



AIB's new product demonstrates its long-term commitment to Irish Agriculture
15th April 2003

AIB today launched a new Long Term Farm Development Loan. With terms of up to 20 years available at a very competitive 5.125% (AIB Variable Prime plus 2%) interest rate, AIB has re-affirmed its long-term commitment to the Irish farm sector and to servicing the changing needs of its farming customers.

The farm landscape has changed dramatically in recent times and will continue to do so. Faced with the proposed CAP Reforms, WTO, Environmental Compliance pressures etc., farmers are facing significant decisions and are at present evaluating their various farm planning options. Given that they are likely to have more flexible farming opportunities, but in a more competitive environment, many farmers are considering significant changes as they focus on how best to position their farm businesses from a long-term perspective.

Many of these options can place a significant financial requirement on farmers and AIB is providing this new product to allow farmers spread this commitment over a longer period. A significant investment decision can often lead to cash flow pressure as the investment beds in. AIB in recognition of this is offering an 'interest only' option for up to 3 years at the start of the loan. Furthermore, customers will be able to structure their annual repayment schedules to best suit their individual requirements.

Making the announcement, Michael Dowling, Head of Agri Strategy, AIB Bank said, "European and Irish farming is at a crossroads. It is imperative that Irish farmers carefully plan their future in this dynamic market. Having consulted our farming customers and indeed their representative groups, we are confident that this new loan product provides the best funding option for many of the development paths being considered by farmers".

AIB's Long Term Farm Development Loan is available for a range of development purposes including land purchase, environment control development etc. The interest rate is market linked (AIB Variable Prime Rate + 2%) and will be adjusted for future ECB interest rate changes as they arise. Loans are designed to be as flexible as possible and farmers can elect loan terms of between 7 - 20 years.

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