



AIB welcomes Mazars Report

10th July 2009

Denis O'Callaghan, General Manager Retail & SME Business, AIB, said:

"AIB welcomes the Mazars' review and recommendations. We are pleased that the findings of this comprehensive, wide ranging and independent review are in line with our own research and data".

Specifically:

- 8 in 10 of all enquiries to AIB result in approval of credit facilities. The approval rate is 9 in 10 for those applications which progress to formal application.
- In this environment, cash flow is vital. The report noted that significant capacity in overdraft facilities exists among AIB customers with 44% of approved overdraft limits remaining unutilised during the period under review. This amounts to €1.32bn out of total overdraft facilities of €3bn.
- In an examination of applications which were declined by AIB, the review found that the decision to decline was reasonable in the context of normal commercial and business criteria.

We also acknowledge that we need to do more:

- The report made recommendations that relationships and understanding between banks and SMEs should be enhanced and improved. AIB is currently establishing 15 SME focussed Business Centres nationwide supported by three dedicated SME Help Desks, which will help achieve this objective.
- The report also stresses the importance of making available new financing methods which will help support and sustain SMEs in the current environment. Given the cash flow challenges many SMEs are experiencing, AIB is reviewing its invoice

discounting proposition to help make it more accessible to more customers.

- Timely decisions are also extremely important to SMEs. We have expanded and restructured our credit function and are currently reviewing our credit processes to ensure we deliver faster response times to our customers.

“We believe that a strong and sustainable SME sector is key to the recovery of the Irish economy. The report recognises the very significant challenges facing many SMEs in the current business environment. We are mindful of these realities and recognise the responsibility we have to be as accommodating as possible. We will continue to work with all our SME customers to ensure they have all the information, advice and support they need”.

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