

Letter of Guarantee Key Fact Sheet

The Key Fact Sheet (KFS) is provided to customers informing them about the key aspects and features of Letters of Guarantee (LG) or Bank Guarantee (a trade finance product).

This is mainly to help you as a customer to understand and have a fair idea on what CBI is offering you and be able to compare the same with other banks offering the same product in the market.

Product Definition

Letter of Guarantee is defined by Uniform Rules for Demand Guarantee (e.g., URDG).

Letter of Guarantee is an irrevocable unconditional undertaking issued by the Bank (the Guarantor) on behalf of its customers (applicant) to pay a sum or sums of money up to a maximum amount as stipulated in the guarantee itself to the beneficiary upon presentation of written demand that complies with the terms and conditions of the guarantee.

The guarantee product is offered subject to above mentioned URDG rules and in accordance with UAE law unless expressly mentioned otherwise.

The URDG applies to any demand guarantee or counter-guarantee that expressly indicates it is subject to them.

The rules are then binding on all parties of the Letter of Guarantee unless its terms and conditions expressly exclude or modify a rule.

Key Fact Statement

This product is available to customers either

- With approved credit facility offered as per bank's credit policy and internal credit assessment
- Or
- Against 100% cash margin (CM) or against Fixed Deposits under lien (FDUL).

Sub-related Product

- All LG Issuance (Fixed Expiry, Open Ended, Counter Guarantee by other banks).
- Standby LC Issuance (if it is subject to URDG or ISP98).
- All LG Amendment(s) (Extension / Enhancement).

Tenor

Maximum tenor will be specified in the Facility Offer Letter (FOL). Otherwise, we may consider as agreed between transaction counterparties (Applicant/ Beneficiary) supported by LG application covering the underlying transaction which typically varies between 90 to 360 days or more from the date of issuance as it can be always renewed upon beneficiary's claim within LG validity to pay or extend.

Collateral

- Cash Margin is always taken at 100% or as per approved terms in same currency of the transaction.
- FD against lien at 100% in same currency or more than 100% in a different currency as per agreement with the bank.
- Credit Facility collateral and documentation as approved internally and expressly specified in facility offer letter along with other terms and conditions.

Terms and Conditions

Please refer to LG applications on the following [link](#).

The Terms and Conditions (including any relevant applications and documents) must be read as an integral part of this KFS.

Tariff (Commission, Charges, and fees)

The cost of an LG can vary depending on the value of the transaction, it's tenor and if any other banks involved like in case of counter guarantee and who will bear the costs.

Schedule of Charges for Trade, please refer to the following link: -

Wholesale Banking Trade Tariff* - [English](#) / [Arabic](#)

in conjunction with what expressly highlighted in Facility Offer Letter (FOL) as the case may be.

[*CBI reserves the right to change Trade tariff from time to time and same will be updated in our website](#)

General Warnings

1. The Bank, without referring to the customer, may debit the customer's accounts with any charges, expenses, or commission payable against the banking services rendered in accordance with the approved and announced banking charges and commissions.

2. The Bank may from time to time, and at its sole discretion make changes to the Terms and Conditions pertaining to this Product. Without prejudice to the [on-demand/uncommitted] nature of this product.
3. The Terms and Conditions (including any relevant applications and documents) shall be read and implemented in line with this KFS.
4. This is a Key Fact Statement only. It means that the documents provided is not an offer from the Bank to provide services. The Bank has the right to refuse to provide any services at any time without liability or penalty.
5. The Bank reserves the right, at its absolute discretion, to amend any of the terms and conditions and where required by applicable law, will provide the Customer with 60 days notice prior to making such changes and/or as mutually agreed in the facility letter signed by you.

Product Features and Warning Statements

You must be aware about some of Letter of Guarantee features details as follows: -

1. A letter of Guarantee is a standalone undertaking / contract between issuing bank and beneficiary that are separate from the underlying agreement on which the letter of Guarantee is issued.
2. Banks are dealing in claim documents stipulated in the LG not in the underlying contracts.
3. Letter of Guarantee liquidation / confiscation will be against the complying presentation of a valid written claim to LG issuing bank only.
4. Letter of Guarantee Extension will be against Beneficiary's request received within LG validity to Pay or Extend.
5. Banks are dealing with documents and not with goods, services, or performance with which the Letter of Guarantee may relate.
6. Banks agrees to pay beneficiary upon happening of default event of applicant's performance to fulfill their obligations.
7. After issuance of irrevocable LG, any amendment on the LG Terms will require beneficiary's consent.
8. Cancellation of open-ended guarantee or fixed expiry guarantee but within its validity will require original LG to be returned to CBI counter.

9. Customer must provide the bank with updated documentation and information that may affect their account and related LG(s).

Benefits (Payment Vs. Performance Risks)

A Letter of Guarantee is a Trade instrument offered by banks to assist an employer and contractor in the securing payment in case of default by the contractor in their international/local commercial transaction. It is designed to mitigate the performance risk of the contractor.

The letter of Guarantee presents the beneficiary and the applicant with a very high level of security. Its inclusion in the contract provides the highest possible assurance because the L/G issuing bank, guarantee applicant's obligation, against valid claim, which are to be presented in accordance with LG terms and conditions.

Acknowledgement

By signing this document, you acknowledge the receipt and understand Key fact Sheet highlighting the product / service key features, description, and get an idea on terms and conditions, tariff (commission, charges, and fees), which may be incurred by applying for this product. All the provision of any banking product/ services are at the sole discretion of CBI and subject to all applicable terms and conditions of CBI General terms and conditions of Accounts and Banking Services for establishments, companies and other legal entities that may be revised from time to time.

Customer Name:	
Customer Signature:	
Date of Signature:	

Disclaimer

The information in this Key Facts Statement is not the full terms of the contract, which is contained within the final terms of the account along with the documentation required to proceed with enclosed product mentioned therein.

For further enquiries, assistance, or complaints you may approach your designated relationship managers or our Trade Finance Team or by visiting our website www.cbiuae.com. You can also contact us on 600544440 (within the UAE) and +971 4 503 9000 (outside the UAE).