

Bank Guarantee

Whereas _____ (name of Client) in _____ (place), hereinafter referred to as _____, has concluded subcontract no. _____, dated _____ with _____ (name) in _____ (place), hereinafter referred to as "subcontractor", for the execution of _____ (type of work) for a total value of _____.

Whereas, under the terms of said subcontract the final payment shall be made by _____ (name of Client) to subcontractor upon completion of the work against a bank guarantee in the amount of 10% of the total subcontract value.

Whereas, we have been requested by subcontractor to issue the guarantee required by _____ (name of Client) to which request we agree to accede.

Now we, _____ (Bankers name and address) do hereby guarantee and undertake to repay to aforementioned _____ (name of Client) on first demand made by them in writing, such sum or sums as may be so claimed by _____ (name of Client) under this Letter of Guarantee, to the extent of an amount not exceeding: _____ (retention amount) (say: _____ (amount in writing) only) representing 10% (ten percent) of the subcontract value stated above, if in the judgement of _____ (name of Client), which judgement shall be binding for this purpose, subcontractor has failed to fulfil its obligations as laid down in the above mentioned subcontract.

This guarantee shall be valid for a period of _____ months after _____ (Plant in Operation date) but not more than _____ months after _____ (Mechanical Completion of Plant date) and shall automatically expire on _____ when it is to be referred to this bank at once.

Place and date : _____

Name : _____

Signature: _____

for and on behalf of:

(name of bank)