



AIB reduces interest rate for First Time Buyers

10th February 2009

AIB today announces it is reducing its one year fixed interest rate for first time buyer owner occupiers to a market leading interest rate of 2.49%.

This rate will be available to first time buyer owner occupiers from Monday 16th February 2009 on all mortgages sanctioned by 31st March 2009 and drawn down by 30th June 2009.

This offer along with improved affordability in the housing market strengthens the hand of first time buyers even further. Year on year, repayments for first time buyers are down by over €500 per month in the first year based on a combination of the drop in house prices and the reduction in our fixed rate pricing. This is a conservative estimate based on a published industry index which shows prices down c. 14% year on year, while anecdotal evidence suggests that Irish house prices could in fact have fallen by as much as 30 per cent from their peak in 2006 meaning repayments have fallen by even more.

According to an AIB Global Treasury Economic Research report issued on 5th February 2009, dynamics are beginning to change in the Irish housing market and while problems still remain, over time, the reduced level of housing output and improved affordability conditions will help stabilise the market.

AIB also today announces that from 16th February 2009, it is introducing new Loan to Value (LTV) variable rates for new owner occupier mortgages. The current standard variable rate for owner occupiers will no longer be available for new business from this date. Existing customers on standard variable rates will not be affected.

Donal Forde, Managing Director, AIB Bank said:

“We recognise the importance of the housing market to the wider economy and the impact that particularly first time buyer purchases have on the market. We will continue to lead the market in terms of aggressive pricing and are committed to increasing our capacity for mortgage lending in 2009. We are very much open for mortgage business and we continue to be consistent in our credit approach which has always focussed on a customer’s repayment capacity, with a standard maximum Loan to Value of 92%. Already in the first 5 weeks of this year we have helped over 1,000 customers with a mortgage. These figures speak for themselves - we are open for business.”

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Note to Editors:

Loan to Value (LTV) is the amount that a customer is borrowing relative to the value of the property they are buying.

Revised AIB Mortgage Interest Rates from 16th February 2009

Owner Occupier			Residential Buy-to-Let		
Rate Category	Old Interest Rate	New Interest Rate	Rate Category	Old Interest Rate	New Interest Rate
Standard Variable Rate(Discontinued)			Standard Variable Rate		
	3.25%	Unchanged		4.45%	Unchanged
Loan to Value (LTV) Variable Rates (All Amounts)			Fixed Rates		
LTV <=50%< />	Not applicable	3.25%	1 Year (New & Existing)	4.10%	3.70%
LTV >50% <=80%< />	Not applicable	3.45%	2 Year	4.00%	3.80%
LTV >80%	Not applicable	3.65%	3 Year	4.30%	4.15%
Fixed Rates					
1 Year New (First Time Buyers Only)	2.99%	2.49%			
1 Year Existing	3.30%	2.85%			
2 Year	3.00%	2.80%			
3 Year	3.50%	3.35%			