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## STANDBY LETTER OF CREDIT

Do you want to secure your commercial transactions? Choose a commercial stand-by letter of credit from Crédit Agricole group (SBLC), a **guarantee instrument** which allows you to make your regular interactions with your commercial partners safe. It offers you a guarantee “of first demand” to guarantee the execution of a contract or payment obligation.

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### BASIC PRINCIPLES

The commercial SBLC is a bank guarantee payable on first demand.

It ensures payment to a recipient (exporter) by the ordering party’s financial institution (importer), if the latter has not fulfilled their payment obligations for goods and/or services.

In order to utilise this instrument, the recipient must present the compliance document(s) as set out in the text of the SBLC.

It brings neutral third parties in to intervene in the commercial contract, namely: the importer’s bank and the exporter’s bank.

#### Bank commitments in the event of default

By taking a risk on the solvency of their client, the ordering party’s financial institution commits, on behalf of their client, to pay the recipient (direct guarantee).

In the case of a confirmed SBLC, the recipient’s bank adds their obligatory commitment to payment to that of the client’s bank. The recipient is also covered from risk of insolvency of the ordering party’s financial institution and of the linked “country risk”.

#### Technical expertise in the area of single international regulatory framework

- The banks’ commitment rests on the examination of documents related to the default on the payment obligation linked to the commercial contract. The banks must judge their own apparent compliance in relation to the conditions and rules established in the SBLC.

The SBLC may be governed, by choice, by:

- Uniform Customs and Practice for Documentary Credits (RUU 600 of the International Chamber of Commerce), universally known, which is a properly regulated standardised product,
  - International Stand-By Practices (RPIS 98 of the International Chamber of Commerce).
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## YOUR NEEDS

**Your relationships with your partner are secured,**

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**You have a regular business flow and/or timed deliveries,**

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**You wish to be insured for payment by the importer,**

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**You do not have credit insurance covering your export contract,**

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**You are setting up in a country where this instrument is favoured.**



## BENEFITS

In reference to the documentary credit, the commercial SBLC is:

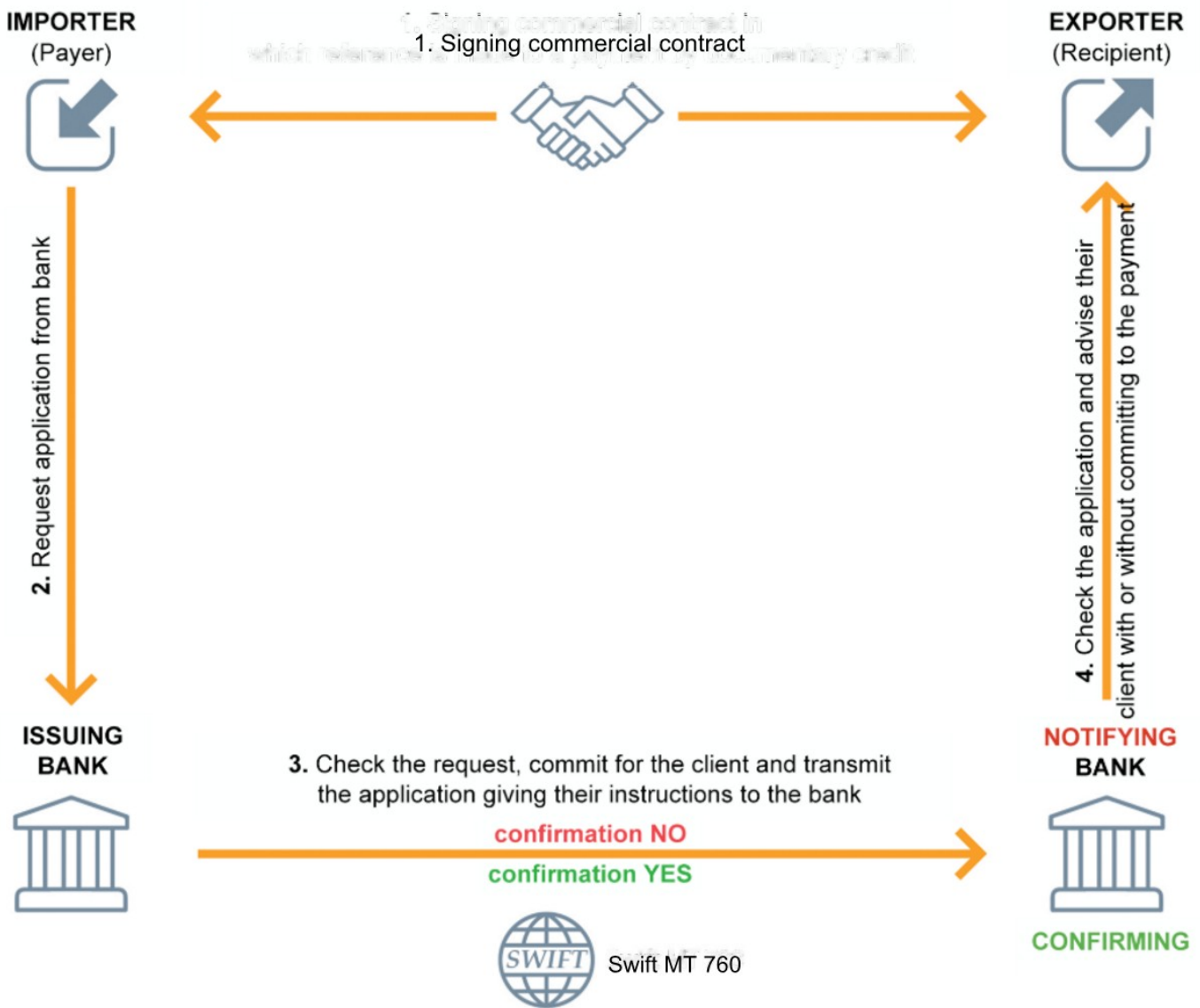
- More flexible because the documents required are fewer in number (2 or 3 documents in general: acknowledgement by the recipient of the default by the ordering party, copy of the invoice, copy of the transport documents),
- Less expensive because less exposed to draw-downs and irregularities,
- Better suited to the conditions of sale on arrival (DAP/DAT/DDP according to Incoterms 2010)



## EXAMPLE



## ILLUSTRATION



### Completion

In the majority of cases, the SBLC is terminated without having been used.

For requests, the recipient presents their bank with the required document(s) mentioned in the SBLC, for payment by their bank (if confirming bank) or by the issuing bank.

## AND MORE

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### Our expertise

- 400 experts in international trade at your service,
- A local presence in France and in 24 countries,
- A global presence,

Internationally recognised sign of quality

### Our risk taking knowledge

- on more than 800 banks worldwide
- in 100 countries

### Our partners

- with more than 150 banks forming our geographic coverage

**Our internet portal allows you to carry out procedures related to your SBLC on-line.**

### Member of:



International Chamber of Commerce

CREDIMPEX FRANCE

French Association of International Trade Specialists



International Trade and Forfaiting Association

- Local document processing centres, certified ISO 9001 for the majority of the Group's institutions,
- Credit Agricole CIB is the best bank in Trade Finance in Western Europe. Named in the best banks for Trade Finance at a global level (source: Magazine Global Trade Review 2025).

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