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Subject: State Aid SA.56980(2020/N) – Lithuania
COVID-19: Loans to undertakings most affected by COVID-19

Excellency,

1. PROCEDURE

(1) By electronic notification of 9 April 2020, Lithuania notified aid in the form of two schemes under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak ("the Temporary Framework").[1] These concern a subsidised interest rates loans scheme Loans to undertakings most affected by COVID-19 ("Measure 1") and a subsidised interest rates loans scheme Loans for outstanding invoices, ("Measure 2"), jointly referred to as "the measures".

(2) The Lithuanian authorities confirm that the notifications do not contain confidential information.

(3) Lithuania exceptionally agrees to waive its rights deriving from Article 342 TFEU, in conjunction with Article 3 of Regulation 1/1958,[2] and to have this Decision adopted and notified in English.

[1] Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020, OJ C 91I, 20.3.2020, p. 1-9, as modified by the Communication from the Commission of 3.4.2020, OJ C 112I, 4.4.2020, p. 1.

[2] Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

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2. DESCRIPTION OF THE MEASURES

(4) Lithuania considers that the COVID-19 outbreak has started to affect the real economy. The measures form part of an overall package of measures and aim to ensure that sufficient liquidity remains available in the market, to counter the damage inflicted upon undertakings impacted by the outbreak and to preserve the continuity of economic activity during and after the outbreak.

(5) The measures are expressly based on Article 107(3)(b) of the Treaty on the Functioning of the European Union ("TFEU"), as interpreted by Section 2 of the Temporary Framework.

2.1. Measure 1

2.1.1. The nature and form of aid

(6) Measure 1 provides aid in the form of subsidised interest rates for public loans granted to small and medium size undertakings ("SME's")[3].

2.1.2. National legal basis

(7) The legal basis for Measure 1 is the Order of the Minister of Economy and Innovation of the Republic of Lithuania "On the Approval of the State Aid Scheme of the Incentive Financial Instrument Loans to the companies most affected by COVID-19".

2.1.3. Administration of the measure

(8) The Ministry of Economy and Innovation of the Republic of Lithuania and the national promotional institution Invega[4] are responsible for administering Measure 1.

2.1.4. Budget and duration of the measure

(9) The Lithuanian authorities estimate that no more than EUR 100 million in aid will be granted under Measure 1 until 31 July 2020. However, if the COVID-19 crisis is prolonged and the companies need further assistance beyond July 2020, Lithuania intends to increase the budget.

(10) Aid may be granted under Measure 1 as from its approval until 31 December 2020.

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[3] As defined in the Republic of Lithuania Law on Small and Medium-sized Business Development, https://www.e-tar.lt/portal/lt/legalAct/TAR.640D50DB8877/asr. The Law is in the line with Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC).

[4] The guarantee institution UAB "Investiciju ir verslo garantijos" (INVEGA) was established by the Republic of Lithuania Government Resolution No. 887 of 11 July 2001 on Small and Medium-sized Business Development (for more detail, please consult the webpage: https://invega.lt/en/about-invega/).

2.1.5. *Beneficiaries*

(11) The final beneficiaries of Measure 1 are undertakings, which fulfil the following conditions:

(a) have less than 250 employees;

(b) operate in the Republic of Lithuania, i.e. a borrower that creates jobs in the Republic of Lithuania and/or pays taxes or contributes to the budget of the Republic of Lithuania by the State Social Insurance Fund Board under the Ministry of Social Security and Labour;

(c) faced difficulties due to the COVID-19 outbreak, i.e. reduction in turnover of more than 60%[5];

(d) have retained at least 50% of the staff compared to the number of staff employed by the borrower on 1 March 2020;

(e) are not subject to the provisions of the Lithuanian Law on insolvency of legal persons.

(12) Aid may be granted under Measure 1 only to undertakings that were not already in difficulty within the meaning of the General Block Exemption Regulation ("GBER")[6], the Agricultural Block Exemption Regulation ("ABER")[7] or the Fisheries Block Exemption Regulation ("FBER")[8] respectively on 31 December 2019. Aid is granted under Measure 1 through any credit institutions and other financial institutions as financial intermediaries. However, financial intermediaries will pass the loan to the final beneficiary without providing any additional credit or liquidity attached to the public loan. Therefore, financial intermediaries will not assume any risk related to the granting of the public loan under Measure 1. For their service of passing on the public loan to the final borrowers, the financial intermediaries will receive a loan administration fee from the beneficiaries. That loan administration fee amounts to 2% of the total loan amount, but not less than EUR 130 and not more than EUR 1300., which is according to the Lithuanian authorities much lower than under pre COVID 19 outbreak times.

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5 For that purpose, the average monthly turnover of 2019 will be compared with the monthly average of period after 16 of March 2020. In case the borrower started operating after the 1st of January 2020, that criterion will not be assessed. The information on the turnover is provided by the borrower.

6 As defined in Article 2(18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

7 As defined Article 2(14) of the Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193 of 1.7.2014, p.1.

8 As defined in Article 3(5) of the Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369 of 24 December 2014, p. 37.

2.1.6. Sectoral and regional scope of the measure

(13) Measure 1 is open to all sectors. It applies to the whole territory of Lithuania.

2.1.7. Basic elements of the measure

2.1.7.1. Nature of the eligible instruments

(14) Measure 1 provides for the issuance of subsidised interest loans. This way Lithuania expects to alleviate the temporary liquidity needs caused by the COVID-19 outbreak. The direct subsidised interest loans aim at addressing working capital needs of the beneficiaries.

2.1.7.2. Maximum amount of the eligible instrument

(15) One borrower can obtain only one loan under Measure 1. The amount of the loan per undertaking covered by Measure 1 shall not exceed EUR 100.000. In any event, the amount of the loan per undertaking shall also not exceed one of the following:

i. the double of the annual wage bill of the beneficiary (including social charges as well as the cost of personnel working on the company site but formally in the payroll of subcontractors) for 2019 or for the last year available. In the case of undertakings created on or after 1 January 2019, the maximum loan must not exceed the estimated annual wage bill for the first two years in operation; or

ii. 25% of the total turnover of the beneficiary in 2019; or

iii. with appropriate justification and based on self-certification by the beneficiary of its liquidity needs, the amount of the loan may be increased to cover the liquidity needs from the moment of granting for the coming 18 months.

The Lithuanian authorities invoke as justification ground to use the exception under (iii) administrative simplicity, given that the self-certification allows to deal with many files in a very short period of time in order to help companies/banks without undue delay in the current context.

2.1.7.3. Maximum duration of the loan

(16) Loans will be granted for a period of 24 months. This term may be extended for a maximum period of 36 months from the date of initial granting.

2.1.7.4. Period for granting the eligible instruments

(17) The loans can be granted until 31 December 2020.

2.1.7.5. Remuneration of the loans

(18) The interest rate for public loans is established in line with point 27(a) of the Temporary Framework, i.e. the base rate (1 year IBOR or equivalent as published

by the Commission)[9] applicable on 1 January 2020 plus 25 basis points ("bps") for SMEs in the first year and 50 bps in the second and third year. Lithuania used the base rate of -0.31 calculated in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ C 14, 19.1.2008, p.6.). The application of point 27(a) results in interest rate of 0.1%[10] for a loan with maturity of up to one year and 0.19% for a loan with maturity longer than one year, but shorter than three years.

2.2. Measure 2

2.2.1. The nature and form of the aid

(19) Measure 2 provides for aid in the form of subsidised interest rates for public working capital loans to SME's and large undertakings facing liquidity shortage because of payment obligation defaults of their clients due to the COVID-19 outbreak. The loan is intended to offset the lost revenue.

2.2.2. National legal basis

(20) The national legal basis for Measure 2 is the Order of the Minister of Economy and Innovation of the Republic of Lithuania "On the Approval of the Scheme of the Incentive Financial Instrument Loans for outstanding invoices".

2.2.3. Administration of Measure 2

(21) The Ministry of Economy and Innovation of the Republic of Lithuania is granting Measure 2. The National Promotional Institution Invega is responsible for administering Measure 2.

2.2.4. Budget and duration of Measure 2

(22) The budget is estimated at EUR 50 million.

(23) Aid may be granted under Measure 2 as from its approval until the allocated budget is exhausted but no later than 31 December 2020.

2.2.5. Beneficiaries

(24) The final beneficiaries of Measure 2 are undertakings which may face liquidity shortage because of payment obligation defaults of their clients due to the COVID-19 outbreak and that fall under either of the following three categories:

Category I: undertakings with an average employee number in 2019 below 10 and satisfying at least one of the following criteria:

(a) annual turnover in 2019 did not exceed EUR 2 million;

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9 As defined in Article 2 (18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

10 A simple addition of the reference rate and credit risk margin of 25 bps would result in an interest rate of -0.06, which is however below the minimum required in recital 27 (a) of the Temporary Framework, which stipulates that the minimum all in interest rate (base rate plus the credit risk margins) should be at least 10 bps per year.

(b) assets at the end of 2019 with a value that did not exceed EUR 2 million.

Category II: undertakings with an average employee number in 2019 below 50 and satisfying at least one of the following criteria:

(a) annual turnover in 2019 did not exceed EUR 10 million;

(b) assets at the end of 2019 with a value that did not exceed EUR 10 million.

Category III: undertakings with an average employee number in 2019 below 250 and satisfying at least one of the following criteria:

(a) annual turnover in 2019 did not exceed EUR 50 million;

(b) assets at the end of 2019 with a value that did not exceed EUR 43 million.

(25) In addition, Measure 2 will only be granted to those category I, II or III undertakings that:

(a) do not have long-term tax debts[11] and were not penalized for tax evasion, fraud or similar infringements for the last 3 years;

(b) have retained at least 50 % of employees compared to 1 March 2020 and

(c) on the date of the application had a credit rating (reflecting possibility of default on liabilities) of the value indicating average risk category or better.

(26) Aid may be granted under Measure 2 only to undertakings that were not already in difficulty within the meaning of the General Block Exemption Regulation ("GBER"), the Agricultural Block Exemption Regulation (ABER) or the Fisheries Block Exemption Regulation (FBER) respectively[12] on 31 December 2019.

2.2.6. Sectoral and regional scope of Measure 2

(27) Measure 2 is open to all sectors except for undertakings active in the arms, alcohol (except manufacturers of non-distilled alcoholic beverages), tobacco,

[11] The "long term tax debt list" is a "black" list compiled by Lithuanian tax authorities identifying businesses, that avoid paying taxes/belong to shadow economy or considered irresponsible. The list is available here: https://www.vmi.lt/cms/aprasymas/-/asset_publisher/Djwe6gNL5Io9/content/ilgalaikiu-skolininku-sarasas.

[12] As defined in Article 2(18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1[, Article 2(14) of the Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193 of 1.7.2014, p.1, and Article 3(5) of the Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369 of 24 December 2014, p. 37.

gambling and financial sector. State and municipal undertakings[13] are also excluded from Measure 2. It applies to the whole territory of Lithuania.

2.2.7. Basic elements of Measure 2

2.2.7.1. Nature of the eligible instruments

(28) Measure 2 provides for the issuance of subsidised interest on public working capital loans. This way Lithuania expects to alleviate the temporary liquidity needs caused by payment obligation defaults of the beneficiaries' clients due to the COVID-19 outbreak. The direct subsidised interest loans aim at offsetting the lost turnover and addressing the working capital needs of the beneficiaries. The loans will be granted directly by the national promotional institution Invega.

2.2.7.2. Maximum amount of the eligible instrument and other conditions

(29) The amount of the public loan per undertaking is capped at the lowest of the following limits:

i. 25 % of the total turnover of the beneficiary in 2019;

ii. 85 % of unpaid amount of the invoice;

iii. If the beneficiary is a Category I undertaking – 10 000 EUR;

iv. If the beneficiary is a Category II undertaking – 30 000 EUR;

v. If the beneficiary is a Category III undertaking – 100 000 EUR.

(30) In addition, the loans are only granted to offset unpaid invoices that (i) were issued between 16 January 2020 and 16 March 2020, (ii) where the invoiced subject matter has already been delivered/provided and (iii) where there are no disputes between the supplier and buyer regarding quality of the invoiced subject matter. Unpaid invoices issued by beneficiaries to undertakings belonging to the same corporate group are not eligible to be offset by the loan granted under Measure 2.

(31) The minimum eligible unpaid sum in one submitted invoice must be EUR 100. The minimum loan principal for the set of eligible unpaid parts of the whole package of submitted invoices for one beneficiary must be EUR 1000.

2.2.7.3. Maximum duration of the loan

(32) Loans will be granted for a period of 12 months. This term may be extended with an additional 24 months. Early repayment will be available without any penalties.

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[13] This includes undertakings in which the State and/or municipality individually or jointly holds, directly or indirectly, 25% or more of the undertakings' shares, stocks or other shares representing the undertakings' capital or 25% or more of the undertakings' votes (under a voting agreement, transfer agreement, power of attorney, etc).

2.2.7.4. Period for granting the eligible instrument

(33) The loans can be granted until the allocated budget is exhausted but loan contracts cannot be signed later than 31 December 2020.

2.2.7.5. Remuneration of the loans

(34) The interest rate for the public loans is established in line with point 27(a) of the Temporary Framework, i.e. the base rate (1 year IBOR or equivalent as published by the Commission)[14] applicable on 1 January 2020 plus 50 bps in the first year and 100 bps in the second and third year.

2.3. Cumulation

(35) The aid ceilings and cumulation maxima fixed under the measures shall apply regardless of whether the support for the aided projects are financed entirely from State resources or partly financed by the Union.

(36) The Lithuanian authorities confirmed that aid granted under section 3.2 of the Temporary Framework will not be cumulated with other aid granted for the same underlying loan principal under section 3.3 of the Temporary Framework, and vice versa. The authorities explicitly confirmed that this applies also to aid granted for the same beneficiary under other decisions taken by the Commission on the basis of sections 3.2 and 3.3 of the Temporary Framework. For as far as one beneficiary may benefit from multiple measures under sections 3.2 and 3.3 of the the Temporary Framework, the Lithuanian authorities confirmed that the maximum thresholds on loans for such measures per beneficiary as specified in point 27(d) of the Temporary Framework are respected.

2.4. Monitoring and reporting

(37) The Lithuanian authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework. Invega will submit data on the aid granted to the Register of State aid. Further, in line with point 34 of the Temporary Framework, the information required under Annex III of Commission Regulation (EU) No 651/2014 concerning the aid granted, will be made available to the European Commission's State Aid Transparency website at https://webgate.ec.europa.eu/competition/transparency/ no later than 12 months after the date on which the aid was granted. The information and documents relating to the granting of the aid shall be kept for at least 10 years from the date on which the last aid was granted.

3. ASSESSMENT

3.1. Legality of the measures

(38) By notifying the measures before putting them into effect, the Lithuanian authorities have respected their obligations under Article 108(3) TFEU.

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[14] As defined in Article 2 (18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

3.2. Existence of State aid

(39) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

(40) The measures are imputable to the State, since they are administered by Ministry of Economy and Innovation of the Republic of Lithuania and Invega. Further, the measures are based on the Order of the Minister of Economy and Innovation of the Republic of Lithuania "On the Approval of the State Aid Scheme of the Incentive Financial Instrument Loans to the companies most affected by COVID-19" and on the Order of the Minister of Economy and Innovation of the Republic of Lithuania "On the Approval of the Scheme of the Incentive Financial Instrument Loans for outstanding invoices". Both measures are financed through State resources, since they are financed by public funds.

(41) The measures confer an advantage on their beneficiaries in the form of subsidised interest rates on public loans. The measures thus relieve those beneficiaries of costs, which they would have had to bear under normal market conditions.

(42) The advantage granted by the measures is selective, since it is awarded only to undertakings of a certain size, fulfilling the criteria stipulated in recitals (11) and (24).

(43) The measures are liable to distort competition, since they strengthen the competitive position of their beneficiaries. They also affect trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

(44) In view of the above, the Commission concludes that the measures constitute aid within the meaning of Article 107(1) TFEU. The Lithuanian authorities do not contest that conclusion.

3.3. Compatibility

(45) Since the measures involve aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether those measures are compatible with the internal market.

(46) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid "*to remedy a serious disturbance in the economy of a Member State*".

(47) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (Section 2) that "*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*". The Commission concluded that "*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*".

(48) The measures aim at facilitating the access of firms to external finance at a time when the normal functioning of credit markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.

(49) The measures are two of a series of measures conceived at national level by the Lithuanian authorities to remedy a serious disturbance in their economy. The importance of the measures to ensure access of micro, small and medium companies to liquidity during the COVID-19 outbreak is widely accepted by economic commentators and the measures are of a scale, which can be reasonably anticipated to produce effects across the entire Lithuanian economy. Furthermore, the measures have been designed to meet the requirements of a specific category of aid ("Aid in the form of subsidised interest rate loans") described in Section 3.3 of the Temporary Framework and the requirements for aid in the form of loans channelled through credit institutions or other financial institutions described in Section 3.4 of the Temporary Framework.

(50) The Commission accordingly considers that the measures are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

<u>*For subsidised interest rates*</u>:

- The applicable interest rates under Measure 1 are equal to the base rate (1 year IBOR or equivalent as published by the Commission)[15] applicable on 1 January 2020 plus a credit margin of 0.25% for the loans to SMEs with the maturity up to one year, and 0.5% for the loans to SME with maturity longer than one year (recital (18)). Since a simple application of the above methodology for the loans with maturity up to one year would result in an interest rate of -0.06, the minimum required in footnote 10 to recital 27(a) of the Temporary Framework of 10bps per year will be applied to those loans. The applicable interest rates under Measure 2 are equal to the base rate (1 year IBOR or equivalent as published by the Commission) applicable on 1 January 2020 plus a credit margin of 0.5% for the loans with the maturity up to one year, and 1% for the loans with maturity longer than one year (see recital (34)). The measures therefore comply with point 27(a) of the Temporary Framework.

- The loan contracts are signed by 31 December 2020 at the latest and are limited to maximum 3 years (recitals (16) to (17) and (32) to (33)). The measures therefore comply with point 27(c) of the Temporary Framework.

- For loans with a maturity beyond 31 December 2020, the maximum loan amount per beneficiary is limited in line with point 27(d) of the Temporary Framework (recitals (15) and (29)).

- The loans relate to working capital needs (recitals (14) and (28)). The measures therefore comply with point 27(f) of the Temporary Framework.

[15] Base rates calculated in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ C 14, 19.1.2008, p. 6).

- Firms in difficulty (situation as of 31 December 2019) within the meaning of GBER, ABER or FBER are excluded from benefitting from the measures (recitals (12) and (26)). The measures therefore comply with point 27(g) of the Temporary Framework.

- Measure 1 introduces safeguards in relation to the possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. In particular, the financial intermediaries will only pass on the public subsidised interest loans to the final beneficiaries, without assuming any exposure to the beneficiary due to the public loan. Therefore, the financial intermediary will not receive any other remuneration than only the loan administration fee for its service of channelling the public loan to the borrower. Since Measure 1 does not have to have any direct positive effect on the risk profile of the intermediary's own existing loan portfolio, Measure 1 does not seem to constitute any indirect aid to the intermediary. Such safeguards ensure that these institutions, to the largest extent possible, pass on the advantages of the measure to the final beneficiaries (recital (12)). Measure 1 therefore complies with points 28 to 31 of the Temporary Framework. Measure 2 is not channelled through credit or other financial institutions.

- The Lithuanian authorities have confirmed that they will respect the monitoring and reporting rules laid down in Section 4 of the Temporary Framework (recital (37)).

- The applicable cumulation rules are respected (recitals (35) to (36))

4. COMPLIANCE WITH INTRINSICALLY LINKED PROVISIONS OF DIRECTIVE 2014/59/EU AND REGULATION (EU) 806/2014

(51) Without prejudice to the possible application of Directive 2014/59/EU on bank recovery and resolution (**"BRRD"**)[16] and of Regulation (EU) 806/2014 on the Single Resolution Mechanism (**"SRMR"**), [17] in the event that an institution benefiting from the measures meets the conditions for the application of that Directive or of that Regulation, the Commission notes that the notified measures do not appear to violate intrinsically linked provisions of BRRD and of SRMR.

(52) In particular, aid granted by Member States to non-financial undertakings as final beneficiaries under Article 107(3)(b) TFEU in line with the Temporary Framework, which is channeled through credit institutions or other financial institutions as financial intermediaries, may also constitute an indirect advantage to those institutions.[18] Nevertheless, any such indirect aid granted under the measures do not have the objective of preserving or restoring the viability, liquidity or solvency of those institutions. The objective of the measures is to remedy the liquidity shortage faced by undertakings that are not financial institutions and to ensure that the disruptions caused by the COVID-19 outbreak do not undermine the viability of such undertakings, especially of SMEs. As a

[16] OJ L 173, 12.6.2014, p. 190-348.

[17] OJ L 225, 30.7.2014, p. 1-90.

[18] Points 6 and 29 of the Temporary Framework.

result, aid granted under the measures does not qualify as extraordinary public financial support under Art. 2(1) No 28 BRRD and Art. 3(1) No 29 SRMR.

(53) Moreover, as indicated in recital (50) above, Measure 1 introduces safeguards in relation to any possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. Such safeguards ensure that those institutions, to the largest extent possible, pass on the advantages provided by Measure 1 to the final beneficiaries. Measure 2 is not channelled through credit or other financial institutions.

(54) The Commission therefore concludes that the measures do not violate any intrinsically linked provisions of the BRRD and of SRMR.

5. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION