



AIB announces comprehensive SME Support Package 4th December 2008

AIB Bank, Ireland's leading business bank with a 41% market share, has today announced a comprehensive package of initiatives to help its 150,000 SME customers during the economic downturn.

Through its close engagement with the sector, AIB recognises that its SME customers have two key requirements to help them meet the increased challenges of the current market environment:-

These requirements are:-

1. Continued availability and renewal of existing loans and overdrafts to help cash-flow management.

2. Support for business expansion and new investment.

The package AIB has announced today, which is based on commercial terms, addresses both concerns.

To facilitate cash-flow pressure for viable businesses AIB will work with its customers to:

- Restructure Loan facilities over longer terms.
- Make immediately available "interest only" options for up to 2 years.
- Maintain overall working capital support to at least the same level as 2008 – current overdraft limits €3bn.

To support business expansion and new investment AIB will make immediately available:-

- €1bn funding for increased investment and working capital requirements.
- €200m Start Up fund, with individual loans increased from €60k to €100k.

AIB will also avail of the maximum allocation of EIB funding and is pressing for the release of these monies at the earliest possible opportunity.

Additionally, AIB will develop a mentoring programme through which businesses can access independent professional advice to help them navigate their way through the current difficulties.

While credit terms must reflect the higher cost of funding to the bank, AIB will ensure its rates remain highly competitive. AIB is also reassuring customers that there will be no price increase in transaction fees during 2009.

(Recognising the interrelation between the housing market and the SME sector AIB has also today announced a further reduction from 3.25% to 2.99% in its market leading 1 year fixed rate mortgage for first time buyers)

Commenting on the programme Donal Forde, Managing Director, AIB Bank Rol said:-

“We know that this is a time when many businesses are either experiencing difficulties or are apprehensive about the future. They need to be able to feel confident that their bank understands the challenges they are facing and is willing and able to help them. They also need to get a fast response. We in AIB have a lifetime commitment to our customers and are committed to giving them the support they need in all market conditions.

“Our key priority in putting together this package was that it would provide effective and credible support in the areas where it is most needed. That includes providing reassurance that not only will existing facilities be maintained for viable businesses but also that we will extend additional working capital and support future projects.

“We will also make this package available to prospective new clients of AIB.

“With a 41% share of the business market AIB recognises how important it is for us to make additional and significant support available to SMEs. These initiatives will benefit not only our business customers but also help stimulate the wider economy.”

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