

Bank guarantee

[On letterhead of Guarantor]

The Bahrain Petroleum Company B.S.C.(c)
PO Box 25555
Building 245, Road 4511
Block 945, Awali
Kingdom of Bahrain

Dated [●] 20[●]

Attention: [Name] ([position])

Dear Sirs,

[Name] (the *Company*)

- 1 We understand that you [are about to enter] [have entered] into a contract with the Company [dated [●]], reference [●], in relation to the supply by you of [SPECIFY] to the Company (the *Contract*) and that you require a guarantee of the Company's payment obligations under the Contract.
- 2 [In consideration of you entering into the Contract, we] [We] [NAME OF ISSUING BANK] of [ADDRESS OF BANK] irrevocably guarantee the punctual payment of all sums payable by the Company under the Contract and undertake that if for any reason the Company fails to pay any such sum on its due date, we shall on your first demand unconditionally pay that sum to you provided that your demand complies with the provisions of this Guarantee. Our aggregate liability under this Guarantee shall not exceed [AMOUNT IN WORDS] Bahraini Dinars (BD [AMOUNT IN FIGURES]).
- 3 This Guarantee shall continue until [DATE] (the *Initial Term*) and shall automatically extend for a further twelve (12) months (the *Extended Term*) at the end of the Initial Term and at the end of each Extended Term and shall remain in full force and effect until the original is returned to us for cancellation.
- 4 Your demand under this Guarantee must be received at this office before Expiry and must be in the form of a statement signed by you that:
 - (a) the Company has failed to pay a sum that is due and payable under the Contract in accordance with its terms and conditions; and
 - (b) specifies the sum claimed.We shall accept such demand as evidence, for the purposes of this Guarantee alone, that the sum claimed is due to you under this Guarantee.
- 5 We consent and agree that any or all of the following actions by you may be taken without notice to or consent of us and without in any way affecting, changing or releasing us from our obligations under this Guarantee:
 - (a) Waiver by you of any of the terms and conditions of the Contract or the obligations and agreements of the Company or any failure to make demand upon or take action against the Company.
 - (b) Any modification or changes to the Contract.
 - (c) The granting of any extensions of time to the Company without affecting the terms of paragraph 3.

- 6 Each payment to be made by us under this Guarantee shall be made in [Bahraini dinars], free and clear of all deductions or withholdings of any kind, except for those required by law. If any deduction or withholding must be made by law, we shall pay that additional amount which is necessary to ensure that you receive a net amount equal to the full amount which you would have received if the payment had been made without the deduction or withholding.
- 7 We shall pay interest on any amount due under this Guarantee from the day after the date on which payment was due up to and including the date of payment in full (as well after as before any judgment) at the annual rate that is two (2) percentage points above the one month deposit rate published by the Central Bank of Bahrain on the date on which payment was due.
- 8 This Guarantee is personal to you and is not transferable or assignable. No one other than you and we shall have any right to enforce any of its terms.
- 9 This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by the laws of the Kingdom of Bahrain.
- 10 Any controversy or claim arising out of or in connection with this Guarantee (including any question regarding its existence, validity, breach or termination) or any non-contractual obligation arising out of or in connection with this Guarantee shall be determined by arbitration administered by the Bahrain Chamber for Dispute Resolution (the **BCDR**) in accordance with its Arbitration Rules (the **Rules**) from time to time in force. In this regard:
- (a) The number of arbitrators shall be three. Each of us shall appoint one arbitrator and the two so appointed shall agree on the appointment of a third. The place of arbitration shall be Manama, Bahrain (BCDR premises). The language of the arbitration shall be English.
 - (b) The arbitrators are not authorised, except with the prior consent of both of us, to appoint an expert pursuant to Article 25 of the Rules or otherwise. The arbitrators may be addressed by experts appointed on behalf of each of us. Unless otherwise agreed, the number of experts who may be appointed by each of us to represent it in the arbitration shall be limited to three.
 - (c) The arbitral award shall be final and binding on us both and in lieu of any other remedy and no appeal or challenge on grounds of nullity shall lie to the courts of Bahrain or to any other judicial authority.

Yours faithfully,

For and on behalf of
[ISSUING BANK]