Summary of case practice on modulation under point 61 (c) of the Temporary Crisis Framework

This document provides a non-exhaustive summary of the European Commission's case practice concerning the modulation of guarantee premiums depending on the guarantee coverage, the guarantee duration and the use of flat guarantee premiums in accordance with point 61(c) of the Temporary Crisis Framework.

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Table A presents the applicable (progressive) premiums for guarantees on loans with a maturity of up to six years, as set out in point 61(b) of the Temporary Crisis Framework, for differing guarantee coverages.

Table A

Guarantee coverage	Type of recipient	For 1st year	For 2nd-3rd year	For 4th-6th year
80%	SMEs	15 bps	30 bps	80 bps
	Large enterprises	30 bps	80 bps	175 bps
75%	SMEs	15 bps	25 bps	70 bps
	Large enterprises	25 bps	70 bps	170 bps
70%	SMEs	15 bps	15 bps	50 bps
	Large enterprises	15 bps	50 bps	150 bps
60%	SMEs	15 bps	15 bps	35 bps
	Large enterprises	15 bps	35 bps	135 bps
50%	SMEs	15 bps	15 bps	25 bps
	Large enterprises	15 bps	25 bps	125 bps

Table B presents the applicable flat premiums for guarantees on loans with a maturity of up to six years. For example, the flat guarantee premium for a coverage of 90% and a duration of six years is 92 bps for all six years for SMEs.

Table B

Guarantee coverage	Type of recipient	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	Up to 6 years
90%	SMEs	25 bps	43 bps	48 bps	73 bps	85 bps	92 bps
	Large enterprises	50 bps	86 bps	96 bps	146 bps	169 bps	184 bps
80%	SMEs	15 bps	26 bps	29 bps	50 bps	61 bps	68 bps
	Large enterprises	30 bps	63 bps	73 bps	119 bps	140 bps	155 bps
75%	SMEs	15 bps	23 bps	25 bps	44 bps	53 bps	60 bps
	Large enterprises	25 bps	55 bps	63 bps	109 bps	131 bps	146 bps
70%	SMEs	15 bps	17 bps	17 bps	31 bps	38 bps	42 bps
	Large enterprises	15 bps	37 bps	44 bps	86 bps	108 bps	122 bps
60%	SMEs	15 bps	17 bps	17 bps	26 bps	30 bps	33 bps
	Large enterprises	15 bps	29 bps	33 bps	72 bps	92 bps	106 bps
50%	SMEs	15 bps	17 bps	17 bps	23 bps	25 bps	26 bps
	Large enterprises	15 bps	23 bps	25 bps	62 bps	82 bps	95 bps

Table C presents the applicable (progressive) premiums for guarantees on loans with a maturity of up to eight years. A duration of the guarantee that is longer than six years is compensated with an increase of the premium starting from the first year.

Table C					
Guarantee coverage	Type of recipient	For 1st year	For 2nd-3rd year	For 4th-6th year	For the 7th-8th year
90%	SMEs	75 bps	100 bps	150 bps	250 bps
	Large enterprises	100 bps	150 bps	250 bps	350 bps
80%	SMEs	50 bps	80 bps	135 bps	230 bps
	Large enterprises	80 bps	130 bps	240 bps	340 bps
75%	SMEs	35 bps	65 bps	125 bps	215 bps
	Large enterprises	65 bps	125 bps	235 bps	335 bps
70%	SMEs	20 bps	50 bps	115 bps	200 bps
	Large enterprises	50 bps	115 bps	230 bps	330 bps
60%	SMEs	15 bps	15 bps	90 bps	170 bps
	Large enterprises	15 bps	90 bps	215 bps	315 bps
50%	SMEs	15 bps	15 bps	55 bps	115 bps
	Large enterprises	15 bps	55 bps	200 bps	295 bps

Table D presents the applicable flat premiums for guarantees on loans with a maturity of up to eight years. For example, the flat guarantee premium for a coverage of 90% and duration of seven years is 195 bps for all seven years for SMEs.

Table D			
Guarantee coverage	Type of recipient	Up to 7 years	Up to 8 years
90%	SMEs	195	214
	Large enterprises	300	324
80%	SMEs	169	188
	Large enterprises	280	305
75%	SMEs	151	170
	Large enterprises	271	296
70%	SMEs	133	151
	Large enterprises	260	285
60%	SMEs	97	115
	Large enterprises	231	257
50%	SMEs	65	77
	Large enterprises	204	230

For subsidised flat and progressive loans granted in accordance with point 64(c) of the Temporary Crisis Framework, Tables B, C and D above also provide insight into the Commission's case practice regarding the modulation of credit risk margins (to be added to the base rate), as the progressive credit risk margins applicable to subsidised loans in accordance with point 64(b) are the same as the progressive guarantee premiums covering 90% of the underlying loan for durations up to six years in accordance with point 61(b). In particular, the flat and progressive credit risk margins can be the same as the flat and progressive guarantee premiums that are applicable for guarantees covering 90% of the underlying loan for all durations up to eight years, as provided in Table B, C and D. The minimum all-in interest rate (base rate plus the credit risk margins) should never be less than 10 bps per year.