreement contract.
4- Uniform Rules for Demand Guarantees (URDG) published by ICC (International Chamber of Commerce).
5- International Standby Practices (ISP) published by ICC (International Chamber of Commerce).

Key Features

- The most common types of Guarantees are:
  -Bid Bond Guarantee: Requested in connection with public invitations to tender. The purpose is to prevent companies from tendering bids but not accepting or executing the contract once awarded to them.
  -Performance Bond Guarantee: Serves as collateral for the beneficiary of the guarantee if the contractor fails to fulfill his contractual obligations.
  -Advance Payment guarantee: Serves as collateral for the reimbursement of an advance payment made by the beneficiary of the guarantee in the event of the contractor (principal) is in default in fulfilling his contractual obligations.
  -Payment Guarantee: Provides the beneficiary of the guarantee with a security in case the principal fails fully or partially to meet his payment obligations.
  -Letter of indemnity (LOI): Issued in case of loss or a delayed bill of lading.
  -StandBy LC: Used as '' payment of last resort'' should the client fails to fulfill a contractual commitment with a third party.

- A Letter of Guarantee is subject to Fiscal stamps duty and issued subject to the issuing country laws, or URDG, or ISP rules.

- Bank's requirements:
  -Application signed by the client.
  -Management approval.
  -Fresh Funds coverage.

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Key Risks Associated with this Product/Service

Main risk

Payment Risk:
The Letter of Guarantee is independent from the commercial contract (the agreement between both parties) to which it may refer. Therefore any claim under the Guarantee will be honored if it is done in accordance with its terms and conditions.

Notes

In view of the changing and volatile market conditions, clients are invited to regularly check with their designated Relationship Manager for any amendment in terms of the published Key Fact Statements.