



**AIB launches EUR 100m loan fund for SMEs**  
**24th October 2006**

**Interest rate of 6.25% on new loans up to €60,000**

AIB today announced the launch of a EUR100m fund targeted at early stage businesses, established in the last three years. The fund will be used to provide new loans of amounts up to EUR60,000, priced at 6.25% (variable). This represents the best published rate on the market for business loans under EUR60,000.

The launch of this fund is one of three measures in a series of planned initiatives reinforcing the bank's commitment to the SME market. The SME market is expected to top record levels of 250,000 businesses by year-end. The other initiatives include:

- AIB has joined forces with the Small Firms Association (SFA) and will now cover the cost of the first years SFA membership for qualifying businesses. This gives owner managers of small businesses access to a wealth of business advice, information and support from the SFA, who are highly regarded for their expertise in this area. It will also complement the range of guides and supports that are already freely available to businesses on AIB's dedicated business website [www.aib.ie/business](http://www.aib.ie/business).
- This week also sees the launch of a series of SME regional business briefings by John Beggs, AIB Chief Economist, entitled "Prospects & Possibilities". John will address business audiences in locations nationwide in the coming four months on topical issues such as interest and exchange rates and property prices. Details of the events will be carried in both local and national press.  
John Kelly, Head of AIB SME Strategy said:  
*"AIB has a deep rooted history in supporting business owners and entrepreneurs by financing the creation and development of their businesses, which has resulted in AIB being the bank that more businesses choose."*  
*"Today's initiatives are aimed at cementing our number one position and giving business owners what they need and value ? access to low cost finance and objective, informed advice on business related topics."*  
*"Our announcement is timely given the rate of new business start-ups, which are estimated at 18,000 in 2006, the current interest rate environment and the need for business owners to keep abreast of a fast changing and dynamic business climate."*

**- ENDS -**

For further information, contact:

John Kelly  
Head of AIB SME Strategy  
AIB Bank  
Bankcentre  
Ballsbridge

Dublin 4  
Tel: (01)6412147

Or

Ronan Sheridan  
Group Press Officer  
AIB Group  
Bankcentre  
Ballsbridge  
Dublin 4  
Tel: (01)6414651

### **NOTES TO EDITORS**

- AIB estimates that there are 235,000 SMEs currently operating in Ireland, up an estimated 90,000 since 1998.
- The rate of new start-ups in Ireland is very strong at the moment. AIB estimates that over the past six years there has been on average 15,000 new business start-ups per annum.
- There are more businesses in operation in every county in Ireland than there was 8 years ago. The main growth in business activity has occurred in the main urban areas but also in neighbouring counties such as Meath, Kildare, Wicklow and Clare.
- AIB predicts that there will be somewhere in the region of 18,000 new business start-ups in 2006. In total, by the end of 2006 there will be in excess of 250,000 SMEs operating in Ireland.
- AIB predicts that, based on current trends, there will be in excess of 285,000 SMEs in operation by 2010.
- New Businesses are predominantly started by well educated people in their mid-thirties while entrepreneurial activity is highest amongst those with 3<sup>rd</sup> level education aged between 25-34 years of age (Source: Global Entrepreneurship Monitor (GEM) Report 2005).
- The GEM Report outlines that early stage businesses have two principal banking needs i.e. access to finance and financial advice. It also indicates that the average capitalisation for a new start up is ?25,000.
- Definition of early stage business:
  - Formed within the last three years and,
  - less than 20 employees.
- Research conducted by TNS MRBI in June 2006 showed that AIB was:
  - Principal banker to SME's in Ireland, having a banking relationship with more than 1 in 2 SME's in Ireland.
  - Number 1 bank for small businesses in Ireland.
  - Number 1 bank for early stage businesses in Ireland.
  - Voted "*the bank for small business owners*".
- A comparison of other banks' standard published business loan rates for a loan of ?20,000 versus AIB is as follows:

AIB SME Loan	6.25%
Bank of Ireland Small Business Loan	7.90%
Ulster Bank	10.15%
National Irish Bank	9.45%
ACC Bank	9.25%