



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR COMPETITION

Markets and cases III: Financial services
State aid - Financial Institutions

Brussels, 7 February 2025
COMP.D.3/WD/MP/RFL/EM*
COMP(2025)2418609

Permanent Representation of
Estonia to the EU
Rue Guimard/Guimardstraat 11/13
1040 Bruxelles/Brussel
stateaid.esteu@mfa.ee

Subject: Case SA.117532 Non-aid Loan Guarantee for Enterprises

Dear Madam/Sir,

By letter dated 14 January 2025, your authorities notified to the Commission the above-mentioned measure. After an initial examination, the Commission has found the notification to be incomplete in that the information below is missing. Therefore, we kindly request that you provide us the following:

1. Provide more in-depth details regarding the rating assignment process and clarify how these ratings are mapped to Standard & Poor's and Moody's ratings.
2. Ensure and confirm that the adequacy of the premium levels is reviewed at least annually to facilitate a proper and ongoing evaluation of the scheme's self-financing aspect.
3. Verify and confirm the proposed Loss Given Default (LGD) and Probability of Default (PD) figures, derived from the Enterprise Estonia portfolio, and remain conservative when considering both subsamples, in order to ensure adequacy for both SMEs and large companies.
4. Establish a safeguard to ensure that the guarantee is aligned with market terms and prices that financial institutions normally charge. We invite you to review the recent Commission decisions on guarantee methodologies in cases SA.100837, SA.110012, SA.61340, or SA.64359 as examples.
5. Ensure the alignment of the proposed capital remuneration with that what is being charged to financial institutions, thereby avoiding any potential market distortion and crowding out effects.

In addition, we would like to discuss with you the applicability of the proposed scheme to large Estonian companies and some specificities in the assessment of its compatibility resulting therefrom.

Finally, we would appreciate, if you could consider providing a language waiver to expedite the decision-making process.

To facilitate a thorough discussion of these points, we invite you to a meeting where we can review these issues before you submit a formal written response. Please let us know when you would be available for a videoconference with the case team.

Without this information, the Commission is unable to define its position on the proposed measure. Consequently, the period of two months within which it is required to do so will only start after the additional information is received. This should reach the Commission within 20 working days from the date of this letter.

In your reply you are kindly requested to inform the Commission services whether any of the information is confidential¹. Otherwise, the Commission services will consider that none of the information provided in your reply contains professional or business secrets.

Yours sincerely,

Electronically signed

Wouter DUTILLIEUX
Deputy Head of Unit

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¹ Commission communication on Professional secrecy 4582 of 1 December 2003 – Official Journal C 297, 9 December 2003 p. 6-9