Anglo Irish Bank

Annual Report & Accounts 1999

Dublin

Cork

Galway

Limerick

Waterford

Belfast

Boston

London

Manchester

Banbury

Isle of Man

Vienna

Annual Report & Accounts 1999

ANGLO IRISH BANK

EXPERIENCE THE DIFFERENCE

Financial Calendar

Publication of Results		Half Year to 31 March 1999	5 May	1999
Dividend	Ordinary Shares	Interim Dividend Paid	31 March	1999
Publication of Results		Year to 30 September 1999	23 November	1999
Share Transfer Books Closed			3 December	1999
Accounts Posted to Shareholders			14 December	1999
Annual General Meeting			14 January	2000
Dividend	Ordinary Shares	Proposed Final Dividend Payment	20 January	2000

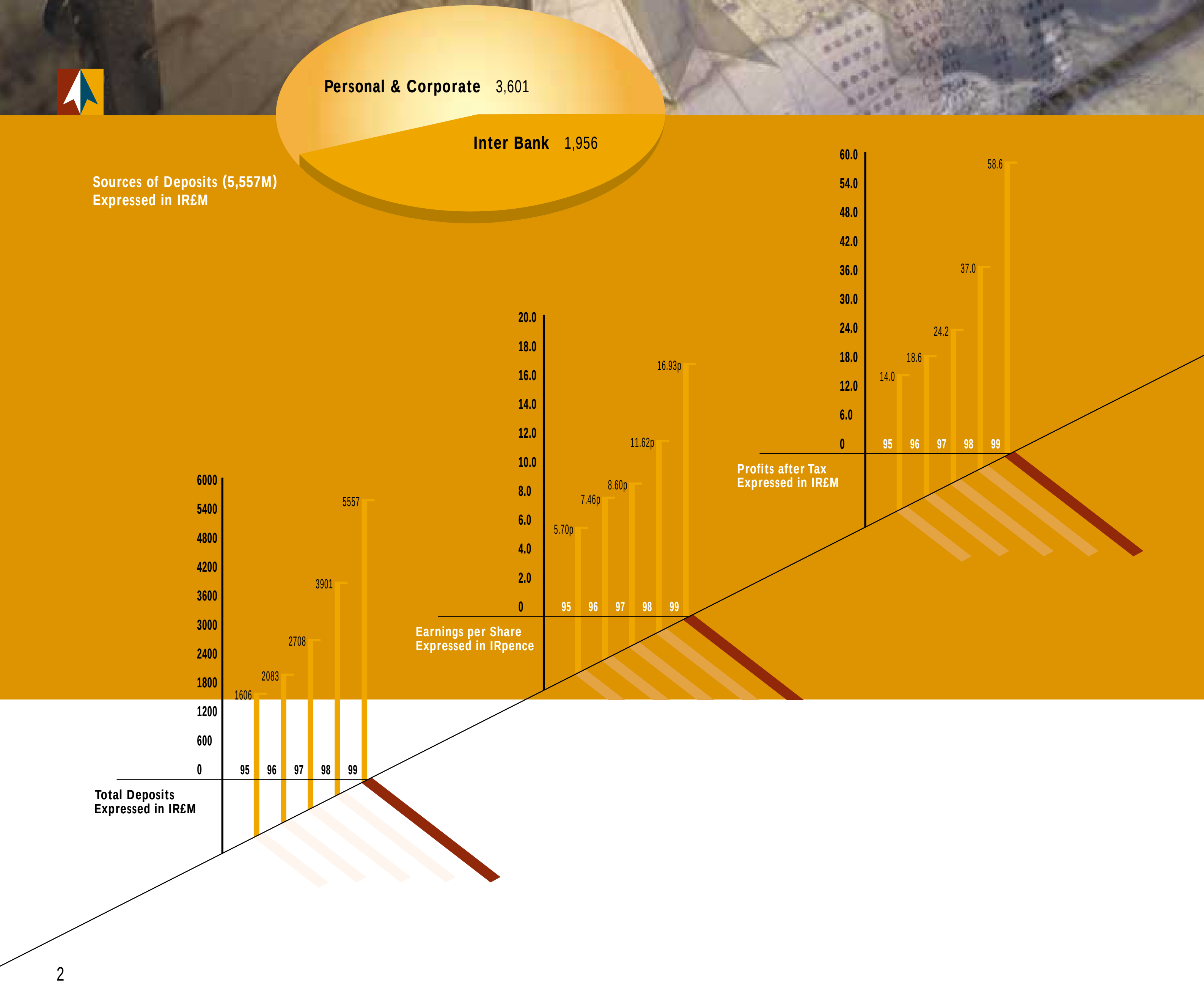
Anglo Irish Bank Corporation plc is an integrated banking group with an asset base of €7.9 billion, supported by capital resources of €700 million. The Bank was incorporated in 1964, became a public company in 1971 and in the last ten years gross assets have increased by a multiple of twenty. The Bank's shares are listed on the Stock Exchanges in Dublin and London.

Banking and Treasury services are provided through a network of established offices. The Bank originated in Dublin where the head office is located and has offices in Belfast, Cork, Galway, Limerick and Waterford in Ireland. In Great Britain the Bank has offices in London, Manchester and Banbury. It also has banking subsidiaries in the Isle of Man and Austria. In the USA, the bank has a representative office in Boston. From an international banking perspective, a treasury relationship is maintained with a worldwide network of over 250 banks.

Annual Report & Accounts 1999

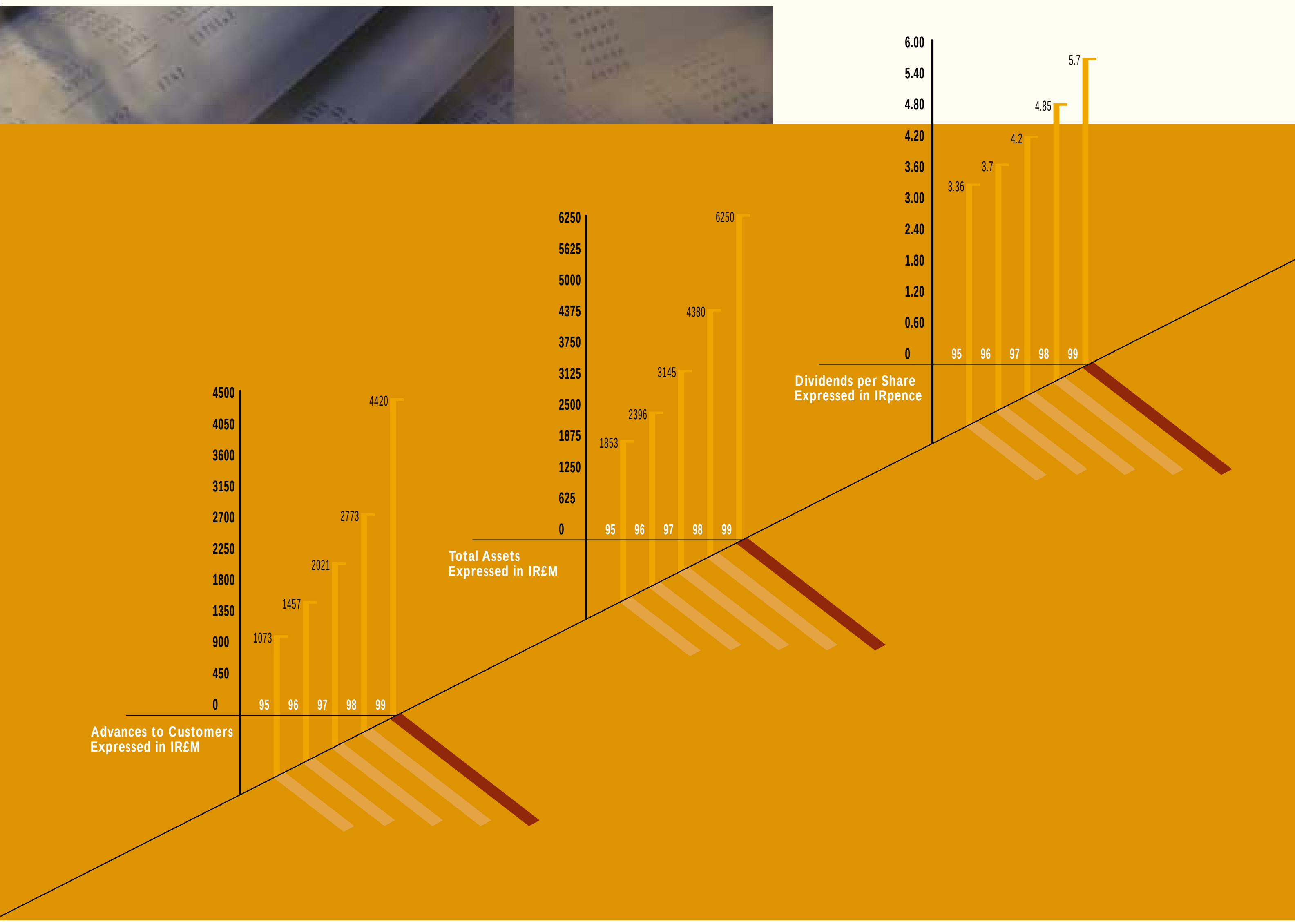
Contents

Financial Summary



FINANCIAL HIGHLIGHTS

	1999 IR£m	1998 IR£m
Profit before Taxation	70.2	45.1
Profit after Taxation	58.6	37.0
Dividends	15.7	12.6
Total Assets	6,249.6	4,380.1
Earnings per IR25p Share	16.93p	11.62p
Deposits	5,557.7	3,901.2
Advances	4,420.2	2,773.3
Fixed Rate	1,049.1	775.6
Variable Rate	3,371.1	1,997.7



Group Profile

Background

Anglo Irish Bank Corporation plc is an integrated banking group with an asset base of IR£6.2 billion, supported by capital resources in excess of IR£550 million. The Bank was incorporated in 1964, became a public company in 1971 and in the last ten years gross assets have increased by a multiple of twenty.

While the growth has largely been achieved organically, the Bank has pursued a strategy of acquiring businesses which are similar from a risk perspective and also complementary to existing activities.

All of these acquisitions have been fully assimilated into the group structure generating valuable new business and making a meaningful contribution to profit.

The Bank's ability to continue its significant level of organic growth is further enhanced by the wider range of banking services now available within the group.

The Anglo Approach: Experience the Difference

Ongoing and supportive relationships with clients are the foundations of the group's business strategy. Critical to this, and of paramount importance to all Anglo Irish Bank employees, is quality customer service.

The Bank has developed a strong position in its market as a provider of superior quality service. Whether dealing with a loan request or a deposit transaction, the emphasis is always on providing the customer with the service or product they require in the most efficient and effective manner.

The Bank's management continues to invest considerable time and resources by instilling a superior customer service ethos throughout the group. The quality of service provided is a key competitive advantage, which enables the Bank to compete without reliance on price alone. The Bank will continue to use its superior customer service to differentiate itself in the increasingly crowded marketplace for financial services.

Business Profile

The Bank has two principal business activities:

- Lending
- Treasury

Lending

Anglo Irish Bank's Banking Division helps progressive and established businesses to continue their growth and expansion. Customised solutions are devised for all aspects of a company's financial needs.

The broad range of credit-related products available includes loans, guarantees, trade credit facilities, invoice discounting, commercial mortgages, leasing and secured personal loans. Banking products are focused on a niche market of well established medium-sized companies and professionals based in Ireland and the United Kingdom.

The Bank has clearly defined lending criteria, which are consistently applied. It is very focused on its target markets. The Bank has earned a solid reputation and has developed a recognised expertise in its marketplace.

Treasury

The Bank's Treasury Division offers a full range of Risk Management and Cash Management products to a wide range of clients including personal clients, private companies and large corporates.

In addition, the Bank's treasury operations provide specially designed deposit services for professional practices, charities and other tax exempt funds.

The Bank has built its private and commercial deposit base in Ireland, the Isle of Man and, latterly, in the United Kingdom and in Austria. The banking subsidiaries in the Isle of Man and Austria are primarily deposit gathering entities. The private and commercial deposit base ranges from small deposit customers to large corporates.

The Bank has developed a significant corporate foreign exchange customer base in Ireland and the United Kingdom over the last three years. It also has an established trade finance business, which compliments these activities.

Other Group Services

The Bank has a number of services throughout the various group locations which are structured to facilitate the growing need for wealth management and wealth protection for its expanding private client base.

These services include Professional and Corporate Trustee Administration Services, Investment and Advisory Services, and Portfolio Management.

Looking to the Future - Adding Value

The Bank has clearly established a niche for itself in the markets in which it operates.

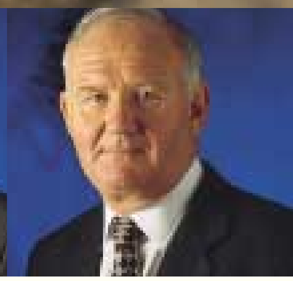
It is renowned for providing a flexible but consistent service. Consequently, the Bank's market share continues to grow as customers look for quality service. This trend is expected to be maintained, despite the competition in the financial services market, as few companies match Anglo Irish Bank's high standard of personalised service.

Anglo Irish Bank's business is based on relationship banking rather than commodity transactions and it is, at all times, seeking ways to add value to these relationships.

Directors

William Barrett (53)
Head of Group Lending, joined the Board in November 1993 and is a Fellow of the Chartered Association of Certified Accountants. A career banker, he worked with Allied Irish Banks plc and with ABN Amro Group before joining the Group in 1985.

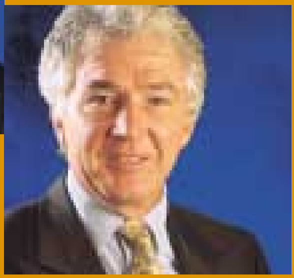
Anthony Coleby (64)
who joined the Board in September 1994, is a former executive Director of the Bank of England where he had responsibility for monetary policy and market operations. He is a non-executive Director of Halifax plc.



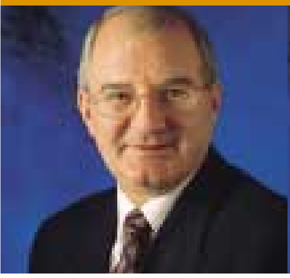
Michael Jacob (54)
who has been a Director since 1988, is a Fellow of the Chartered Institute of Management Accountants. He is Chairman of the Lett Group of Companies, Deputy Chairman of SIAC Construction Limited, Chairman of the Board of Management of the Royal Dublin Society and a Director of other companies.

William McCann (55)
joined the Board in October 1998. A Chartered Accountant, he is a former Managing Partner of Price Waterhouse, Ireland and a former Director of the Central Bank of Ireland. He is Chairman of the Electricity Supply Board, Galco Steel Limited and Airplanes Group and is Deputy Chairperson of the Irish Takeover Panel. He is a Director of Readymix plc and other companies.

Anthony O'Brien (63)
who joined the Board in March 1997, is Group Managing Director of the Cantrell & Cochrane Group Limited. He is also a non-executive Director of CRH plc and The Enterprise Trust Limited and is a Past President of The Irish Business and Employers Confederation (IBEC). In January 1999 he was appointed as non-executive Chairman of the Bank.



Sean FitzPatrick (51)
joined the Group Board in 1985 and was appointed Group Chief Executive in 1986. Prior to joining Anglo Irish Bank Corporation plc in 1978, he took a business degree and qualified as a Chartered Accountant. He is a Director of the Dublin Docklands Development Authority and a member of the Council of the Institute of Chartered Accountants in Ireland.





William McAteer (49)
a Chartered Accountant, was appointed Finance Director of the Group in June 1992. He was previously Managing Director of Yeoman International Leasing Limited, prior to which he was a Partner with Price Waterhouse.

Peter Killen (52)
who joined the Board in October 1989, has responsibility for Group Risk Asset Management. A career banker, he worked with Allied Irish Banks plc from 1967 until he joined Anglo Irish Bank Corporation plc in 1982.

Peter Murray (51)
a Chartered Accountant, joined the Board in November 1993. He is a consultant to Mercury Asset Management in Ireland and a Director of other companies.

Tiarnan O Mahoney (40)
Head of Treasury, joined the Board in November 1993 having worked with the Group since 1985. He holds a MBA degree and is an Associate of the Chartered Institute of Management Accountants.

John Rowan (41)
joined the Board in October 1998. A Chartered Accountant, he joined the Bank in 1985 and is Managing Director of the Bank's operations in the United Kingdom.

- Executive Director
- A Member of the Audit Committee
- A Member of the Remuneration Committee
- An Independent Non-Executive Director
- A Member of the Nomination Committee

Chairman's Statement

Results

I am pleased to be able to report to shareholders that in the year to 30 September 1999 the Bank has had another record year of earnings and profits growth, the fourteenth consecutive year of such growth. Pre-tax profits were IR£70.2 million for the year, an increase of 56%. Profits attributable to ordinary shareholders increased by 54% to IR£46.3 million. Basic earnings per share increased by 46% to IR16.93p. Total assets have grown by IR£1.8 billion to IR£6.2 billion and the return on average shareholder's funds was 27% for the year.

These excellent results were achieved by expanding market share in all of our key markets, but without either compromising asset quality or diluting margins. While the buoyant economic environment did contribute to the growth over the last year, the real drivers were the Bank's consistent strategy of focussing on a clearly defined market where it can add value, a broadening of its income sources and an increase in its fee-based revenues.

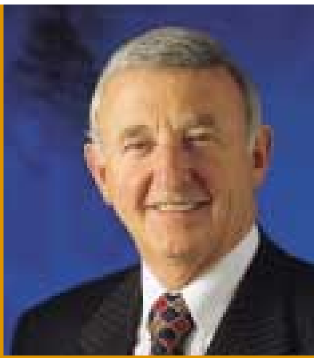
These results have taken the Bank to a new level of activity and financial strength, and are a clear demonstration of the significant franchise the Bank has in the markets where we have a presence. The Bank has now created a new platform in terms of its position in these markets and will move forward seeking out consistent and sustainable growth from this level.

Dividend

The Board is recommending a final dividend of IR3.6p per share, an increase of 20% on last year's final dividend. The total dividend for the year of IR5.7p represents an increase of 17.5% on the previous year.

It is a measure of the strength of the Bank's earnings that even after this increase, the level of dividend cover has now risen to almost three times.

It is proposed to pay the final dividend on 20 January 2000 to shareholders on the Bank's register at the close of business on 3 December 1999. Shareholders will again be offered the choice of new shares in lieu of the cash equivalent of their dividend.



Anthony O'Brien
Chairman

Strategy

Our strategy is long established and clearly focussed. The Bank's core lending and treasury operations will continue to be developed organically and through appropriate acquisitions which meet our exacting business and shareholder value criteria. This strategy has enabled us to expand our market share in a measured and sustainable way.

Much has been written about the challenges and problems that have and will follow from the consolidation of the European financial services industry.
At Anglo Irish Bank we believe that the redefinition of market boundaries and the reduction in barriers to entry in the new European banking landscape present significant opportunities for this Bank in Ireland, the U.K. and in mainland Europe.

a measure of Strength

Over the last year the Bank has successfully consolidated a number of acquisitions in all of our principal markets - the Smurfit Paribas lending and fund management businesses in Ireland, the Hypo Vereinsbank loan portfolio in the U.K., the Credit Lyonnais private banking operation in Austria, the Mees Pierson trust business in the Isle of Man and the Hambros foreign exchange portfolio in London. These "bolt-on" acquisitions have now been integrated into our core businesses and are all contributing to bottom line earnings.

In 1999 we also opened a representative office in Boston and are pleased with the level of business that it is generating.

Capital Base

The Bank's ordinary shareholders' funds were increased by 25% through retained earnings during the year. In addition, the issue of Euro 160m of preference shares and the placing of IR£25m worth of ordinary shares during the year supplemented the capital base.

This demonstrates how the Board and management can expand the capital base of the Bank in a manner that facilitates business growth and protects shareholder value.

With the Bank's capital resources now exceeding IR£550 million, the Tier 1 Capital ratio stands at 8%.

Year 2000

The management of the Bank has been working on the Year 2000 issue for the last three years. They have committed substantial resources to identify and resolve any potential issues, and have also put in place contingency plans for matters that might arise due to factors outside our control. I am pleased to report that all the necessary steps have been taken.

Outlook

The prospects for the year ahead are favourable, particularly when viewed in the context of the economic outlook for our main markets.

The success story of the Irish economy over the last decade has attracted much external comment. We believe the main ingredients necessary for further economic growth are in place for the foreseeable future -

- The Government and the other Social Partners are now entering discussions on a new Partnership Agreement. They are to be congratulated for creating and maintaining an environment that nurtured a strong level of economic growth.
- With Ireland's active participation in EMU, we are now benefiting from the low inflation and low interest rate environment that prevailed in the past in our mainland European neighbours. This has given both our domestic and international customers the confidence to invest for the future.

- The planned movement of the Corporation Tax rate to a level of 12.5% has proven to be a strong incentive for investment in long term sustainable growth in both capital and labour.
- The recently announced IR£40 billion National Development Plan is wholeheartedly welcomed as a means of alleviating some of the supply constraints that might limit growth. Clearly, it will also present significant business opportunities for many of our customers.

The Bank is well positioned to take advantage of the continuing development of the Irish economy.

In the U.K. the growth forecasts are at lower levels, but nonetheless the economy there is showing positive signs on a number of fronts and we are very confident that our business will continue to grow both in absolute terms and also as a result of continuing to expand our market share.

The resurgence of economic growth in the mainland European economies will support the activities of our Irish and British customers doing business in those markets, and also assist in the development of our Austrian operations.

Conclusion

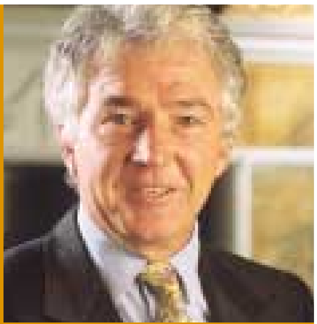
I would like to pay a special tribute to my predecessor, Gerry Murphy, who guided the Bank as Chairman for eleven years and prior to that as Chief Executive.

This year's excellent results are a testament to his guiding hand over the years.

It goes without saying that the commitment and efforts of staff and management have played a key role in the delivery of these results.

Anthony O'Brien
Chairman
22 November 1999

Chief Executive's Review



Sean FitzPatrick
Chief Executive

I am delighted to report to our shareholders that in the financial year to 30 September 1999 the Bank has achieved record profit levels - IR£70.2 million profit before tax, an increase of 56% on the previous year. The profit attributable to ordinary shareholders increased by 54% to IR£46.3 million. This represents a compound annual growth rate of 34% over the last ten years.

The Bank passed a number of milestones in 1999 - total assets now exceed IR£6 billion, the loan book grew by IR£1.6 billion to over IR£4.4 billion and the group capital base has passed IR£0.5 billion for the first time.

While these excellent results were achieved in a favourable economic climate, one needs to look beyond this factor to understand the reasons for this significant step forward in the profitability and financial strength of the Bank, as follows: -

- The Bank's consistent strategy of focusing on clearly defined markets where it can add value and broaden its fee-based revenues has been and is very successful.
- By providing a superior service to both existing and new clients, the Bank has grown its share of highly competitive markets without compromising asset quality.
- The strong long-term nature of our client relationships and the value that clients place on our service is reflected in the fact that margins have not been diluted, even in the face of competitive pressures.
- All of our operations in Ireland, the U.K. and Austria contributed to the growth of the Bank over the last year. This includes not only the core banking and treasury businesses, but also the private banking, trade finance and fund management operations in which we have invested over the last three years.
- Acquisitions continue to be made but only where they add shareholder value and are not completed merely to achieve growth for its own sake.
- We have managed to control our costs at the same time as investing in the people and systems necessary to sustain growth into the future.

These factors make me very confident that the management team can build on this new platform and continue the trend of fourteen years of uninterrupted growth in the coming year.

Return on Capital

The operational successes achieved in the last year are reflected in the return on capital that we continue to provide to our ordinary shareholders. The after tax return on shareholders' funds was 27% compared to 22% in 1998. This compares favourably with our peers. We have not moved from the proven business model that has delivered these results to date and do not plan to do so in the future.

Banking Operations

The year to 30 September 1999 has been another exceptional year for the Lending division. Apart from the financial outcome we believe we have now developed a franchise which is synonymous with quality service and added value. We are recognised in the marketplace as a Bank that can assess credit risk and deliver efficiently.

Total advances increased by 59% to IR£4.4 billion in the year to 30 September 1999, representing an increased share of all of the markets in which we compete. This was achieved without compromising our stringent risk management standards and without sacrificing margins. We have seen certain banking markets subjected to strong domestic and international competition, with significant downward pressure on margins for the participants. Our strategy has been to focus on the value added marketplace and to avoid competing in the price conscious commodity markets.

In addition to the growth of our loan book from the traditional sources, we are very pleased that the new areas of lending initiated in the last two years - commercial mortgages and invoice discounting - have been very favourably received by both existing and new clients.

All of the offices in Ireland and the U.K. generated strong increases in their advances, demonstrating the good geographic spread of our business sources, which are serviced by strong teams of locally based executives. The geographic spread of the banking loan book has now been enhanced with the addition of the Boston representative office during the last year. The decision to open this office followed a period of extensive research and market analysis. This has been rewarded by a satisfactory flow of business in the months since it opened. We are sticking very much to the model that has been successful in our other operations and are confident that it will continue to make a contribution to the bottom line going forward.

In the coming year, our U.K. operations will be expanded with the addition of offices in Birmingham and Glasgow to add to the existing teams in London, Banbury and Manchester. By selectively opening new offices we will strengthen our ability to service our regional clients as we have done in Ireland, but we will continue to avoid the cost burden of having an extensive branch network.

Having worked with our clients through the last recessions in Ireland and the U.K., we are cognisant of the risks attached to any downturn in activity and continue to make a full 1% general bad debt provision, in addition to prudent specific provisions for any non-performing loans.

Treasury Operations

As well as providing foreign currency, interest rate and derivative products to our international and domestic corporate and banking clients, the overall strategy for the Treasury division is to provide appropriate funding for group lending whilst developing a profit stream from diversified sources of business.

In the financial year just ended, Treasury faced the twin challenges of funding the growth of the Bank's loan book and managing the changes in the foreign currency and interest rates markets arising from Ireland's entry into the Economic and Monetary Union.

I am very happy to report that the division met these challenges: -

- the deposit base was expanded by IR£1.7 billion to IR£5.6 billion, and
- on the corporate foreign exchange and interest management products side, Treasury had another record year, due in part to the significant investment in additional staff and systems over the last three years. From our state of the art dealing room in Dublin we are able to service our clients' needs wherever they are located and whatever timezone they are operating in.

The investment in people and systems in the areas of private banking, trade finance, investment and fund management services and in our overseas offices in Austria and the Isle of Man has borne fruit and we are confident that these areas will continue to make significant contributions to the Bank going forward. We are currently investing in other allied areas that will provide new income streams over the next three years.

Risk Management

We continue to devote significant management resources to our risk management division and look to continually improve our credit assessment policies and procedures. This has stood the Bank in good stead over the last fourteen years. However, this is a process that must always be forward looking, and in the year just ended we further enhanced our systems and modelling capabilities to assist in the risk management process. On the Treasury side we are operating sophisticated risk management systems that are at the cutting edge of industry best practice. This enables our Treasury team offer and also respond to client demands for more sophisticated products in a manner which does not expose the Bank to unforeseen downsides.

Capital

The year just ended saw a very significant increase in Tier 1 capital. An increase of IR£194 million was achieved from retained earnings, scrip dividends, a share placement and a preference share issue. The Bank's current Tier 1 capital is now IR£400 million. This supports a Tier 1 capital ratio of 8%.

Acquisitions

At Anglo Irish Bank we continue to look at opportunities that arise to expand by acquisition. However, while we look at many proposals in the course of a year, we only proceed with those that satisfy our stringent standards. In 1999 we bedded down five acquisitions, namely the Hypo Vereinsbank loan portfolio in the U.K., the Credit Lyonnais private banking operation in Austria, the Mees Pierson trust business in the Isle of Man, the Hambros foreign exchange portfolio in London and the Smurfit Paribas lending and fund management operations in Ireland.

It should be stressed that we are building our businesses on an organic basis and can achieve the group's strategic objectives without acquisitions. Therefore, there is no pressure to conclude acquisitions. They represent an additional opportunity rather than being central to the Bank's growth plans.

Future

I am confident that the solid foundations on which this year's results were based will enable us to continue to implement the strategy of delivering excellent shareholder value, while growing earnings per share at an average rate of 15% per annum into the future. This will be achieved by remaining loyal to our core values and businesses. We have set ourselves demanding targets for the next five years and I have confidence in our ability to deliver on them.

Sean FitzPatrick
Chief Executive
22 November 1999

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 1999.

Results

The group profit on ordinary activities before taxation for the year amounted to IR£70.2 million and has been dealt with as shown in the consolidated profit and loss account on page 27.

Review of Activities

The principal activities of the group are the provision of banking services. The chairman's statement and the chief executive's review on pages 8 to 15 report on developments during the year, on likely future developments and on events since 30 September 1999.

Dividends

An interim dividend of IR2.1p per share was paid on 31 March 1999 amounting to IR£5.6 million. Subject to shareholders' approval it is proposed to pay a final dividend on 20 January 2000 of IR3.6p per share to all registered shareholders at the close of business on 3 December 1999. The respective tax credits are IR0.25955p per share on the interim and IR nil p per share on the final distribution. Following recent changes in tax legislation, tax credits no longer apply to dividends paid after 5 April 1999. Withholding tax may apply on the proposed final dividend depending on the tax status of each shareholder. Shareholders chose to receive 3,085,001 ordinary shares instead of the cash dividends paid in January and March. Shareholders will again be offered the choice of taking new ordinary shares in lieu of the cash element of the proposed final dividend.

Euro

The Irish pound has been retained as the reporting currency for this annual report. An additional column has been included in the primary financial statements showing 1999 in euros. For information purposes the rate of exchange for the Irish pound against the euro was permanently fixed on 1 January 1999 at 1 euro equals IR£0.787564.

Capital

Information concerning allotments of shares arising from the share placing in February 1999, the scrip dividend scheme and the employee share option scheme is shown in note 23 to the financial statements. Details in relation to the euro 160 million of preference shares raised in March 1999 are included in note 22 to the financial statements. At the last annual general meeting held on 15 January 1999 the shareholders gave the directors authority to make market purchases of up to 10% of the ordinary shares in the company subject to the terms and conditions set out in the relevant resolutions. This authority has not been exercised to date. A new employee share option scheme was also approved by the shareholders at that meeting to replace the existing scheme which had expired.

Directors and Secretary

The names of the current directors appear on pages 6 and 7, together with a short biographical note on each director. Sean FitzPatrick, Michael Jacob and Peter Murray retire by rotation as

directors in accordance with the articles of association and, being eligible, offer themselves for re-election. Maurice Curran and Gerard Murphy retired as directors on 15 January 1999. Ronan Murphy acted as secretary to the company throughout the year.

The interests of the directors and secretary in the share capital of the company are shown in the remuneration committee's report on behalf of the board set out in note 38 to the financial statements.

Substantial Shareholdings

Details of interests in the ordinary share capital which have been notified to the company of over 3% of the issued ordinary shares are shown on page 68.

Group Undertakings and Foreign Branches

Particulars of the principal subsidiary undertakings within the group required to be declared under Section 16 of the Companies (Amendment) Act,1986, are shown in note 12. The company has established branches, within the meaning of EU Council Directive 89/666/EEC, in the United Kingdom.

Year 2000 and EMU

The Year 2000 issue relates to the possible inability of computers to correctly interpret dates for periods after 31 December 1999. A comprehensive plan has been developed to address this issue. The group has fully tested all its own core systems and is confident that they are millennium compliant.

As part of the Year 2000 plan those third parties whose Year 2000 compliance is critical to the group have been contacted and their progress in addressing the issue continues to be monitored. Where appropriate, customers' preparations for Year 2000 forms part of the credit risk assessment process. Comprehensive contingency plans have been specifically designed to enable continuity of business in the event of a failure of systems or equipment as a result of the millennium issue.

The total cost of Year 2000 projects is expected not to exceed IR£0.2 million, of which IR£0.1 million has been expensed in the profit and loss account to date.

The group also successfully implemented computer software and other changes to enable it to continue to meet it's customers' requirements for services in euros. Preparations for the final withdrawal in 2002 of the Irish pound and Austrian schilling and the possible entry of Sterling into EMU continue to be monitored.

Welfare of Employees

It is the group's policy to attach a high priority and commitment to the health and welfare of employees by maintaining a safe place and system of work. The group continues to review its compliance with the requirements of employment legislation, including the Safety, Health and Welfare at Work Act, 1989. A Safety Statement has been issued in accordance with the requirements of the Act.

Contracts

There has not been any contract or arrangement with the company or any subsidiary undertaking during the year in which a director of the company was materially interested and which was significant in relation to the company's business. There are no service contracts in force for any director with the company or any of its subsidiary undertakings.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office under Section 160 of the Companies Act, 1963.

22 November 1999
Directors: Anthony O'Brien, Sean FitzPatrick, Peter Murray.
Secretary: Ronan Murphy.

Corporate Governance Statement

The directors of the company are committed to maintaining the highest standards of corporate governance.

'The Combined Code - Principles of Good Governance and Code of Best Practice' was adopted by the London Stock Exchange in June 1998 and by the Irish Stock Exchange in December 1998.

This corporate governance statement describes how the company applies the principles set down in the Combined Code and comments on its compliance with the Code's provisions.

Board of Directors

- The board currently consists of eleven directors, five of whom are non-executive directors. A short biographical note on each director is set out on pages 6 and 7.
- The roles of the chairman and chief executive are separate.
- Anthony Coleby has been nominated as the senior independent non-executive director.
- The non-executive directors are independent of management and all directors bring their independent judgement to bear on issues of strategy, performance, resources, key appointments and standards.
- The board which meets at least eight times annually has a formal schedule of matters specifically reserved to it for decision. It receives regular management reports and information on corporate and business issues to enable reviews of performance against business targets and objectives to be undertaken.
- Directors are initially appointed for a three year term and may be reappointed for further three year terms. On appointment all non-executive directors are briefed comprehensively on the activities of the group.
- The directors have access to the advice and services of the company secretary.

Board Committees

There are three board committees which have specific terms of reference which are reviewed periodically.

Remuneration Committee

The remuneration committee's current membership consists of Michael Jacob (chairman), William McCann and Anthony O'Brien all of whom are non-executive directors.
The committee is responsible for the formulation of the group's policy on remuneration in relation to all executive directors and other senior executives. The committee's report on behalf of the board on directors' remuneration and interests is set out in note 38 to the financial statements.

Audit Committee

The audit committee's current members are Peter Murray (chairman), Anthony Coleby and Anthony O'Brien, all of whom are non-executive directors. The audit committee meets at least four times during each year to review internal controls and audit reports and plans. The audit committee has unrestricted access to both the internal and external auditors. It meets with the external auditors at least once annually. The independence and objectivity of the external auditors is considered periodically together with the scope and results of the audit and its cost effectiveness.

Nomination Committee

The nomination committee which was appointed on 22 October 1999 currently comprises Anthony O'Brien (chairman), Sean FitzPatrick and William McCann. This committee is responsible for recommending the names of directors to be co-opted to the board and for reviewing senior management succession plans.

Institutional Shareholders

The company values the ongoing dialogue it has with its institutional shareholders which is achieved through regular meetings and also briefings at the time of releasing the interim and final results. All shareholders are encouraged to attend the annual general meeting. The company's website at www.angloirishbank.ie contains information for investors which is frequently updated.

Going Concern

The directors confirm that they are satisfied that the company and the group have adequate resources to continue to operate for the foreseeable future and are financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Financial Control

The directors acknowledge their overall responsibility for the group's systems of internal financial control. Such systems can provide only reasonable and not absolute assurance against material financial misstatement or fraud. Such losses could arise because of the nature of the group's business in undertaking a wide range of financial services that inherently involve varying degrees of risk.

The group's overall control systems include:

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the board which supports the maintenance of a strong control environment.

- an annual budgeting and monthly financial reporting system for all group business units, which enables progress against longer-term objectives and annual budget to be monitored, trends to be evaluated and variances to be acted upon.

- a comprehensive set of policies and procedures relating to capital expenditure, asset and liability management (including interest, currency and liquidity risk) and credit risk management.
- an audit committee, which on the board's behalf, reviews the effectiveness of the systems of financial control and whose membership and main activities are set out on page 20.

Controls are reviewed systematically by internal audit, which has a group-wide role. Emphasis is focused on areas of greatest risk as identified by risk analysis. In addition, the systems of internal financial control are also subject to regulatory supervision by the Central Bank of Ireland and other regulators in Ireland and overseas.

The effectiveness of the group's internal financial controls is reviewed periodically by the audit committee. This is achieved primarily by a review of the work of internal audit and of the management letters, which include details of any material internal control issues highlighted in the course of their normal audit work, provided by the group's external auditors.

On behalf of the board, the audit committee confirms that it has reviewed the effectiveness of the systems of internal financial control in existence in the group for the year ended 30 September 1999.

Compliance with the Code Provisions

The company has complied during the year ended 30 September 1999 with all the provisions of the Combined Code except in respect of the following matters:

- The 1998 annual report and notice of the 1999 annual general meeting were circulated to shareholders fifteen working days before the meeting. Details of proxy votes cast were not announced at the meeting. Arrangements have been made to announce details of the proxy votes cast at the January 2000 meeting. Eighteen working days notice will be provided to shareholders in respect of the annual general meeting to be held in January 2000 and at least twenty working days notice will be given thereafter.
- Disclosure of the remuneration of directors has been drawn up on aggregate basis in accordance with the current listing rules of the Irish Stock Exchange.
- The Code requirements on internal controls have been met by the statement on internal financial control detailed on pages 20 and 21, which has been prepared in accordance with the guidance given by the Irish Stock Exchange in January 1999.
- The nomination of Anthony Coleby as the senior independent non-executive director took place in October 1999.
- Under the articles of association all directors are subject to the retirement by rotation and re-election provisions. However, as the relevent article does not specify that each director must be re-elected at least every three years, an appropriate amendment will be placed before shareholders for their approval at the annual general meeting in January 2000.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the auditors' report on pages 24 and 25, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of the profit or loss of the group for that year. With regard to the financial statements on pages 27 to 65, the directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:

- suitable accounting policies have been selected and applied consistently:
- judgements and estimates that are reasonable and prudent have been made: and
- applicable accounting standards have been followed.

The directors are responsible for ensuring that proper books of account are kept which disclose the financial position of the company and of the group and which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and of the group and to prevent and detect fraud and other irregularities.

Auditors' Report

To the shareholders of Anglo Irish Bank Corporation plc

We have audited the consolidated financial statements on pages 27 to 65 which have been prepared under the historical cost convention and the accounting policies set out on pages 32 to 34.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 23 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. We also report to you whether, in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information required by law or the Irish Listing Rules regarding directors' remuneration and directors' transactions is not given.

We review whether the statement on pages 19 to 22 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls. We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 1990, and the European Communities (Credit Institutions: Accounts) Regulations,1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The company's balance sheet is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 16 to 18 is consistent with the financial statements.

In our opinion, the balance sheet on page 29 does not disclose a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

22 November 1999
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

Ernst & Young
Registered Auditors

Accounts

Consolidated Profit And Loss Account

For the year ended 30 September 1999

	1999 €m	Notes	1999 IR£m	1998 IR£m
Interest Receivable and Similar Income				
Interest Receivable and Similar Income arising from				
Debt Securities and other Fixed Income Securities	40.1		**31.6**	28.7
Other Interest Receivable and Similar Income	446.5		**351.7**	262.9
Interest Payable and Similar Charges	(340.5)		**(268.2)**	(217.4)
Net Interest Income	146.1		**115.1**	74.2
Other Income				
Fees and Commissions Receivable	47.4		**37.3**	23.1
Fees and Commissions Payable	(5.2)		**(4.1)**	(3.8)
Dealing Profits	2.9		**2.3**	1.5
Other Operating Income	3.2		**2.5**	1.5
Total Income	194.4		**153.1**	96.5
Operating Expenses				
Administrative Expenses	64.8	2	**51.0**	34.9
Depreciation and Goodwill Amortisation	3.8		**3.0**	2.3
Provisions for Bad and Doubtful Debts - Specific	14.3	9	**11.3**	7.4
- General	22.4	9	**17.6**	6.8
	105.3		**82.9**	51.4
Group Profit on Ordinary Activities Before Taxation	89.1	3	**70.2**	45.1
Taxation on Profit on Ordinary Activities	(14.7)	4	**(11.6)**	(8.1)
Group Profit on Ordinary Activities After Taxation	74.4		**58.6**	37.0
Non-Equity Minority Interest - Preference Dividends	(15.6)	22	**(12.3)**	(7.0)
Group Profit Attributable to Ordinary Shareholders	58.8	5	**46.3**	30.0
Dividends	(19.9)	6	**(15.7)**	(12.6)
Group Profit Retained for Year	38.9		**30.6**	17.4
Scrip Dividends	7.0	6	**5.5**	3.7
Group Profit Brought Forward	76.6		**60.4**	39.3
Group Profit Carried Forward	122.5		**96.5**	60.4
Basic Earnings Per Share	21.50c	7	**16.93p**	11.62p
Diluted Earnings Per Share	20.85c	7	**16.42p**	11.04p
Dividends Per Ordinary Share	7.24c	6	**5.70p**	4.85p

All gains and losses have been recognised in the profit and loss account and arise from continuing operations.

The notes on pages 32 to 65 form part of these financial statements.

***Directors:** Anthony O'Brien, Sean FitzPatrick, Peter Murray. **Secretary:** Ronan Murphy.*

Consolidated Balance Sheet

As at 30 September 1999

	1999 €m	Notes	1999 IR£m	1998 IR£m
Assets				
Loans and Advances to Banks	1,469.7	8	**1,157.5**	1,020.4
Loans and Advances to Customers	5,612.5	9	**4,420.2**	2,773.3
Debt Securities	703.1	10	**553.7**	503.3
Equity Investment Shares	0.5	11	**0.4**	0.3
Intangible Fixed Assets - Goodwill	3.0	13	**2.4**	–
Tangible Fixed Assets	19.1	14	**15.0**	14.5
Other Assets	33.8	15	**26.6**	24.5
Prepayments and Accrued Income	93.7		**73.8**	43.8
Total Assets	7,935.4		**6,249.6**	4,380.1
Liabilities				
Deposits by Banks	2,483.8	16	**1,956.1**	1,221.8
Customer Accounts	4,444.6	17	**3,500.4**	2,543.7
Debt Securities in Issue	128.5	18	**101.2**	135.7
Proposed Dividends	12.8	6	**10.1**	7.8
Other Liabilities	28.6	19	**22.5**	26.9
Accruals and Deferred Income	124.3		**97.9**	56.7
Provisions for Liabilities and Charges	12.9	20	**10.2**	14.6
	7,235.5		**5,698.4**	4,007.2
Capital Resources				
Subordinated Liabilities	169.8	21	**133.7**	149.2
Non-Equity Minority Interest in Subsidiary				
- Preference Shares	269.0	22	**211.9**	81.1
	438.8		**345.6**	230.3
Called Up Share Capital	89.0	23	**70.1**	65.0
Share Premium Account	48.7	24	**38.3**	16.5
Other Reserves	0.9	25	**0.7**	0.7
Profit and Loss Account	122.5	26	**96.5**	60.4
Total Shareholders' Funds (All Equity Interests)	261.1		**205.6**	142.6
Total Capital Resources	699.9		**551.2**	372.9
Total Liabilities	7,935.4		**6,249.6**	4,380.1
Memorandum Items				
Contingent Liabilities				
Guarantees	446.0	27	**351.3**	260.0
Commitments				
Commitments to Lend	875.8	27	**689.8**	597.2

The notes on pages 32 to 65 form part of these financial statements.

***Directors:** Anthony O'Brien, Sean FitzPatrick, Peter Murray. **Secretary:** Ronan Murphy.*

Company Balance Sheet

As at 30 September 1999

	1999 €m	Notes	1999 IR£m	1998 IR£m
Assets				
Loans and Advances to Banks	1,099.2	8	**865.7**	622.5
Loans and Advances to Customers	5,077.0	9	**3,998.5**	2,517.5
Debt Securities	667.4	10	**525.6**	461.9
Investments in Group Undertakings	330.4	12	**260.2**	208.1
Intangible Fixed Assets - Goodwill	0.6	13	**0.5**	–
Tangible Fixed Assets	12.4	14	**9.8**	8.7
Other Assets	1.8	15	**1.4**	0.9
Prepayments and Accrued Income	88.8		**69.9**	36.1
Total Assets	7,277.6		**5,731.6**	3,855.7
Liabilities				
Deposits by Banks	3,343.4	16	**2,633.2**	1,596.9
Customer Accounts	3,447.3	17	**2,715.0**	1,913.8
Debt Securities in Issue	11.6	18	**9.1**	23.0
Proposed Dividends	12.8	6	**10.1**	7.8
Other Liabilities	21.1	19	**16.6**	21.6
Accruals and Deferred Income	103.4		**81.4**	44.6
Provisions for Liabilities and Charges	8.6	20	**6.8**	8.9
	6,948.2		**5,472.2**	3,616.6
Capital Resources				
Subordinated Liabilities	169.8	21	**133.7**	149.2
Called Up Share Capital	89.0	23	**70.1**	65.0
Share Premium Account	48.6	24	**38.3**	16.5
Other Reserves	1.3	25	**1.0**	1.0
Profit and Loss Account	20.7	26	**16.3**	7.4
Total Shareholders' Funds (All Equity Interests)	159.6		**125.7**	89.9
Total Capital Resources	329.4		**259.4**	239.1
Total Liabilities	7,277.6		**5,731.6**	3,855.7
Memorandum Items				
Contingent Liabilities:				
Guarantees	423.1	27	**333.2**	247.2
Commitments:				
Commitments to Lend	843.0	27	**663.9**	572.6

The notes on pages 32 to 65 form part of these financial statements.

***Directors:** Anthony O'Brien, Sean FitzPatrick, Peter Murray. **Secretary:** Ronan Murphy.*

Consolidated Cash Flow Statement

For the year ended 30 September 1999

Reconciliation Of Operating Profit To Net Operating Cash Flows	1999 €m	Notes	1999 IR£m	1998 IR£m
Operating Profit	89.1		**70.2**	45.1
Increase in Accruals and Deferred Income	49.9		**39.3**	17.3
Increase in Prepayments and Accrued Income	(33.0)		**(26.0)**	(9.7)
Interest Charged on Subordinated Liabilities	15.6		**12.3**	14.8
Provisions for Bad and Doubtful Debts	36.7		**28.9**	14.2
Loans and Advances Written Off Net of Recoveries	(3.8)		**(3.0)**	(4.0)
Depreciation and Goodwill Amortisation	3.8		**3.0**	2.3
Loss on Disposal of Tangible Fixed Assets	1.5		**1.2**	–
Amortisation of Debt Securities	1.3		**1.0**	1.5
Net Cash Flow from Trading Activities	161.1		**126.9**	81.5
Net Increase in Deposits	1,820.1		**1,433.5**	1,032.1
Net Increase in Loans and Advances to Customers	(1,815.3)		**(1,429.7)**	(759.9)
Net Decrease/(Increase) in Loans and Advances to Banks	65.3		**51.4**	(179.3)
Net Increase in Other Liabilities	1.8		**1.4**	0.7
Net Decrease in Provisions for Liabilities and Charges	(3.9)		**(3.1)**	(2.5)
Exchange Movements	18.5		**14.6**	(1.5)
Net Increase in Other Assets	(0.8)		**(0.6)**	(0.2)
Net Cash Flow from Operating Activities	246.8		**194.4**	170.9
Returns on Investment and Servicing of Finance	(31.6)	28	**(24.9)**	(21.5)
Tax Paid	(7.1)		**(5.6)**	(3.7)
Capital Expenditure and Financial Investment	(64.0)	28	**(50.4)**	(94.7)
Acquisitions and Disposals	(133.2)	28	**(104.9)**	–
Equity Dividends Paid	(10.0)		**(7.9)**	(7.6)
Financing	160.1	28	**126.1**	(5.8)
Increase in Cash	161.0	28	**126.8**	37.6

The notes on pages 32 to 65 form part of these financial statements.

Reconciliation Of Movements In Shareholders' Funds

For the year ended 30 September 1999

	1999 €m	1999 IR£m	1998 IR£m
Group Profit Attributable to Ordinary Shareholders	58.8	**46.3**	30.0
Dividends (Net of Scrip)	(13.0)	**(10.2)**	(8.9)
	45.8	**36.1**	21.1
New Ordinary Share Capital Subscribed	34.2	**26.9**	0.6
Goodwill Written Off	–	**–**	(8.5)
Net Addition to Shareholders' Funds	80.0	**63.0**	13.2
Opening Shareholders' Funds	181.1	**142.6**	129.4
Closing Shareholders' Funds	261.1	**205.6**	142.6

1. Basis of Accounting and Accounting Policies

These accounts have been prepared under the historical cost convention in accordance with the Companies Acts, 1963 to 1990, and the European Communities (Credit Institutions: Accounts) Regulations, 1992, and with applicable accounting standards. There have been no changes in accounting policies since last year except in relation to goodwill [see l) below]. During the year the group implemented the requirements of Financial Reporting Standard (FRS)10 - 'Goodwill and Intangible Assets', FRS 11 - 'Impairment of Fixed Assets and Goodwill', FRS 12 - 'Provisions, Contingent Liabilities and Contingent Assets', FRS 13 - 'Derivatives and other Financial Instruments: Disclosures' and FRS 14 - 'Earnings per Share'. The principal accounting policies adopted are as follows:

a) Consolidation

The consolidated accounts include the accounts of the company and all its group undertakings to 30 September 1999. Where a subsidiary undertaking is acquired during the financial year, the consolidated accounts include the attributable results from the date of acquisition up to the end of the financial year.

b) Provisions for Bad and Doubtful Debts

Loans and advances are stated in the balance sheet after deduction of provisions for bad and doubtful debts. The provisions arise as a result of a detailed appraisal of the lending portfolio. Provisions made during the year (less amounts released and recoveries of bad debts previously written off) are charged against the profit for the year. Interest is not taken to profit where recovery is doubtful. A general provision is also made to cover latent loan losses which are present in any lending portfolio but which have not been specifically identified.

c) Income Recognition

Interest on advances is accounted for on an accruals basis. Credit has been taken for finance charges on instalment credit and finance leasing accounts by spreading the income on each contract over the primary period of the agreement by the sum of digits method, save that an amount equivalent to the set-up costs on each agreement is credited to income at the date of acceptance. The finance charges on certain tax-based finance leases are credited to income on an after-tax actuarial basis.

d) New Business Costs

Initial costs of obtaining new business have been charged in arriving at the profit for the year except in the case of introductory commission paid on instalment credit and finance leasing agreements which is charged against revenue over the primary period of each agreement by the sum of digits method.

e) Investment Income

Premiums and discounts on debt securities, which are not held for trading purposes, are amortised over the period from the date of purchase to maturity. Gains which have arisen from the exchange of Irish government stocks under the Irish National Treasury Management Agency's switching programmes have been deferred and are taken to the profit and loss account over the remaining life of the original holdings. Other gains and losses arising on the realisation of debt securities, net of amortisation adjustments, are taken to the profit and loss account as and when realised.

f) Insurance Commission and Fee Income

Life and pension commission income for the first policy year on all new business is credited to the profit and loss account as policies are written, after making provision for expected lapses. Other

1. Accounting Policies (continued)

commission and fee income received for services provided is credited to the profit and loss account when earned.

g) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost and depreciation is provided on a straight line basis over their expected useful lives as follows:

Freehold Properties	2% per annum
Fixtures and Fittings	12.5% to 25% per annum
Computer Equipment	25% per annum
Motor Vehicles	20% per annum

Leasehold properties are depreciated over the shorter of twenty years or the period of the lease on a straight line basis.

h) Deferred Taxation

Deferred taxation is accounted for in respect of timing differences between profits stated in the accounts and profits computed for taxation purposes using the liability method, where, in the opinion of the directors, it is expected that a tax liability or asset is likely to arise in the foreseeable future. The calculation of the deferred taxation asset or liability is based on the taxation rates expected to be applicable when the assets or liabilities are anticipated to crystallise.

i) Foreign Currencies

Assets and liabilities denominated in foreign currencies and commitments for the purchase and sale of foreign currencies are translated at the appropriate spot and forward rates of exchange ruling at the balance sheet dates. Profits and losses in foreign currencies are translated into Irish pounds at the closing rates of exchange.

Exchange differences, net of hedging gains and losses, which arise from the application of closing rates of exchange to the opening net assets held in foreign currencies, are recorded as exchange translation adjustments on reserves.

All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

j) Derivatives

Derivative instruments used for trading purposes include swaps, futures, forwards, forward rate agreements and options in the interest rate and foreign exchange markets. These derivatives are measured at fair value and the resultant profits and losses are included in dealing profits. In the event of a market price not being readily available internally generated prices will be used. These prices are calculated using recognised formulae for the type of transaction. Where market prices may not be achievable because of the illiquidity of markets, adjustments are made in determining fair value. Unrealised gains and losses are reported in prepayments or accruals on a gross basis.

Derivative instruments used for hedging purposes include swaps, forwards, futures, forward rate agreements and options in the interest rate, foreign exchange and equity markets. Gains and losses on these derivatives which are entered into for specifically designated hedging purposes are taken to the profit and loss account in accordance with the accounting treatment of the underlying transaction. Accrued income or expense is reported in prepayments or accruals on a gross basis. Profits and losses related to qualifying hedges of firm commitments and anticipated transactions are deferred and taken to the profit and loss account when the hedged transactions occur.

The criteria required for a instrument to be classified as a designated hedge are:

(i) Adequate evidence of the intention to hedge must be established at the outset of the transaction.

(ii) The transaction must match or eliminate a

1. Accounting Policies (continued)

proportion of the risk inherent in the assets, liabilities, positions or cash flows being hedged. Changes in the derivatives fair value must be highly correlated with changes in the fair value of the underlying hedged item for the entire life of the contract.

Where these criteria are not met, transactions are measured at fair value.

Where a transaction originally entered into for hedging purposes no longer represent a hedge, its value is restated at fair value and any change in value is taken to the profit and loss account immediately.

k) Capital Instruments

The issue expenses of capital instruments other than equity shares are deducted from the proceeds of issue and, where appropriate, are amortised in the profit and loss account so that the finance costs are allocated to accounting periods over the life of these instruments at a constant rate based on their carrying amount. The issue expenses of equity and non-equity capital instruments with an indeterminate life are not amortised.

l) Goodwill

Purchased goodwill represents the excess of the purchase consideration over the fair value ascribed to the net tangible assets acquired. Purchased goodwill arising on acquisitions on or after 1 October 1998 is now capitalised as an intangible asset and amortised over the estimated useful economic lives of these acquisitions. Prior to that date purchased goodwill had been written off against reserves in the year of acquisition. Under the transitional arrangements of Financial Reporting Standard 10 - 'Goodwill and Intangible Assets', goodwill written off against reserves under the former accounting policy has not been reinstated in the balance sheet.

m) Operating Leases

Rentals on operating leases are charged to the profit and loss account in equal instalments over the lease term.

n) Pensions

The group's contributions to defined benefit pension schemes are based on the recommendations of an independent qualified actuary and are charged in the profit and loss account so as to spread the pensions cost over eligible employees' service lives at stable contribution rates. Variations from the regular cost are spread over the average remaining service life of the relevant employees. The costs of the group's defined contribution pension schemes are charged in the profit and loss account in the year in which these costs are incurred. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

o) Scrip Dividends

Scrip dividends are initially recorded at the cash amount as an appropriation in the profit and loss account. When scrip shares are issued in place of dividends the cash equivalent, net of dividend with-holding tax where applicable, is written back in the profit and loss account. Shares issued in lieu are set-off against the share premium account.

p) Fiduciary and Trust Activities

The group acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, unit trusts, investment trusts and pension schemes. These assets are not consolidated in the accounts as the group does not have beneficial ownership. Fees and commissions earned in respect of these activities are included in the profit and loss account.

2. Administrative Expenses

	1999 IR£m	1998 IR£m
Staff Costs:		
Wages and Salaries	**26.1**	18.2
Social Welfare Costs	**2.2**	1.6
Pension Costs	**2.3**	1.9
Other Staff Costs	**1.0**	0.6
	31.6	22.3
Other Administrative Costs	**19.4**	12.6
	51.0	34.9

The average number of persons employed by the group during the year, analysed by geographic location, was as follows:

	1999	1998
Republic of Ireland	**352**	313
United Kingdom and Isle of Man	**116**	88
Austria	**70**	45
	538	446

3. Group Profit On Ordinary Activities Before Taxation

	1999 IR£m	1998 IR£m
The Group Profit on Ordinary Activities before Taxation is arrived at after charging/(crediting) the following items:		
Auditors' Remuneration	**0.2**	0.2
Depreciation of Tangible Fixed Assets	**2.9**	2.3
Amortisation of Intangible Fixed Assets - Goodwill	**0.1**	–
Loss on Disposal of Tangible Fixed Assets in Rationalised Acquisitions	**1.2**	–
Operating Lease Rentals:		
Property	**1.6**	1.3
Equipment	**0.7**	0.5
Financing Costs of Subordinated Liabilities	**12.3**	14.8
Finance Leasing and Hire Purchase Income	**(19.5)**	(19.2)

The group profit on ordinary activities before taxation is not materially affected by the results of either acquisitions or discontinued operations during the year.

4. Taxation On Profit On Ordinary Activities

	1999 IR£m	1998 IR£m
Irish Corporation Tax	**(9.2)**	(6.9)
Irish Deferred Tax	**2.5**	–
Foreign Corporation Tax	**(5.2)**	(1.8)
Overprovision in Previous Years	**0.3**	0.6
	(11.6)	(8.1)
Effective Tax Rate	**16.5%**	18.0%

The tax charge for the year, at an effective rate of 16.5%, is lower than the average Irish Corporation Tax rate of 29% for the year mainly because of relief arising from tax-based lending, the International Financial Services Centre 10% tax rate and lower rates of tax in foreign subsidiaries.

5. Group Profit Attributable To Ordinary Shareholders

IR£19.1m (1998: IR£15.5m) of the group profit attributable to ordinary shareholders is dealt with in the accounts of the parent undertaking. As permitted by Regulation 5 (2) of the European Communities (Credit Institutions: Accounts) Regulations, 1992, a separate profit and loss account for the parent undertaking has not been presented.

6. Dividends

	1999 IR£m	1999 IR£m	1998 IR£m	1998 IR£m
Paid:				
Interim Dividend of IR2.1p per Share (1998:IR1.85p)				
Cash		**(4.1)**		(3.9)
Issued as Scrip		**(1.5)**		(0.9)
		(5.6)		(4.8)
Proposed:				
Final Dividend of IR3.6p per Share (1998:IR3.0p)		**(10.1)**		(7.8)
		(15.7)		(12.6)
Scrip Dividends:				
Final (Previous Year)	**4.0**		2.8	
Interim	**1.5**		0.9	
		5.5		3.7
		(10.2)		(8.9)

Tax credits of IR0.25955p (1998: IR0.22865p) and IR nil p (1998: IR0.37078p) attach to the interim and final dividends respectively.

7. Earnings Per Share

The calculation of basic earnings per share is based on the group profit of IR£46.237m (1998: IR£30.014m) which is after taxation and minority interests and on the weighted average number of equity shares in issue of 273,088,339 (1998: 258,348,239). The effect of options granted under the employee share option scheme is to increase the weighted average number of equity shares for the calculation of diluted earnings per share by 8,479,690 to 281,568,029 for the current year .

	THE GROUP		THE COMPANY	
8. Loans And Advances To Banks	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Repayable on Demand	**192.1**	65.3	**89.1**	44.7
Other Loans and Advances to Banks				
Analysed by Remaining Maturity:				
Three Months or Less	**838.3**	838.2	**680.2**	470.8
One Year or Less but Over Three Months	**119.2**	110.1	**88.5**	100.2
Five Years or Less but Over One Year	**7.9**	6.8	**7.9**	6.8
	1,157.5	1,020.4	**865.7**	622.5
Amounts Include:				
Due from Group Undertakings			**–**	1.2

	THE GROUP		THE COMPANY	
9. Loans And Advances To Customers	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Amounts Receivable under Finance Leases	**139.8**	127.6	**125.7**	114.5
Amounts Receivable under Hire Purchase Contracts	**60.4**	47.9	**24.7**	14.4
Other Loans and Advances to Customers	**4,220.0**	2,597.8	**3,848.1**	2,388.6
	4,420.2	2,773.3	**3,998.5**	2,517.5
Amounts Include:				
Due from Group Undertakings			**480.2**	588.2
Repayable on Demand	**508.5**	554.4	**754.9**	1,014.4
Analysed by Remaining Maturity:				
Three Months or Less	**503.3**	288.0	**453.0**	213.1
One Year or Less but Over Three Months	**1,176.9**	660.0	**1,012.0**	525.0
Five Years or Less but Over One Year	**1,499.6**	923.7	**1,112.4**	480.7
Over Five Years	**816.3**	402.1	**736.8**	328.2
	4,504.6	2,828.2	**4,069.1**	2,561.4
Provisions for Bad and Doubtful Debts	**(84.4)**	(54.9)	**(70.6)**	(43.9)
	4,420.2	2,773.3	**3,998.5**	2,517.5
Provisions for Bad and Doubtful Debts:				
At Beginning of Year	**54.9**	44.3	**43.9**	35.3
Exchange Adjustments	**2.0**	0.4	**1.6**	0.4
Charge against Profits - Specific	**11.3**	7.4	**10.3**	7.8
- General	**17.6**	6.8	**17.3**	3.2
Provisions on Acquired Undertakings	**1.6**	–	**–**	–
Write-Offs Net of Recoveries	**(3.0)**	(4.0)	**(2.5)**	(2.8)
At End of Year	**84.4**	54.9	**70.6**	43.9
Specific	**41.4**	30.6	**35.5**	26.6
General	**43.0**	24.3	**35.1**	17.3
Total	**84.4**	54.9	**70.6**	43.9

The costs of assets acquired by the group during the year for letting under finance leases and hire purchase contracts amounted to IR£126.3m (1998:IR£92.0m).

10. Debt Securities

	1999 Book Value IR£m	1999 Market Value IR£m	1998 Book Value IR£m	1998 Market Value IR£m
The Group				
Government Stocks	**194.9**	**196.4**	237.6	248.6
Other Public Bodies	**27.5**	**27.5**	53.7	55.2
Listed Private Sector Investments	**331.3**	**332.8**	212.0	211.3
	553.7	**556.7**	503.3	515.1
Due Within One Year	**81.7**		91.4	
Due One Year and Over	**472.0**		411.9	
	553.7		503.3	
The Company				
Government Stocks	**181.6**	**182.8**	212.1	222.3
Other Public Bodies	**27.5**	**27.5**	49.6	51.0
Listed Private Sector Investments	**316.5**	**317.5**	200.2	199.4
	525.6	**527.8**	461.9	472.7
Due Within One Year	**73.0**		76.8	
Due One Year and Over	**452.6**		385.1	
	525.6		461.9	

At 30 September 1999, the amount of unamortised discounts net of premiums on debt securities held as financial fixed assets was IR£3.8m for the group and the company. At 30 September 1998, the amount of unamortised premiums net of discounts on debt securities held as financial fixed assets was IR£4.7m for the group, of which IR£4.4m relates to debt securities held by the company. At 30 September 1999, debt securities held by the group and the company subject to repurchase agreements amounted to IR£344.0m (1998: IR£23.0m).

11. Equity Investment Shares

	1999 IR£m	1998 IR£m
The Group		
Unlisted Investments at Cost Less Amounts Written Off		
Held as Financial Fixed Assets	**0.4**	0.3

In the opinion of the directors, the value of the individual unlisted equity investments is not less than their book amount.

12. Investments In Group Undertakings

	1999 IR£m	1998 IR£m
Investments in Subsidiary Undertakings at Cost Less Amounts Written Off	**260.2**	208.1

Principal Subsidiary Undertakings	Holding	Principal Activity	Country of Incorporation
AIBC Anglo Irish Corporate Bank (Austria) A.G.	100%	Fund Management	Austria
Anglo Irish Asset Finance plc	100%	Asset Finance	United Kingdom
Anglo Irish Asset Management Limited	100%	Fund Management	Republic of Ireland
Anglo Irish Bank (Austria) A.G.	100%	Banking	Austria
Anglo Irish Bank Corporation (I.O.M.) P.L.C.	100%	Banking	Isle of Man
Anglo Irish Capital Funding Limited	100%	Finance	Cayman Islands
Anglo Irish Corporate Bank Limited	100%	Banking	Republic of Ireland
Anglo Irish Limited	100%	Finance	Isle of Man
Anglo Irish Finance Limited	100%	Finance	United Kingdom
Anglo Irish International Finance	100%	Finance	Republic of Ireland
Anglo Irish International Financial Services Limited	100%	Finance	Republic of Ireland
Anglo Irish Trust (IOM) Limited	100%	Trust Services	Isle of Man
Ansbacher Bankers Limited	100%	Banking	Republic of Ireland
CDB (U.K.) Limited	100%	Investment Holding	United Kingdom
IBOC Limited	100%	Finance	Republic of Ireland
Irish Buyway Limited	100%	Finance	Republic of Ireland
Knightsdale Limited	100%	Finance	Republic of Ireland
Steenwal B.V.	100%	Investment Holding	The Netherlands

The entire issued equity share capital of each of the above subsidiary undertakings is controlled by the company. Each of these subsidiary undertakings operates principally in the country in which it is incorporated. A complete listing of group undertakings will be annexed to the annual return of the company in accordance with the requirements of the Companies Acts. Investments in certain subsidiary undertakings operating as credit institutions are not directly held by the parent undertaking.

13. Intangible Fixed Assets – Goodwill

	The Group IR£m	The Company IR£m
Goodwill Arising on Acquisition of Smurfit Paribas Bank Limited (Note 30)	**2.0**	**–**
Goodwill Arising on Acquisition of Loan Portfolio from Hypo Vereinsbank (Note 30)	**0.5**	**0.5**
Amortisation Charge to Profit and Loss Account	**(0.1)**	**–**
Balance at 30 September 1999	**2.4**	**0.5**

The goodwill arising on both of these acquisitions is being amortised in equal instalments over their estimated useful economic lives of twenty years. The cumulative amount of positive goodwill which has been eliminated against reserves to 30 September 1998 , net of goodwill attributable to disposed businesses, amounted to IR£37.2m. This goodwill has been eliminated as a matter of accounting policy [see Note 1 (l)] and will be charged to the profit and loss account in the event of the subsequent disposal of the businesses to which it relates.

14. Tangible Fixed Assets

	Freehold Properties IR£m	Leasehold Properties IR£m	Equipment and Motor Vehicles IR£m	Total IR£m
The Group				
Cost				
At 1 October 1998	3.8	6.8	13.9	24.5
Additions	–	0.6	3.6	4.2
Reclassification	–	(1.1)	1.1	–
Acquisitions	–	–	1.6	1.6
Disposals	–	(1.7)	(3.8)	(5.5)
At 30 September 1999	3.8	4.6	16.4	24.8
Accumulated Depreciation				
At 1 October 1998	0.1	2.2	7.7	10.0
Charge for the Year	0.1	0.3	2.5	2.9
Reclassification	–	(0.1)	0.1	–
Acquisitions	–	–	0.9	0.9
Disposals	–	(1.3)	(2.7)	(4.0)
At 30 September 1999	0.2	1.1	8.5	9.8
Net Book Value				
At 30 September 1999	3.6	3.5	7.9	15.0
At 30 September 1998	3.7	4.6	6.2	14.5

14. Tangible Fixed Assets (continued)

The Company

	Leasehold Properties IR£m	Equipment and Motor Vehicles IR£m	Total IR£m
Cost			
At 1 October 1998	**5.6**	**9.8**	**15.4**
Additions	**0.6**	**3.0**	**3.6**
Reclassification	**(1.1)**	**1.1**	**–**
Disposals	**(0.9)**	**(0.6)**	**(1.5)**
At 30 September 1999	**4.2**	**13.3**	**17.5**
Accumulated Depreciation			
At 1 October 1998	**1.7**	**5.0**	**6.7**
Charge for the Year	**0.3**	**2.0**	**2.3**
Reclassification	**(0.1)**	**0.1**	**–**
Disposals	**(0.9)**	**(0.4)**	**(1.3)**
At 30 September 1999	**1.0**	**6.7**	**7.7**
Net Book Value			
At 30 September 1999	**3.2**	**6.6**	**9.8**
At 30 September 1998	**3.9**	**4.8**	**8.7**

All of the group's leasehold properties are in respect of leases with a duration of less than fifty years. These properties are used for the group's activities. As at 30 September 1999, the group had annual commitments under non-cancellable operating leases as set out below:

Operating Leases Which Expire:	Property IR£m	Equipment IR£m
Within One Year	**–**	**0.6**
One to Five Years	**0.5**	**–**
Over Five Years	**1.5**	**–**
	2.0	**0.6**

15. Other Assets

	THE GROUP		THE COMPANY	
	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Swap Asset (Note 21)	**24.3**	22.8	**–**	–
Other Assets	**2.3**	1.7	**1.4**	0.9
	26.6	24.5	**1.4**	0.9

	THE GROUP		THE COMPANY	
16. Deposits By Banks	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Repayable on Demand	**16.4**	3.0	**331.5**	243.3
Other Deposits by Banks Analysed by Remaining Maturity:				
Three Months or Less	**1,453.3**	1,109.5	**1,661.2**	1,249.7
One Year or Less but Over Three Months	**437.1**	60.0	**591.2**	54.6
Five Years or Less but Over One Year	**–**	–	**–**	–
Over Five Years	**49.3**	49.3	**49.3**	49.3
	1,956.1	1,221.8	**2,633.2**	1,596.9
Amounts Include:				
Due to Group Undertakings			**680.2**	508.0
17. Customer Accounts				
Repayable on Demand	**533.5**	652.6	**312.7**	381.8
Other Deposits by Customers Analysed by Remaining Maturity:				
Three Months or Less	**1,679.1**	1,498.8	**1,346.0**	1,223.4
One Year or Less but Over Three Months	**619.7**	243.6	**406.1**	171.6
Five Years or Less but Over One Year	**541.7**	141.3	**523.9**	129.6
Over Five Years	**126.4**	7.4	**126.3**	7.4
	3,500.4	2,543.7	**2,715.0**	1,913.8
Amounts Include:				
Due to Group Undertakings			**31.8**	7.6
18. Debt Securities In Issue				
Analysed by Remaining Maturity:				
Three Months or Less	**92.0**	126.3	**9.1**	23.0
One Year or Less but Over Three Months	**6.8**	6.7	**–**	–
Five Years or Less but Over One Year	**2.4**	2.7	**–**	–
	101.2	135.7	**9.1**	23.0
19. Other Liabilities				
Current Taxation	**14.3**	9.2	**8.8**	4.7
Consideration Payable (Note 28)	**–**	10.9	**–**	10.9
Other Liabilities	**8.2**	6.8	**7.8**	6.0
	22.5	26.9	**16.6**	21.6

20. Provisions For Liabilities And Charges

	THE GROUP		THE COMPANY	
	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Deferred Taxation	**6.6**	7.9	**6.6**	7.9
Onerous Contracts	**–**	1.9	**–**	–
Pensions Provisions	**3.4**	3.8	**–**	–
Other Provisions for Liabilities and Charges	**0.2**	1.0	**0.2**	1.0
	10.2	14.6	**6.8**	8.9
Analysis of Deferred Taxation Liability:				
Capital Allowances on Assets Leased to Customers	**6.5**	10.1	**6.5**	10.1
Capital Allowance on Assets Used in the Business	**0.4**	0.1	**0.4**	0.1
Advance Corporation Tax	**–**	(1.0)	**–**	(1.0)
Other Timing Differences	**(0.3)**	(1.3)	**(0.3)**	(1.3)
	6.6	7.9	**6.6**	7.9

Deferred taxation for the group of IR£5.9m (1998:IR£4.3m), of which IR£4.3m (1998:IR£4.3m) relates to the company, on capital allowances claimed has not been provided as this potential liability would only arise in the event of the disposal of tax-based assets within their claw-back period and there is currently no intention to make such disposals. No deferred taxation has been provided in respect of the additional tax, if any, which may arise on the remittance of profits from abroad as there is currently no intention to remit such profits.

Following the acquisition of Credit Lyonnais Bank (Austria) A.G. on 30 September 1998, fair value adjustments of IR£1.9m were made to cater for severance and other disengagement costs applicable to the corporate lending business of the company which was not retained. The IR£1.9m was spent during the year.

The pension provisions relate to an unfunded scheme for the group's Austrian employees. This scheme is administered in accordance with best local practice and regulations in Austria.

21. Subordinated Liabilities

	1999 IR£m	1998 IR£m
IR£ Floating Rate Bonds 1998	–	30.2
IR£ Floating Rate Bonds 1999	**2.6**	6.4
US$ 9.1% Subordinated Notes 2006	**14.7**	13.3
US$ 9.05% Subordinated Notes 2009	**11.0**	10.0
STG£ Floating Rate Bonds 2091	**24.3**	22.8
STG£ Undated 9.875% Subordinated Notes	**60.3**	56.3
Other Subordinated Liabilities	**20.8**	10.2
	133.7	149.2
Repayable as Follows:		
One Year or Less	**7.6**	32.0
Between One and Two Years	**1.2**	7.6
Between Two and Five Years	**14.6**	6.2
Over Five Years	**110.3**	103.4
	133.7	149.2

All of the above issues have been issued by the parent bank and are unsecured and subordinated in the right of repayment to the ordinary creditors,including depositors of the bank.There is no foreign exchange rate exposure as the proceeds of these issues are retained in their respective currencies.

By entering into a swap transaction, the group has covered its liabilities under the Stg£ Floating Rate Bonds 2091 from July 1991 to July 2091. As this swap represents a hedge against these bonds, it has been valued accordingly on an actuarial basis and is included in other assets (Note 15) at IR£24.3m (1998: IR£22.8m).

22. Non-Equity Minority Interest In Subsidiary – Preference Shares

	1999 IR£m	1998 IR£m
Non-Equity Interest in Subsidiary Undertaking :		
Series A Preference Shares of US$ 25 Each	**89.3**	81.1
Series B Preference Shares of Euro 25 Each	**122.6**	–
	211.9	81.1

Anglo Irish Capital Funding Limited issued 5,000,000 Series A Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of US$25 each on 4 June 1997. On 24 March 1999 a further 6,400,000 Series B 7.75% Non-Cumulative Guaranteed Non-Voting Preference Shares of Euro 25 each were issued which netted IR£122.6m after issue costs.

The holders of the US$ preference shares are entitled to receive a non-cumulative preferential dividend in four quarterly instalments in arrears on 4 March, 4 June, 4 September and 4 December in each year. The coupon rate is calculated by applying a rate equal to the three month US Dollar London Interbank Offered Rate plus 2.5% cent per annum.

The holders of the Euro preference shares are entitled to receive a non-cumulative preferential dividend of 7.75% per annum in four quarterly instalments in arrears on 31 March, 30 June, 30 September and 31 December in each year.

The dividend entitlement on the preference shares is accrued on a daily basis and the total cost of IR£12.3m (1998: IR£7.0m) is included in minority interest in the profit and loss account.

On a liquidation or winding up of Anglo Irish Capital Funding Limited the preference shareholders will be entitled to receive an amount equal to the amount paid up on each preference share unit out of the assets of that company available for distribution to shareholders. The preference shareholders are not entitled to vote at any general meeting of that company except in certain restricted circumstances.

Anglo Irish Bank Corporation plc has guaranteed the holders of the preference shares with respect to their rights to dividends and on liquidation. This guarantee gives, as nearly as possible, the preference shareholders rights equivalent to those which the holders would be entitled to if they held preference shares in Anglo Irish Bank Corporation plc itself.

23. Called Up Share Capital

	1999 IR£m	1998 IR£m
Ordinary Shares of IR25p Each		
Authorised	**75.0**	75.0
Allotted, Called Up and Fully Paid	**70.1**	65.0

During the year ended 30 September 1999 the allotted, called up and fully paid ordinary share capital was increased from 259,918,318 to 280,372,776 ordinary shares of IR25p each as follows:

In January 1999 2,374,115 ordinary shares were issued to those holders of ordinary shares who elected, under the terms of the scrip dividend election offer, to receive additional ordinary shares at a price of IR168.0328p instead of all or part of the cash element of their final dividend entitlement in respect of the year ended 30 September 1998.

In February 1999 13,200,000 ordinary shares were placed at a price of IR 190.5905p each to supplement available capital resources.

In March 1999 710,886 ordinary shares were issued to those holders of ordinary shares who elected, under the terms of the scrip dividend election offer, to receive additional ordinary shares at a price of IR205.2234p instead of all or part of the cash element of their interim dividend entitlement in respect of the year ended 30 September 1999.

During the year 4,169,457 ordinary shares were issued to option holders on the exercise of options under the terms of the employee share option scheme at prices ranging from IR31.86p to IR64p.

The company operates an employee share option scheme which was approved by shareholders at meetings held on 22 January 1988 and 15 January 1999. The purpose of the scheme is to incentivise employees to contribute to the company's long term shareholder value. In the ten year period from 15 January 1999 the maximum number of basic and second tier options granted under the scheme may not exceed ten per cent of the issued ordinary share capital of the company from time to time. Both the basic and second tier options which may be granted are each restricted to five per cent of the issued ordinary share capital of the company from time to time.

Under the terms of the scheme all qualifying employees may participate in the scheme at the discretion of the directors. Options are granted at the latest market price prior to the day the option is granted. During the continuance of the scheme each participant is limited to a maximum entitlement of scheme shares equivalent to an aggregate value of four times that employee's annual emoluments. Basic tier options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant, or at such earlier time as approved by the directors. Second tier options may not be transferred or assigned and may be exercised only between the fifth and tenth anniversaries of their grant, or at such earlier time as approved by the directors.

The exercise of basic tier options granted since 15 January 1999 is conditional upon earnings per share growth of at least five per cent compound per annum more than the increase in the consumer price index. The exercise of second tier options granted since 15 January 1999 is conditional upon earnings per share growth of at least ten per cent compound per annum more than increase in the consumer price index and the company's shares must also rank in the top quartile of companies as regards growth in earnings per share on the Irish Stock Exchange.

Options, net of lapses, over 23,342,037 (1998: 23,518,037) shares have been granted under the scheme, of which 11,248,736 (1998: 7,079,279) have been exercised to date. Options over 326,000 shares lapsed during the year. At 30 September 1999 options under this scheme were outstanding over 12,093,301 (1998: 16,438,758) ordinary shares at prices ranging from IR31.86p to IR204p per share. These options may be exercised at various dates up to June 2009. No second tier options have been granted to date.

24. Share Premium Account

	IR£m
At 1 October 1998	**16.5**
Final 1998 Scrip Dividend	**(0.6)**
Interim 1999 Scrip Dividend	**(0.2)**
Premium on Share Placing	**21.3**
Premium on Share Options Exercised	**1.3**
At 30 September 1999	**38.3**

25. Other Reserves

	THE GROUP		THE COMPANY	
	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Non-Distribution Capital Reserve	**1.0**	1.0	**1.0**	1.0
Exchange Translation Reserve	**(0.3)**	(0.3)	**–**	–
	0.7	0.7	**1.0**	1.0

26. Profit And Loss Account

	The Company IR£m	Subsidiary Undertakings IR£m	The Group IR£m
At 1 October 1998	**7.4**	**53.0**	**60.4**
Retained for the Year	**3.4**	**27.2**	**30.6**
Scrip Dividend Write-Back	**5.5**	**–**	**5.5**
At 30 September 1999	**16.3**	**80.2**	**96.5**

27. Memorandum Items

	THE GROUP		THE COMPANY	
	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Contingent Liabilities:				
Guarantees and Irrevocable Letters of Credit	**170.1**	163.0	**152.3**	150.4
Performance Bonds, VAT Guarantees and Other Transaction Related Contingencies	**181.2**	97.0	**180.9**	96.8
	351.3	260.0	**333.2**	247.2
Commitments:				
Credit Lines and Other Commitments to Lend of Less Than One Year	**689.8**	597.2	**663.9**	572.6

Other Contingencies:

a) There exists a contingent liability to repay in whole or in part grants received on equipment leased to customers if certain events set out in the agreements occur.

b) The parent company has given guarantees in respect of the liabilities of certain of its subsidiaries and has also given guarantees to the satisfaction of the relevant regulatory authorities for the protection of the depositors of its banking subsidiaries in the various jurisdictions in which these subsidiaries operate.

28. Notes To The Cash Flow Statement

	THE GROUP 1999 IR£m	THE GROUP 1998 IR£m
(i) Cashflows		
Returns on Investment and Servicing of Finance		
Interest Paid on Subordinated Liabilities	**(12.6)**	(14.5)
Preference Dividends Paid to Minority Interest	**(12.3)**	(7.0)
	(24.9)	(21.5)
Capital Expenditure and Financial Investment		
Net Purchases of Debt Securities	**(46.4)**	(90.5)
Purchase of Tangible Fixed Assets	**(4.2)**	(4.4)
Purchase of Equity Investment Shares	**(0.1)**	–
Proceeds of Tangible Fixed Asset Disposals	**0.3**	0.2
	(50.4)	(94.7)
Acquisitions and Disposals		
Purchase of Hypo Vereinsbank Loan Portfolio	**(77.7)**	–
Purchase of Smurfit Paribas Bank Limited	**(16.3)**	–
Payment for Credit Lyonnais Bank (Austria) A.G.	**(10.9)**	–
	(104.9)	–
Financing		
Proceeds of Preference Shares Issue in Subsidiary	**122.6**	–
Proceeds of Equity Share Issues	**26.9**	0.6
Proceeds of Subordinated Bond Issues	**8.6**	–
Redemption of Subordinated Bonds	**(32.0)**	(6.4)
	126.1	(5.8)
(ii) Analysis of Subordinated Liabilities		
At Beginning of Year	**149.2**	154.2
New Issue of Subordinated Bonds	**8.6**	–
Redemption of Subordinated Bonds	**(32.0)**	(6.4)
Exchange Movements	**7.9**	1.4
At End of Year	**133.7**	149.2
(iii) Analysis of Cash Movements		
At End of Year:		
Loans and Advances to Banks Repayable on Demand	**192.1**	65.3
At Beginning of Year:		
Loans and Advances to Banks Repayable on Demand	**(65.3)**	(27.7)
Increase in Cash	**126.8**	37.6

29. Pensions

The group operates a number of defined benefit pension schemes. The assets of these schemes are held in separate trustee administered funds. There are also a number of defined contribution pension schemes covering certain of the group's eligible employees. The total pension costs for the group for the year was IR£2.3m (1998: IR£1.9m).

The pension costs relating to all defined benefit pension schemes have been assessed in accordance with the advice of an independent qualified actuary. Formal actuarial valuations are carried out triennially. The last such valuations were carried out as at 1 January 1997 using the attained age method. The actuarial valuations are available for inspection only by members of the schemes. The principal actuarial assumptions adopted at that valuation were that the investment returns would be two per cent higher than the annual salary increases and five per cent higher than the annual increases in present and future pensions.

At the date of the schemes' latest actuarial valuation, the market value of their assets was IR£15.1m and the actuarial valuation of the assets was sufficient to cover the benefits that had accrued to the members. The funding level, allowing for future earnings and pensions increases, was ninety one per cent before taking account of future contributions. The employer's contribution rate over the average remaining service life of the members of the schemes takes account of the current actuarial funding level. There were IR£4.0m (1998: IR£1.5m) of prepaid contributions in respect of the schemes at the year end included in prepayments and accrued income.

30. Acquisitions

	Book Value IR£m	Fair Value Adjustments IR£m	Fair Value to Group IR£m
Smurfit Paribas Bank Limited:			
Loans and Advances to Banks	**61.7**	**–**	**61.7**
Loans and Advances to Customers	**165.9**	**–**	**165.9**
Debt Securities	**5.0**	**–**	**5.0**
Tangible Fixed Assets	**0.7**	**–**	**0.7**
Deposits by Banks	**(121.0)**	**–**	**(121.0)**
Customer Deposits	**(102.0)**	**–**	**(102.0)**
Other Net Assets	**4.0**	**–**	**4.0**
Net Assets Acquired	**14.3**	**–**	**14.3**
Costs Incurred in the Acquisition			**(0.2)**
Fair Value of Consideration Paid			**(16.1)**
Goodwill Arising on Smurfit Paribas Bank Limited Acquisition			**(2.0)**
Hypo Vereinsbank Loan Portfolio:			
Loans and Advances to Customers	**77.2**	**–**	**77.2**
Costs Incurred in the Acquisition			**(0.5)**
Fair Value of Consideration Paid			**(77.2)**
Goodwill Arising on Hypo Vereinsbank Loan Portfolio			**(0.5)**
Combined Goodwill			**(2.5)**

The acquisition of Smurfit Paribas Bank Limited was completed in March 1999. Smurfit Paribas Bank Limited specialises in the provision of commercial lending and treasury services. It recorded a profit after taxation of IR£2.5m in the twelve months to 31 December 1998 and a profit after taxation of IR£2.0m in the twelve months to 31 December 1997. The name of Smurfit Paribas Bank Limited was changed to Anglo Irish Corporate Bank Limited.

During the year a United Kingdom loan portfolio from Bayerische Hypo-und Vereinsbank Aktiengesellschaft (Hypo Vereinsbank) was also acquired.

31. Related Party Transactions

Subsidiary Undertakings:
Details of the principal subsidiary undertakings are shown in Note 12. In accordance with Financial Reporting Standard 8 - Related Party Disclosures (FRS 8) transactions or balances between group entities that have been eliminated on consolidation are not reported.

Pension Fund:
The group provides a number of normal banking and financial services including custodial and investment services for one of the pension funds operated by the group for the benefit of its employees. There is no charge for these services. The current and deposit account balances of this pension fund held by the group at 30 September 1999 were IR£0.3m (1998: IR£0.1m). This pension fund had assets of IR£5.2m (1998: IR£4.6m) at the year end.

Directors:
Details of transactions with directors requiring disclosure under FRS 8 are included in the report of the remuneration committee in Note 38.

32. Segmental Analysis

The group's income and assets are attributable to banking activities. The analysis of gross income, profit before taxation and assets by geographic location is as follows:

	1999			
	Rep. of Ireland IR£m	UK & IOM IR£m	Austria IR£m	Group IR£m
Gross Income:				
Interest Receivable	**219.0**	**129.6**	**34.7**	**383.3**
Fees and Commissions Receivable	**19.4**	**12.2**	**5.7**	**37.3**
Dealing Profits	**2.0**	**–**	**0.3**	**2.3**
Other Operating Income	**2.2**	**0.3**	**–**	**2.5**
Total Gross Income	**242.6**	**142.1**	**40.7**	**425.4**
Profit on Ordinary Activities before Taxation	**45.5**	**18.4**	**6.3**	**70.2**
Net Assets	**132.5**	**57.1**	**16.0**	**205.6**
Gross Assets	**4,137.6**	**1,788.0**	**324.0**	**6,249.6**

	1998			
	Rep. of Ireland IR£m	UK & IOM IR£m	Austria IR£m	Group IR£m
Gross Income :				
Interest Receivable	185.6	84.0	22.0	291.6
Fees and Commissions Receivable	12.9	6.7	3.5	23.1
Dealing Profits	1.3	–	0.2	1.5
Other Operating Income	1.4	0.1	–	1.5
Total Gross Income	201.2	90.8	25.7	317.7
Profit on Ordinary Activities before Taxation	31.2	9.4	4.5	45.1
Net Assets	92.1	40.7	9.8	142.6
Gross Assets	2,992.9	916.9	470.3	4,380.1

Income on capital is included in the geographical results and reflects allocations from a group capital pool rather than representing underlying income on capital within individual operations.

33. Risk Management And Control

The board of directors approves policy with respect to credit risk, market risk and liquidity risk and has delegated its monitoring and control responsibilities to the group credit committee for credit matters and the group asset and liability committee for market risk and liquidity. The board also approves policy in respect of operational risk management and has delegated its monitoring and control responsibilities to the executive management board. Membership of these committees consists of senior management.

Group risk management, group financial control, group internal audit and group compliance are central control functions, independent of line management, whose roles include monitoring the group's activities to ensure compliance with financial and operating controls. The general scheme of risk, financial and operational controls is designed to safeguard the group's assets while allowing sufficient operational freedom to earn a satisfactory return to shareholders.

Credit Risk

The group's policy on banking and treasury credit risk is set out in a detailed credit policy manual, which has been approved by the board of directors and the main credit committee. The policy manual, which is regularly updated, is provided to all relevant staff and forms the core of our credit risk ethos. Strict parameters for all types of credit exposure are set down, and all applications for credit are assessed within these parameters. Our risk asset grading system allows us to balance the level of risk on any transaction with the return generated by the transaction.

The group operates a tiered system of discretions, which ensures that all credit exposures are authorised at an appropriately senior level. The main credit committee, which is the most important forum for approving credit exposures, includes executive directors and senior management. All credit committees must come to a consensus before authorising a credit exposure, and each credit must be signed by a valid quorum. Additionally, a non-executive director must countersign all exposures over a certain threshold.

Credit risk on all treasury interbank facilities and corporate foreign exchange clients is regularly assessed. All such treasury lines must be formally reviewed by both the treasury and main credit committees at least once a year.

All lending exposures are monitored on an ongoing basis, with an executive director regularly meeting each individual lender and examining their loan portfolio in detail. This ensures that potential problems are spotted early and appropriate remedial action taken.

An independent credit risk management function monitors lending risk on a portfolio-wide basis and, in particular, looks at the entire group's exposure to geographic and industrial sectors. Sectoral limits are in place and, whenever prudent, further restrictions on sectoral exposures are imposed.

33. Risk Management And Control (continued)

Market Risk

Market risk is the potential adverse change in group income or the value of group net worth arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the balance sheet, the execution of customer and interbank business and proprietary trading. The group recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the group's corporate objectives.

The group's exposure to market risk is governed by policy prepared by the group asset and liability committee and approved by the board of directors. This policy sets out the nature of risk which may be taken, the types of financial instruments which may be used to increase or reduce risk and the way in which risk is controlled. In line with this policy, the group asset and liability committee prepares all risk limits.

Exposure to market risk is permitted only in specifically designated business units and is centrally managed by group treasury in Dublin. In other units market risk is eliminated by way of appropriate hedging arrangements with group treasury.

Market risk throughout the group is measured and monitored by the treasury risk management team, operating independently of the risk-taking units.

Non - Trading Book

The group's non-trading book consists of retail and corporate deposits and the lending portfolio, as well as group treasury's interbank cash books and investment portfolio. In the non-trading areas interest rate risk arises primarily from the group's core banking businesses in Ireland, the United Kingdom and Austria. The exposure in these books is managed using interest rate swaps and other conventional hedging instruments.

The group's non-trading book exposure is analysed by its maturity profile in each currency. Limits by currency and maturity are set by the group asset and liability committee. These limits are then subject to independent monitoring by the treasury risk management team.

Trading Book - Foreign Exchange Risk

Traded foreign exchange risk is confined to group treasury and arises from normal commercial and interbank foreign exchange business and from proprietary trading. It is monitored independently by treasury risk management by way of open position limits and stoploss limits, on a daily and intraday basis.

The group's open foreign exchange position (the absolute sum of all long or short positions) was IR£13.5m on 30 September 1999. The maximum and minimum position exposures during the year were IR£25.0m and IR£3.8m respectively.

Trading Book - Interest Rate Risk

The interest rate trading book consists of group treasury's mark to market interest rate book. The trading book consists of interest rate swaps, interest rate futures, forward rate agreements and options. The risk arising from these off balance sheet items is monitored through a combination of position, contract size, maximum number of contracts and stoploss limits. These limits are approved by the group asset and liability committee and are monitored daily by treasury risk management.

Structural Foreign Exchange Risk

Structural foreign exchange risk represents the risk arising from the group's net investments in its foreign based operations. It is group policy to eliminate this risk by matching all material foreign currency investments in foreign subsidiaries and branches with liabilities in the same currency.

33. Risk Management And Control (continued)

Liquidity Risk

It is group policy to ensure that resources are at all times available to meet the group's obligations arising from the withdrawal of customer deposits or interbank lines, the drawdown of customer facilities and asset expansion. The development and implementation of this policy is the responsibility of the group asset and liability committee. Group treasury look after the day to day management of liquidity.

Limits on potential cashflow mismatches over defined time horizons are the principal basis of liquidity control. The cashflow mismatch methodology involves estimating the net volume of funds which must be refinanced in particular time periods, taking account of the value of assets which could be liquidated during these periods. Limits are placed on the net mismatch in specified time periods out to one year and sublimits are applied to group treasury's cashflow positions.

Operational Risk

Operational risk represents the risk that deficiencies in information systems or internal controls could result in unexpected losses. The risk is associated with human error, systems failure, and inadequate controls and procedures. The group's exposure to operational risk is governed by policy approved by the executive management board. The policy specifies that the group will operate such measures of risk identification, assessment, monitoring and management as are necessary to ensure that operational risk management is consistent with the approach, aims and strategic goals of the group, and is designed to safeguard the group's assets while allowing sufficient operational freedom to earn a satisfactory return to shareholders.

The group manages operational risk under an overall strategy which is implemented by accountable executives. Potential risk exposures are assessed and appropriate controls are put in place. Recognising that operational risk cannot be entirely eliminated, the group implements risk mitigation controls including fraud prevention, contingency planning and incident management. This strategy is further supported by risk transfer mechanisms such as insurance, where appropriate.

Derivatives

A derivative is an off balance sheet agreement which defines certain financial rights and obligations which are contractually linked to interest rates, exchange rates or other market prices. Derivatives are an efficient and cost effective means of managing market risk and limiting counterparty exposures. As such, they are an indispensable element of treasury management, both for the group and for many of its corporate customers. Further details are disclosed in note 35. The accounting policy on derivatives is set out on pages 33 and 34.

It is recognised that certain forms of derivatives can introduce risks which are difficult to measure and control. For this reason, it is group policy to place clear boundaries on the nature and extent of its participation in derivatives markets and to apply the industry and regulatory standards to all aspects of its derivatives activities.

The group's derivatives activities are governed by policies approved by the group asset and liability committee. These policies relate to the management of the various types of risk associated with derivatives, including market risk, liquidity risk, credit and legal risk.

34. Interest Rate Repricing

Interest Rate Repricing - Euro Non - Trading Book	Not more than Three Months IR£m	Over Three Months but not more than Six Months IR£m	Over Six Months but not more than One Year IR£m	Over One Year but not more than Five Years IR£m	Over Five Years IR£m	Non Interest Bearing IR£m	Total IR£m
Assets							
Loans and Advances to Banks	**393**	**64**	**3**	**7**	**–**	**–**	**467**
Loans and Advances to Customers	**1,526**	**118**	**80**	**163**	**257**	**–**	**2,144**
Debt Securities	**55**	**4**	**26**	**74**	**94**	**–**	**253**
Other Assets	**–**	**–**	**–**	**–**	**–**	**50**	**50**
Total Assets	**1,974**	**186**	**109**	**244**	**351**	**50**	**2,914**
Liabilities							
Deposits by Banks	**(553)**	**(84)**	**(34)**	**–**	**(49)**	**–**	**(720)**
Customer Accounts	**(730)**	**(255)**	**(248)**	**(495)**	**(30)**	**–**	**(1,758)**
Debt Securities in Issue	**(90)**	**(2)**	**(7)**	**(2)**	**–**	**–**	**(101)**
Other Liabilities	**(23)**	**–**	**–**	**–**	**–**	**(86)**	**(109)**
Minority Interests and Shareholders' Funds	**–**	**–**	**–**	**–**	**(123)**	**(206)**	**(329)**
Total Liabilities	**(1,396)**	**(341)**	**(289)**	**(497)**	**(202)**	**(292)**	**(3,017)**
Net Amounts Due from/(to) Group Units	**111**	**–**	**(2)**	**(6)**	**–**	**–**	**103**
Off Balance Sheet Items	**37**	**50**	**(110)**	**(38)**	**61**	**–**	**–**
Interest Rate Repricing Gap	**726**	**(105)**	**(292)**	**(297)**	**210**	**(242)**	**–**
Cumulative Interest Rate Repricing Gap	**726**	**621**	**329**	**32**	**242**	**–**	**–**

34. Interest Rate Repricing (continued)

Interest Rate Repricing - Stg£ Non - Trading Book	Not more than Three Months IR£m	Over Three Months but not more than Six Months IR£m	Over Six Months but not more than One Year IR£m	Over One Year but not more than Five Years IR£m	Over Five Years IR£m	Non Interest Bearing IR£m	Total IR£m
Assets							
Loans and Advances to Banks	**291**	**–**	**–**	**–**	**–**	**–**	**291**
Loans and Advances to Customers	**1,384**	**250**	**73**	**323**	**47**	**–**	**2,077**
Debt Securities	**21**	**–**	**–**	**–**	**–**	**–**	**21**
Other Assets	**–**	**24**	**–**	**–**	**–**	**31**	**55**
Total Assets	**1,696**	**274**	**73**	**323**	**47**	**31**	**2,444**
Liabilities							
Deposits by Banks	**(590)**	**(310)**	**–**	**–**	**–**	**–**	**(900)**
Customer Accounts	**(955)**	**(36)**	**(40)**	**(15)**	**(78)**	**–**	**(1,124)**
Debt Securities in Issue	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other Liabilities	**–**	**(24)**	**–**	**–**	**(61)**	**(39)**	**(124)**
Minority Interests and Shareholders' Funds	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Liabilities	**(1,545)**	**(370)**	**(40)**	**(15)**	**(139)**	**(39)**	**(2,148)**
Net Amounts Due from/(to) Group Units	**(296)**	**–**	**–**	**–**	**–**	**–**	**(296)**
Off Balance Sheet Items	**231**	**(87)**	**(43)**	**(141)**	**40**	**–**	**–**
Interest Rate Repricing Gap	**86**	**(183)**	**(10)**	**167**	**(52)**	**(8)**	**–**
Cumulative Interest Rate Repricing Gap	**86**	**(97)**	**(107)**	**60**	**8**	**–**	**–**

34. Interest Rate Repricing (continued)

Interest Rate Repricing - US$ Non - Trading Book	Not more than Three Months	Over Three Months but not more than Six Months	Over Six Months but not more than One Year	Over One Year but not more than Five Years	Over Five Years	Non Interest Bearing	Total
	IR£m	IR£m	IR£m	IR£m	IR£m	IR£m	IR£m
Assets							
Loans and Advances to Banks	333	31	13	–	–	–	377
Loans and Advances to Customers	52	27	2	35	16	–	132
Debt Securities	207	10	–	–	–	–	217
Other Assets	–	–	–	–	–	9	9
Total Assets	592	68	15	35	16	9	735
Liabilities							
Deposits by Banks	(300)	(7)	–	–	–	–	(307)
Customer Accounts	(440)	(7)	(2)	(11)	(15)	–	(475)
Debt Securities in Issue	–	–	–	–	–	–	–
Other Liabilities	–	–	–	–	(26)	(12)	(38)
Minority Interests and Shareholders' Funds	(89)	–	–	–	–	–	(89)
Total Liabilities	(829)	(14)	(2)	(11)	(41)	(12)	(909)
Net Amounts Due from/(to) Group Units	180	(5)	(6)	5	–	–	174
Off Balance Sheet Items	116	(97)	(11)	(3)	(5)	–	–
Interest Rate Repricing Gap	59	(48)	(4)	26	(30)	(3)	–
Cumulative Interest Rate Repricing Gap	59	11	7	33	3	–	–

35. Derivative Transactions

The group is party to various types of financial instruments in the normal course of business to generate incremental income, to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest and exchange rates. These financial instruments involve to varying degrees exposure to loss in the event of a default by a counterparty ("credit risk") and exposure to future changes in interest and exchange rates ("market risk").

Details of the objectives, policies and strategies arising from the group's use of financial instruments, including derivative financial instruments are presented in note 33 on risk management and control.

In respect of interest rate and exchange rate contracts, underlying principal amounts are used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Replacement cost provides a better indication of the credit risk exposures facing a bank. Replacement cost is the gross cost of replacing all contracts that have a positive fair value, without giving effect to offsetting positions with the same counterparty.

The underlying principal amounts and replacement cost, by residual maturity of the group's over the counter and other non-exchange traded derivatives were as follows at 30 September 1999:

Underlying Principal Amounts	Within One Year IR£m	One to Five Years IR£m	Over Five Years IR£m	Total IR£m
Exchange Rate Contracts	**1,903.3**	**24.2**	**–**	**1,927.5**
Interest Rate Contracts	**1,532.2**	**993.0**	**304.3**	**2,829.5**
Replacement Cost				
Exchange Rate Contracts	**26.1**	**0.4**	**–**	**26.5**
Interest Rate Contracts	**2.1**	**6.9**	**11.6**	**20.6**

The replacement cost of the group's over the counter and other non-exchange traded derivatives as at 30 September 1999 analysed into financial and non-financial counterparties for exchange rate and interest rate contracts were as follows:

	Financial IR£m	Non - Financial IR£m	Total IR£m
Exchange Rate Contracts	**4.6**	**21.9**	**26.5**
Interest Rate Contracts	**20.6**	**–**	**20.6**
	25.2	**21.9**	**47.1**

35. Derivative Transactions (continued)

The group maintains trading positions in a variety of financial instruments including derivatives. Most of these positions are a result of activity generated by corporate customers while others represent trading decisions of the group's derivative and foreign exchange traders with a view to generating incremental income. The following table represents the underlying principal amounts and fair values by class of derivative trading instrument for the group at 30 September 1999:

Trading Book	Underlying Principal Amount IR£m	Fair Value IR£m
Interest Rate Contracts		
Interest Rate Swaps	**75.5**	
in a Favourable Position		**0.7**
in an Unfavourable Position		**(0.8)**
Forward Rate Agreements	**1,485.0**	
in a Favourable Position		**1.0**
in an Unfavourable Position		**(1.0)**
Foreign Exchange Contracts		
Forward Foreign Exchange	**509.0**	
in a Favourable Position		**26.5**
in an Unfavourable Position		**(24.8)**
Foreign Exchange Options	**10.0**	
in a Favourable Position		**–**
in an Unfavourable Position		**(0.1)**

The following tables represent the underlying principal amounts, weighted average maturities and fair values by class of instrument utilised for trading activities of the group at 30 September 1999.

	Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Fair Value IR£m
Interest Rate Contracts			
Interest Rate Swaps-Receive Fixed			
1 Year or Less	**10.0**	**0.5**	**0.1**
1 to 5 Years	**33.0**	**3.6**	**(0.6)**
Interest Rate Swaps- Pay Fixed			
1 to 5 Years	**32.5**	**3.7**	**0.4**
Forward Rate Agreements Loans			
1 Year or Less	**551.0**	**0.5**	**(0.4)**
1 to 5 Years	**114.0**	**1.7**	**(0.6)**
Forward Rate Agreements Deposits			
1 Year or Less	**698.0**	**0.5**	**0.4**
1 to 5 Years	**122.0**	**1.7**	**0.6**
Foreign Exchange Contracts			
Forward Foreign Exchange			
1 Year or Less	**499.0**	**0.2**	**1.7**
1 to 5 Years	**10.0**	**1.5**	**–**
Foreign Exchange Options			
1 Year or Less	**10.0**	**0.5**	**(0.1)**

The total dealing profits generated by the group during the year ended 30 September 1999 on its trading positions was IR£2.3m, of which IR£2.1m related to interest rate dealing and IR£0.2m related to foreign exchange dealing.

35. Derivative Transactions (continued)

Non - Trading Derivatives

The operations of the group are exposed to the risk of interest rate fluctuations to the extent that assets and liabilities mature or reprice at different times or in differing amounts. Derivatives allow the group to modify the repricing or maturity characteristics of assets and liabilities in a cost efficient manner. This flexibility helps the group to achieve liquidity and risk management objectives.

Derivatives fluctuate in value as interest or exchange rates rise or fall just as on-balance sheet assets and liabilities fluctuate in value. If the derivatives are purchased or sold as hedges of balance sheet items, the appreciation or depreciation of the derivatives, as interest or exchange rates change, will generally be offset by the unrealised appreciation or depreciation of the hedged items.

To achieve its risk management objectives, the group uses a combination of derivative financial instruments, particularly interest rate and currency swaps, futures and options, as well as other contracts.

The following table sets out details of all derivatives used in the group's non-trading activities at 30 September 1999.

Non - Trading Book

	Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Fair Value IR£m
Interest Rate Contracts			
Interest Rate Swaps			
– Receive Fixed			
1 Year or Less	**79.0**	**0.4**	**1.5**
1 to 5 Years	**221.0**	**3.8**	**(0.8)**
5 to 10 Years	**91.0**	**7.0**	**5.9**
Interest Rate Swaps			
– Pay Fixed			
1 Year or Less	**77.0**	**0.6**	**(0.7)**
1 to 5 Years	**470.0**	**2.5**	**(6.2)**
5 to 10 Years	**107.0**	**7.7**	**0.3**
Over 10 Years	**87.0**	**10.8**	**1.0**
Interest Rate Swaps			
– Pay and Receive Floating			
1 to 5 Years	**7.0**	**5.0**	**(0.2)**
Forward Rate Agreements Loans			
1 Year or Less	**3.0**	**0.4**	**–**
Forward Rate Agreements Deposits			
1 Year or Less	**113.0**	**0.5**	**–**
Interest Rate Caps			
1 to 5 Years	**7.0**	**5.0**	**0.1**
Interest Rate Options			
1 to 5 Years	**7.0**	**5.0**	**0.1**
Foreign Exchange Contracts			
Forward Foreign Exchange			
1 Year or Less	**1,394.3**	**0.2**	**1.3**
1 to 5 Years	**14.2**	**1.5**	**–**

35. Derivative Transactions (continued)

Unrecognised Gains and Losses on Derivative Hedges

Gains and losses on instruments used for hedging are recognised in line with the underlying items which are being hedged. The unrecognised net gains on instruments used for hedging as at 30 September 1999 were IR£1.8m, of which IR£1.7m is expected to be recognised in the next financial year.

The net gains recognised in the current financial year in respect of unrecognised net gains on hedges at 30 September 1998 amounted to IR£2.9m.

Non-Trading Derivative Deferred Balances

Deferred balances relating to settled derivative transactions are released to the profit and loss account in the same periods as the income and expense flows from the underlying transactions. There were no such balances at the year end.

Anticipatory Hedges

The group has entered into forward foreign exchange contracts to hedge partly the exchange risk on the translation of the net profit expected from certain non-IR£ operations. The fair value of these contracts amounted to an unrecognised loss of IR£1.6m at 30 September 1999.

36. Fair Values Of Financial Assets And Financial Liabilities

The group has estimated fair values wherever possible using market prices. In certain cases, however, including advances to customers, there are no ready markets. Accordingly, the fair values have been calculated by discounting expected future cashflows using market rates applicable at 30 September 1999. This method is based upon market conditions at 30 September 1999 which may not necessarily be indicative of any subsequent fair value. As a result, readers of these financial statements are advised to use caution when using this data to evaluate the group's financial position.

The concept of fair value assumes realisation of financial instruments by way of a sale. However, in many cases, particularly in respect of lending to customers, the group intends to realise assets through collection over time. As such, the fair values calculated for the purposes of reporting under FRS 13 do not represent the value of the group as a going concern at 30 September 1999.

The following table represents the carrying amount and the fair values of the group's financial assets and liabilities as at 30 September 1999.

Non-Trading Financial Instruments	Carrying Amount IR£m	Fair Values IR£m
Financial Assets		
Loans and Advances to Banks	**1,157.5**	**1,157.9**
Loans and Advances to Customers	**4,420.2**	**4,420.0**
Debt Securities	**553.7**	**556.7**
Equity Investment Shares	**0.4**	**0.4**
Financial Liabilities		
Deposits by Banks	**1,956.1**	**1,956.1**
Customer Accounts	**3,500.4**	**3,502.1**
Debt Securities in Issue	**101.2**	**101.2**
Subordinated Liabilities	**133.7**	**134.2**
Non-Equity Minority Interest in Subsidiary - Preference Shares	**211.9**	**211.8**
Derivative Financial Instruments Held for Trading Purposes		
Interest Rate Contracts	**(0.1)**	**(0.1)**
Foreign Exchange Contracts	**1.6**	**1.6**
Derivative Financial Instruments Utilised for Non-Trading Activities		
Interest Rate Contracts		**1.0**
Foreign Exchange Contracts		**1.3**

The fair values applied to the debt securities assets and the preference shares issued in the subsidiary are the quoted market values for these items at 30 September 1999. The fair values of the other financial assets and liabilities are calculated by discounting expected future cash flows using market rates applicable at 30 September 1999. The derivatives are marked to market at 30 September 1999.

37. Currency Information

	THE GROUP		THE COMPANY	
	1999 IR£m	1998 IR£m	1999 IR£m	1998 IR£m
Denominated in Irish Pounds	**3,000.1**	1,932.1	**2,640.4**	1,775.6
Denominated in Other Currencies	**3,249.5**	2,448.0	**3,091.2**	2,080.1
Total Assets	**6,249.6**	4,380.1	**5,731.6**	3,855.7
Denominated in Irish Pounds	**2,751.1**	2,189.9	**2,333.0**	1,976.8
Denominated in Other Currencies	**3,498.5**	2,190.2	**3,398.6**	1,878.9
Total Liabilities	**6,249.6**	4,380.1	**5,731.6**	3,855.7

Due to off balance sheet items the above analysis should not be considered to demonstrate foreign exchange risk exposures.

38. Report On Directors' Remuneration And Interests

Throughout the year the company had procedures in place which met with the Best Practice Provisions as set out in Sections A and B of the Listing Rules of the Irish Stock Exchange on directors' remuneration.

Remuneration Committee

The remuneration committee, which comprises Michael Jacob (chairman), William McCann and Anthony O'Brien, all of whom are non-executive directors, is responsible for the formulation of the group's policy on remuneration in relation to all executive directors and other senior executives. The remuneration of the executive directors is determined by the board of directors on the recommendations of the remuneration committee. The recommendations of the remuneration committee are considered and approved by the board.

Remuneration Policy

The remuneration policy adopted by the group is to reward its executive directors competitively having regard to comparable companies and the need to ensure that they are properly rewarded and motivated to perform in the best interests of the shareholders. The group chief executive is fully consulted about remuneration proposals and from time to time the remuneration committee takes advice from external pay consultants. Included in the remuneration package for executive directors are basic salary, a performance related bonus and the ability to participate in the employee share option scheme. They are also entitled to participate in either a personal Revenue approved defined contribution pension plan or a group defined benefit pension scheme.

Performance Bonus

The level of performance bonus is determined for each individual executive director. The level earned in any one year is paid out of a defined pool and depends on the remuneration committee's assessment of each individual's performance against predetermined targets for that year and also an assessment of the overall performance of the group against budget.

Share Options

It is company policy to incentivise its executive directors by granting them share options. These options have been granted under the terms of the employee share option scheme approved by shareholders. Further details in relation to this scheme are given in note 23 to the financial statements. Non-executive directors are not eligible to participate in the employee share option scheme.

Loans to Directors

Loans to directors are made in the ordinary course of business on commercial terms in accordance with established policy. Included in advances to customers are loans to six (1998: four) directors as at 30 September 1999 amounting to IR£3,423,000 (1998:IR£1,607,000).

Service Contracts

No service contract exists for any director.

Pensions

Five of the executive directors at 30 September 1999 are members of a defined benefit scheme. The company contributed IR£294,000 (1998: IR£259,000) during the year to this scheme to provide pension benefits in respect of directors. The aggregate of their accrued retirement pensions on leaving service at 30 September 1999 amounted to IR£402,000 per annum, an increase over the year (excluding inflation) of IR£48,000 per annum. The transfer value of this increase at 30 September 1999, as determined by an independent actuary, amounted to IR£471,000. One executive director at 30 September 1999 is a member of a defined contribution scheme. The contribution payable on his behalf during the year amounted to IR£33,000 (1998:IR£32,000). Non-executive directors are not entitled to any pension benefits.

38. Report On Directors' Remuneration And Interests (continued)

Directors' Remuneration

The remuneration of the directors of the company, analysed in accordance with the current Best Practice Provisions issued by the Irish Stock Exchange, is as set out below:

	Executive Directors		Non-Executive Directors		Total	
	1999	1998	1999	1998	1999	1998
	IR£000	IR£000	IR£000	IR£000	IR£000	IR£000
Salaries	**1,196**	1,057	**–**	–	**1,196**	1,057
Fees	**–**	–	**145**	104	**145**	104
Performance Bonuses	**831**	510	**–**	–	**831**	510
Benefits	**93**	92	**–**	–	**93**	92
Pension Contributions	**327**	291	**–**	–	**327**	291
Other Payments to Past Directors	**26**	–	**–**	–	**26**	–
Total Remuneration	**2,473**	1,950	**145**	104	**2,618**	2,054
Average Number of Serving Directors	**6.2**	6.0	**5.2**	5.0	**11.4**	11.0

No fees are paid to executive directors. Benefits include the use of a company car.

Directors' and Company Secretary's Interests

The interests of the current directors and secretary and of their spouses and minor children in the shares issued by the company are as follows:

Interests in Ordinary Shares of IR25p each

	30 September 1999		30 September 1998*	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Beneficial Interests				
Directors:				
Anthony O'Brien	**106,847**	**–**	45,560	–
Sean FitzPatrick	**3,037,833**	**425,000**	2,453,827	925,000
William Barrett	**254,871**	**475,000**	104,439	612,436
Anthony Coleby	**12,585**	**–**	12,240	–
Michael Jacob	**347,546**	**–**	337,994	–
Peter Killen	**681,932**	**475,000**	526,061	612,436
William McAteer	**430,633**	**475,000**	91,504	956,026
William McCann	**50,204**	**–**	–	–
Peter Murray	**57,720**	**–**	44,464	–
Tiarnan O Mahoney	**63,254**	**552,436**	55,526	552,436
John Rowan	**77,120**	**612,436**	75,000	612,436
Secretary:				
Ronan Murphy	**23,191**	**220,000**	19,608	220,000

** or date of appointment if later*

There have been no changes in the directors' and secretary's shareholdings between 30 September 1999 and 22 November 1999. The directors and secretary and their spouses and minor children have no other interests in the shares of the company or its group undertakings as at 30 September 1999.

38. Report On Directors' Remuneration And Interests (continued)

Share Options Granted to Directors

Options to subscribe for ordinary shares in the company granted to and exercised by directors during the year to 30 September 1999 are included in the following table:

Name	Options at 1 October 1998 Number	Option Granted Since 1 October 1998 Number	Option Granted Since 1 October 1998 Price (IRp)	Option Exercised Since 1 October 1998 Number	Option Exercised Since 1 October 1998 Price (IRp)	Market Price at Exercise Date (IRp)	Options at 30 September 1999 Number	Options at 30 September 1999 Date from which Exercisable	Options at 30 September 1999 Expiry Date	Weighted Average Exercise Price (IRp)
Sean FitzPatrick	**925,000**	–	–	**300,000**	**51.00**	**163**				
				200,000	**64.00**	**206**	**425,000**	28 May 00	27 May 04	**86.00**
William Barrett	**612,436**	–	–	**137,436**	**31.86**	**163**	**200,000**	23 Jan 99	22 Jan 03	**76.74**
							275,000	28 May 00	27 May 04	
Peter Killen	**612,436**	–	–	**137,436**	**31.86**	**163**	**200,000**	23 Jan 99	22 Jan 03	**76.74**
							275,000	28 May 00	27 May 04	
William McAteer	**956,026**	–	–	**137,436**	**31.86**	**215**	**200,000**	23 Jan 99	22 Jan 03	**76.74**
				343,590	**35.79**	**215**	**275,000**	28 May 00	27 May 04	
Tiarnan O Mahoney	**552,436**	–	–	–	–	–	**77,436**	8 Mar 96	7 Mar 00	**70.44**
							200,000	23 Jan 99	22 Jan 03	
							275,000	28 May 00	27 May 04	
John Rowan	**612,436**	–	–	–	–	–	**137,436**	8 Mar 96	7 Mar 00	**66.66**
							200,000	23 Jan 99	22 Jan 03	
							275,000	28 May 00	27 May 04	

The market price of the company's ordinary shares at 30 September 1999 was IR182p (1998: IR159p) and the range during the year to 30 September 1999 was IR134p to IR227p.

39. Approval Of Financial Statements

The group financial statements were approved by the board of directors on 22 November 1999.

Consolidated Profit And Loss Account

For the year ended 30 September 1999

	US$m	Stg£m	Austrian Schillings Millions
Interest Receivable and Similar Income			
Interest Receivable and Similar Income arising from			
Debt Securities and Other Fixed Income Securities	**42.8**	**26.0**	**552**
Other Interest Receivable and Similar Income	**476.3**	**289.1**	**6,145**
Interest Payable and Similar Charges	**(363.2)**	**(220.5)**	**(4,686)**
Net Interest Income	**155.9**	**94.6**	**2,011**
Other Income			
Fees and Commissions Receivable	**50.5**	**30.7**	**652**
Fees and Commissions Payable	**(5.5)**	**(3.4)**	**(72)**
Dealing Profits	**3.1**	**1.9**	**40**
Other Operating Income	**3.4**	**2.1**	**44**
Total Income	**207.4**	**125.9**	**2,675**
Operating Expenses			
Administrative Expenses	**69.1**	**41.9**	**891**
Depreciation and Goodwill Amortisation	**4.1**	**2.5**	**52**
Provisions for Bad and Doubtful Debts - Specific	**15.3**	**9.3**	**197**
- General	**23.8**	**14.5**	**308**
	112.3	**68.2**	**1,448**
Group Profit on Ordinary Activities Before Taxation	**95.1**	**57.7**	**1,227**
Taxation on Profit on Ordinary Activities	**(15.7)**	**(9.5)**	**(203)**
Group Profit on Ordinary Activities After Taxation	**79.4**	**48.2**	**1,024**
Non-Equity Minority Interest-Preference Dividends	**(16.7)**	**(10.1)**	**(215)**
Group Profit Attributable to Ordinary Shareholders	**62.7**	**38.1**	**809**
Dividends	**(21.3)**	**(12.9)**	**(274)**
Group Profit Retained for Year	**41.4**	**25.2**	**535**
Scrip Dividends	**7.5**	**4.5**	**96**
Group Profit Brought Forward	**81.8**	**49.6**	**1,055**
Group Profit Carried Forward	**130.7**	**79.3**	**1,686**
Basic Earnings Per Share	**22.93** cents	**13.92** pence	**2.96** schillings
Diluted Earnings Per Share	**22.24** cents	**13.50** pence	**2.87** schillings
Dividends Per Ordinary Share	**7.72** cents	**4.69** pence	**1.00** schillings

Exchange Rates used at 30 September 1999
IR£= US$1.3542 / STG£0.8222 / AS17.472

Consolidated Balance Sheet

As at 30 September 1999

	US$m	Stg£m	Austrian Schillings Millions
Assets			
Loans and Advances to Banks	1,567.5	951.7	20,224
Loans and Advances to Customers	5,985.8	3,634.3	77,230
Debt Securities	749.8	455.2	9,674
Equity Investment Shares	0.6	0.3	7
Intangible Fixed Assets - Goodwill	3.3	2.0	42
Tangible Fixed Assets	20.3	12.3	262
Other Assets	36.0	21.9	465
Prepayments and Accrued Income	99.9	60.7	1,289
Total Assets	8,463.2	5,138.4	109,193
Liabilities			
Deposits by Banks	2,649.0	1,608.3	34,177
Customer Accounts	4,740.2	2,878.0	61,159
Debt Securities in Issue	137.0	83.2	1,768
Proposed Dividends	13.7	8.3	177
Other Liabilities	30.5	18.5	393
Accruals and Deferred Income	132.6	80.5	1,711
Provisions for Liabilities and Charges	13.8	8.4	178
	7,716.8	4,685.2	99,563
Capital Resources			
Subordinated Liabilities	181.0	110.0	2,336
Non-Equity Minority Interest in Subsidiary - Preference Shares	287.0	174.2	3,702
	468.0	284.2	6,038
Called Up Share Capital	94.9	57.6	1,225
Share Premium Account	51.9	31.5	669
Other Reserves	0.9	0.6	12
Profit and Loss Account	130.7	79.3	1,686
Total Shareholders' Funds (All Equity Interests)	278.4	169.0	3,592
Total Capital Resources	746.4	453.2	9,630
Total Liabilities	8,463.2	5,138.4	109,193

Exchange Rates used at 30 September 1999
IR£= US$1.3542 / STG£0.8222 / AS17.472

Substantial Shareholdings

The following interests in the ordinary share capital had been notified to the company at 22 November 1999.

	Number of Shares	% of Issued Ordinary Share Capital
Bank of Ireland Nominees Limited*	**21,475,014**	**7.6%**
Scottish Provident	**17,435,000**	**6.2%**
Morgan Stanley Group*	**16,429,861**	**5.8%**
Fidelity Investments*	**11,047,624**	**3.9%**
Prudential plc	**10,683,773**	**3.8%**

* These shareholders have informed the company that their holdings are not beneficially owned but are held on behalf of a range of clients none of which, so far as the directors are aware, hold more than 3% of the issued ordinary share capital.

Size Analysis Of Shareholders At 30 September 1999

	Shareholders		Shares	
	Number	%	Number	%
1 - 5,000	**10,189**	**74.7**	**16,385,965**	**5.8**
5,001 - 10,000	**1,627**	**11.9**	**11,472,198**	**4.1**
10,001 - 25,000	**1,182**	**8.7**	**17,890,055**	**6.4**
25,001 - 50,000	**293**	**2.2**	**10,185,187**	**3.6**
50,001 - 100,000	**163**	**1.2**	**11,247,997**	**4.0**
100,001 - 500,000	**115**	**0.8**	**25,674,518**	**9.2**
Over 500,000	**66**	**0.5**	**187,516,856**	**66.9**
	13,635	**100.0**	**280,372,776**	**100.0**

Shareholder Information (continued)

Geographic Analysis Of Shareholders At 30 September 1999

	Shareholders		Shares	
	Number	%	Number	%
Ireland	10,762	78.9	187,497,070	66.9
United Kingdom	2,746	20.2	92,192,095	32.9
Elsewhere	127	0.9	683,611	0.2
	13,635	100.0	280,372,776	100.0

Executive Management Board

Kieran Duggan
Associate Director,
Lending

Declan McAdams
Associate Director,
Finance

Peter Butler
Director,
Area Offices

Ronan Murphy
Group Secretary

Tiarnan O Mahoney
Director,
Treasury

Tom Browne
Director,
Banking - Dublin

William McAteer
Director,
Finance

Terry Carroll
Associate Director,
Treasury

Sean FitzPatrick
Chief Executive

Des Whyte
Associate Director,
Treasury

Bill Barrett
Director,
Banking

Bernard Daly
Director,
Funding

David Murray
Deputy Managing Director UK

John Rowan
Managing Director UK

Jack O'Keefe
Director,
Communications & Marketing

Peter Killen
Director,
Risk Asset Management

Tony Campbell
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