



## AIB response to Mazars Report

**19th April 2010**

AIB acknowledges the most recent Mazars Report which shows the overall level of lending to the SME sector remaining relatively constant against a backdrop of a significant reduction in demand for credit and a continued deterioration in the credit quality of SME lending portfolios. While the business environment for SMEs remains very challenging, the industry figures of 29,000 credit applications and €1.6bn in new sanctions in Q4 2009 indicated a small increase in lending activity against the previous quarter.

During 2009, AIB supported small and medium size business by:

- - sanctioning over 1,000 credit application per week loans totalling c.€ 50m (€2.5bn in all FY 2009)
- - committing a further €15m to the AIB Seed Capital Fund, which now, with Enterprise Ireland, has created funding totalling €53m
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In addition AIB can confirm that its €100m European Investment Bank (EIB) SME loan fund is now fully allocated with over 1,100 SMEs availing of the benefits of the fund for investment in their business. AIB is now in discussions with the EIB with regard to sourcing additional funding for onward lending to SMEs.

AIB is determined to meet the commitments set recently by the Government for us to deliver greater levels of support to SMEs during 2010:

- - We are committed to making a further €3 billion available in lending facilities for SMEs in each of 2010 and 2011.
- - We will make an additional €20 million available for Seed Capital for SMEs
- - We will set up a fund of up to €100 million for Environmental, Clean Energy and Innovation projects. This is in addition to the €100 million provided under the recapitalisation last year
- - AIB has established an internal Credit Appeals Process and welcomes - and is supporting - the Credit Review Process recently established by the Government.
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**Denis O'Callaghan, General Manager, AIB said:**

*"We are acutely aware that the significant deterioration in the business environment over the past twelve months has created severe cash flow difficulties for many of our business customers. Small businesses in particular are significantly impacted by the difficult trading conditions, falling sales and slower payment cycles.*

*"AIB continues to support business customers across the country and in all sectors of the economy. Where viable businesses may be experiencing short-term financial pressures, we are engaging with*

*customers and seeking to put in place practical solutions that will help to sustain the enterprise in anticipation of future improved trading conditions."*

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**For further information, please contact:**

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