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<https://ubb.bg/en/business-clients/tyrgovsko-finansirane/izdavane-na-bankovi-garantsii>

# Issuance of bank guarantees

## Frequently asked questions

### 1. What is the difference between a Letter of Credit and a Bank Guarantee?

The Documentary Letter of Credit is a form of payment, whereas the bank guarantee is a form of securing the fulfilment of obligations under a commercial contract.

### 2. Can the Bank guarantee be confirmed?

No, unlike letters of credit, bank guarantees are not subject to confirmation. In case you do not trust the issuing bank or there are limitations in local law, in certain cases there could be issued guarantees against counter-guarantees.

### 3. What type of guarantees are issued?

According to the obligations secured guarantees could be:

- Payment guarantee - it ensures payment for the benefit of the beneficiary in case of non-compliance with the negotiated terms of the trade transaction.
- A guarantee for repayment of advance payments (advance payment guarantee) - it ensures a refund of an advance payment in case of non-fulfilment of the obligations under the main contract.
- Tender guarantee - it provides security in case of withdrawal of the offer after expiry of the time limit fixed for receipt of offers or the Bidder, having been notified of the acceptance of its Bid refuses to sign the contract.
- Performance guarantee - it secures the performance of the contractual terms under the trade transaction.
- Others, depending on the specific needs of each client - for warranty obligations, customs obligations, for issue of TIR carnets, etc.