



AIB makes €200 million fund available to SMEs at 4.5%

Allied Irish Banks, p.l.c. (AIB), will cut two per cent off its Standard Variable Business Loan rate as part of €200 million in new funding to Ireland's Small and Medium Enterprises (SMEs).

The new rate -- 4.5 per cent per annum variable -- was confirmed today (Thursday 19th February) following the Government's announcement of how the Strategic Banking Corporation of Ireland (SBCI) is set to support the SME market.

AIB is making the credit available to SMEs at the attractive new rate after securing funding from the SBCI to lend in to the economy and support job growth. The SBCI will provide a discount of up to 1 per cent, which will be matched by AIB.

AIB's Director of Retail and Business Banking, Bernard Byrne, said "Under the terms of the fund, AIB will lend to eligible SMEs at the highly competitive rate of 4.5 per cent per annum variable. This lower cost credit should be attractive to SMEs and allow them to borrow to invest in their businesses at this crucial turning point in our economy. Individual loans of up to €5 million will be available under the scheme," Bernard Byrne said.

"The funding is available to SMEs for working capital loans and investment loan purposes. I would particularly like to thank the SBCI for its efforts in ensuring that many farmers are also eligible for this fund," he continued.

The Minister for Finance, Michael Noonan, welcomed the decision by AIB to match the discount offered on the €200 million that the bank is drawing down from the SBCI.

"The core purpose of the SBCI is to enhance the supply of credit to SMEs by offering its €800 million in funding to institutions known as 'on-lenders'. These on-lenders, which may be banks such as AIB or other organisations that have capital and the ability to assess SME loan proposals, can then lend the money on to businesses," the Minister said.

Minister Noonan said the fact that AIB is matching the discount offered by the SBCI should prove a welcome stimulus for businesses. The Minister added some 600 SME customers will be further briefed on the fund at an AIB event this evening.

The new loan fund will be available to SMEs in AIB branches, business centres and over the phone in Ireland from March 9th, subject to eligibility, normal lending criteria, terms and conditions. Loans from the fund will have a minimum term of two years and a maximum term of ten years.

SBCI CEO Nick Ashmore announced the details of its SME offering earlier today at a press conference with Taoiseach Enda Kenny, Tánaiste and Minister for Social Protection Joan

Burton, Minister for Finance Michael Noonan, and Minister for Public Expenditure and Reform, Brendan Howlin.

Ends

Notes for Editors:

About the Strategic Banking Corporation of Ireland (SBCI)

The Government approved the establishment of the SBCI in May 2014 to enhance the supply of credit to Small and Medium Enterprises (“SMEs”) by using its funding to lend to SMEs via institutions called ‘on-lenders’. The SBCI is financed by Kreditanstalt für Wiederaufbau (“KfW”), Germany’s promotional bank, the European Investment Bank (“EIB”) and the Irish Strategic Investment Fund (“ISIF”) with an initial fund of €800m. The key advantage of the SBCI is its lower cost of funding and the fact that it can lend to on-lenders for up to ten years.

Pictures to be sent by Fennells Photography

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