

BANKERS GUARANTEE

What are Bankers Guarantee?

This is a written undertaking in which UOB agrees to make stipulated payments on your behalf (the tenderer) should you fail to fulfill or carry out specified terms of a contract. Guarantees may also be issued for the purchase of fixed property and against cash cover.

Our liability is restricted to the payment of a sum of money and under no circumstances does the Bank accept responsibility for the completion of your contract.

Features

- Guarantees may be continuing or for a specified period. Wherever possible a definite or determined expiry date or a clause specifying a period of notice or withdrawal is to be included in the guarantee.
- The party in whose favour the guarantee is issued is entitled to specify the wording of the document. At your request, we will assist you to draft the wording of the document.
- Any demands for payment under a guarantee are to be made in writing.
- As a general guideline when preparing formats for Banker's Guarantee to be submitted, it is advisable to ensure the following:
 - to incorporate a non-assignment clause
 - the guarantee should be subject to English/Singapore law
 - there should be a specified claim period after the expiry of the guarantee.

Benefits

- You can avoid paying in advance or lodging cash cover to secure a purchase or contract. If cash cover is lodged with us under a pledge you will be paid interest on the deposit amount.
- Enables you to bid for contracts which call for guarantees and to buy fixed property where a guarantee is usually a prerequisite.

Types of Bankers Guarantee?

What types of Guarantee instruments are available at UOB?

a) Bid Bonds (also known as Tender Bonds)

When tendering for large capital projects, it is a common business practice for the tender to be supported by a Bid Bond.

The Bid Bond is an indication of a company's commitment and ability to carry out the work being tendered for.

Bids Bonds are sought by the contracting party to provide a financial undertaking, if for any reason, the successful tenderer fails to proceed with the contract.

They are also used as a financial fall-back if the successful tenderer is unable to carry out any part of the tender as submitted and it becomes necessary to place the project, or part of it, out for tender again.

Key Features

- Assures the contracting party that the tenderer is reliable, genuine, stable, and has the ability to carry out the work being tendered for.
- Secures payment for the beneficiary (the contracting party) of the guaranteed amount in stipulated circumstances, such as the:
 - offer is withdrawn before its expiry date
 - tenderer repudiates the contract after it has been awarded
 - successful tenderer fails to provide a replacement Performance Bond.

b) Performance Bonds

Most capital projects that are put out to tender require the successful tenderer to lodge a Performance Bond after being awarded the contract.

The Performance Bond provides comfort that a company has the necessary skills and capabilities to carry out the required work and comply with the agreed terms and conditions of the contract. The Performance Bond secures payment for the beneficiary in stipulated circumstances, for instance, in the event the contract is not fulfilled.

How do I apply for Bankers Guarantee?

You can simply download and print out the Bankers Guarantee Form from the following link:

Performance Guarantee

www.uob.com.sg/corporate/commercial/useful/business_resource.html

Alternatively, you can visit any **UOB Group Branch** to obtain the Application Forms.

Submit the completed Bankers Guarantee Form together with a copy of specimen text for Bankers Guarantee to any **UOB Group Branch**. Please ensure that both documents bear signatures of the Company Signatories and the Company Stamp.

You will need to have a pre-arranged Trade Facility or you are required to place a Fixed Deposit/Cash Deposit to facilitate the processing of your application.