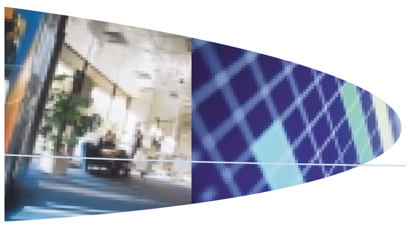
annual report & accounts
2001



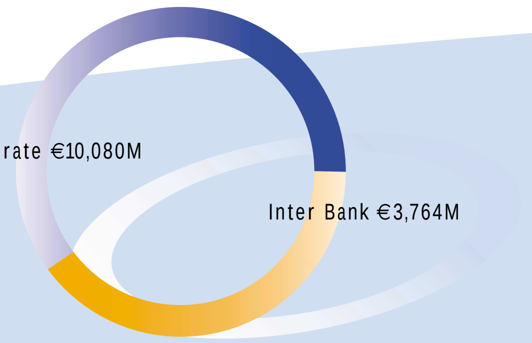
ANGLO IRISH BANK

FINANCIAL CALENDAR

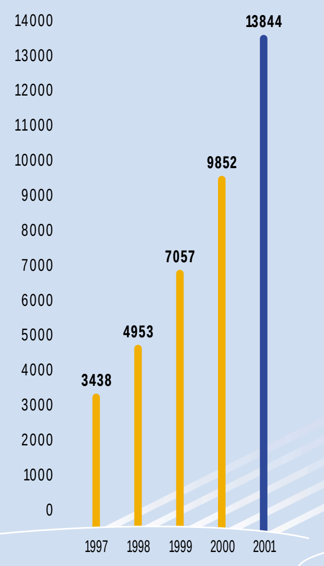
Publication of Results		Half Year to 31 March 2001	*1 May*	*2001*
Dividend	Ordinary Shares	Interim Dividend Paid	*17 July*	*2001*
Publication of Results		Year to 30 September 2001	*28 November*	*2001*
Share Transfer Books Closed			*7 December*	*2001*
Accounts Posted to Shareholders			*18 December*	*2001*
Annual General Meeting			*25 January*	*2002*
Dividend	Ordinary Shares	Proposed Final Dividend Payment	*31 January*	*2002*

CONTENTS

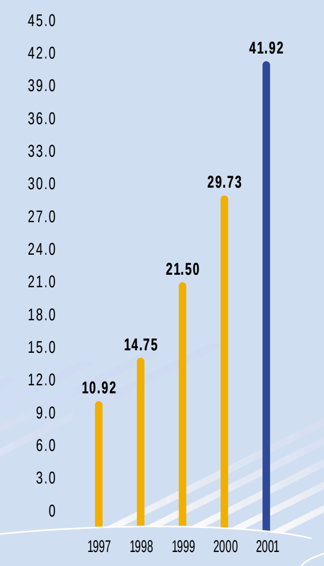
Financial Summary



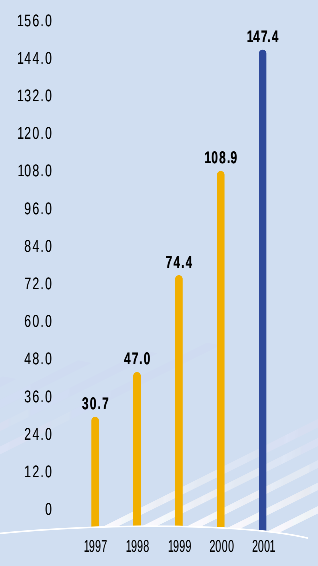
SOURCES OF DEPOSITS (€13,844M)



TOTAL DEPOSITS
EXPRESSED IN €M



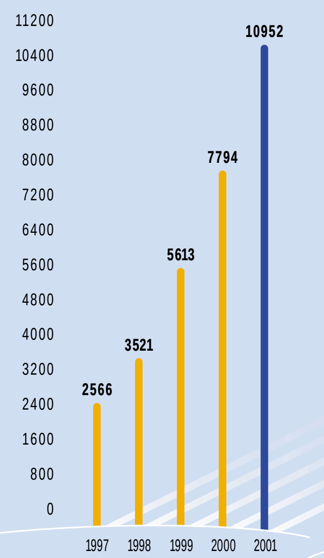
EARNINGS PER SHARE
EXPRESSED IN CENT



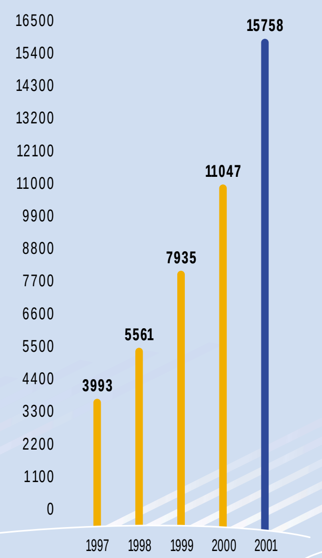
PROFITS AFTER TAX
EXPRESSED IN €M

FINANCIAL HIGHLIGHTS

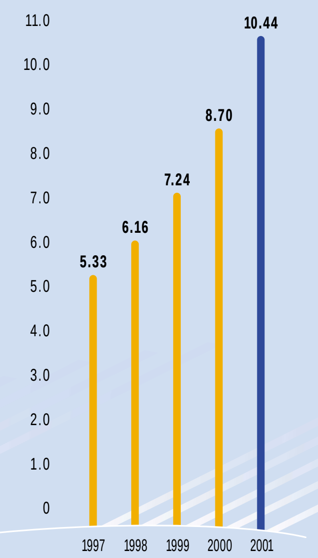
	2001 €m	2000 €m
Profit before Taxation	194.8	133.6
Profit after Taxation	147.4	108.9
Dividends	31.6	24.6
Total Assets	15,757.7	11,047.3
Earnings per €0.32 Share	41.92c	29.73c
Deposits	13,843.5	9,852.3
Advances	10,952.0	7,793.5
Fixed Rate	2,066.5	1,490.9
Variable Rate	8,885.5	6,302.6



ADVANCES TO CUSTOMERS
EXPRESSED IN €M



TOTAL ASSETS
EXPRESSED IN €M



DIVIDENDS PER SHARE
EXPRESSED IN CENT

Group Profile

OVERVIEW

Anglo Irish Bank is a bespoke business bank with a private banking arm. The Bank was established in 1964 and it became a publicly quoted company in 1971. The shares are quoted on the Dublin and London Stock Exchanges.

The Bank provides Business Banking, Treasury and Wealth Management services but focuses on particular business activities under each of these areas. It is not a universal bank.

Growth has been largely achieved organically but this has been enhanced through a number of acquisitions that were complementary to established operations. Anglo Irish Bank has pursued a focussed policy of geographic and operational diversification in the past six years, with the result it now has 16 locations across 7 countries and employs in excess of 860 people. It services its customers from operations in Ireland, the United Kingdom, the Isle of Man, Austria, Switzerland, Germany and the United States.

Reflecting the progress achieved in recent years the Bank holds strong investment grade ratings from each of Fitch and Moody's Investor Services, two of the major international credit rating agencies.

STRATEGY

Anglo Irish Bank's strategy is centred on a hands-on relationship approach that is designed to deliver exceptional customer service. Successful relationship banking is based on understanding the customer's business and needs and tailoring the product and the service in an effective and efficient manner to meet these requirements.

BUSINESS BANKING

Business banking is based on secured business lending across a number of sectors to a range of customers including corporates, partnerships, professionals and high net worth individuals. This activity is carried out in Ireland, the United Kingdom and in the greater Boston area in the United States. Lending operations in Ireland are more widely cast than in the other locations and encompass a number of sectors well known to and understood by the Bank. Activities include corporate lending, commercial mortgages, invoice discounting, asset, motor, film and structured finance. The emphasis in the United Kingdom and in the United States is directed to investment property lending, an area of particular expertise for the Bank.

TREASURY

Treasury operations have two main areas of focus - the management of group liquidity and risk and dealing with third party customers.

Group funding, liquidity and risk management is co-ordinated centrally. Funding is sourced through the Bank's deposit taking operations in Ireland, United Kingdom, Isle of Man and Austria. The Bank also uses the international capital markets to supplement its deposit taking efforts and to expand capital resources.

The Bank is a significant player in the international inter-bank markets and in that regard it has a treasury relationship with more than 350 banks.

Treasury business with third parties includes the provision of liquidity and risk management services to a wide range of personal, corporate and institutional customers.

Personal and corporate deposit operations are carried out in Ireland, United Kingdom, Isle of Man and Austria. Corporate foreign exchange services are provided in Ireland, the United Kingdom and through the offices in Boston and Vienna. Trade finance business is conducted in Ireland, the United Kingdom and through the office in Dusseldorf.

WEALTH MANAGEMENT

The Bank's Wealth Management operations include private banking, funds management and retirement planning activities. These are located in Ireland, Austria, the Isle of Man and most recently, Switzerland. The emphasis of these activities is on the protection and creation of wealth for high net worth private clients through a tailored approach to financial planning, asset diversification and investment advice.
The concepts of relationship banking and quality customer service are integral elements of these activities.

CONCLUSION

Looking forward, the Bank is focussed on and committed to the sectors where it currently operates. The strategy for the future is to continue the existing niche approach and the consistent delivery of exceptional customer service.

(left to right) Peter Zipper, Ben Langelier and Ernst Traun (Vienna)

Directors

Board Meeting - *October 2001, Dublin*

Not photographed

Ned Sullivan (53)

- who joined the Board in November 2001 is the former Group Managing Director of Glanbia plc and previously held a number of senior management positions in Grand Metropolitan plc. He holds B.Comm and MBS degrees and is a Director of a number of companies in Ireland.

Standing (left to right)

Sean FitzPatrick (53)

- joined the 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 Authority, a member of the Council of the Institute of Chartered Accountants in Ireland and a past President of The Irish Bankers Federation.

Anthony O'Brien (65)

- joined the Board in March 1997
- and is Group Managing Director
- of the Cantrell & Cochrane Group Limited. He is also a non-executive Director of CRH plc and is a Past President of The Irish Business and Employers Confederation (IBEC). He is a Fellow of the Chartered Institute of Management Accountants. In January 1999 he was appointed as non-executive Chairman of the Bank.

- 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
- A member of the Risk Committee

Seated (left to right)

Patrick Wright (60)

- joined the Board in February 2000.
- He is Chairman of the RTE Authority
- and of Aon McDonagh Boland Group. He is a Director of the Jefferson Smurfit Group plc, Deputy Chairman of Aer Lingus Group plc, a Trustee of The Irish Business & Employers Confederation, and is an Honorary Fellow of the National College of Industrial Relations and a Fellow of the Irish Management Institute.

Michael Jacob (56)

- 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, President of the Royal Dublin Society and a Director of other companies.

Anton Stanzel (62)

- who joined the Board in April 2001,
- is a former Director General of the Austrian Ministry of Finance and a former Associate Professor of the University of Economics in Vienna. He is a Director of Casinos Austria International Limited, Brisbane, Australia.

William Barrett (55)

- Head of Group Lending, he 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.

William McAteer (51)

- 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.

Tiarnan O Mahoney (42)

- 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 (43)

- 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.

William McCann (57)

- retired from the Board in November 2001. 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 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.

Peter Killen (54)

- 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 (53)

- who has been a Director since November 1993, is a Fellow of the Institute of Chartered Accountants in Ireland. He is Chairman and/or a Director of a number of companies both in Ireland and overseas.

Chairmans Statement

Anthony O'Brien
CHAIRMAN

RESULTS

I am pleased to report that in the financial year to 30 September 2001 the Bank has achieved another year of very strong growth – our sixteenth consecutive year of record earnings and profit growth.

The highlights for the twelve months to 30 September 2001 were as follows:

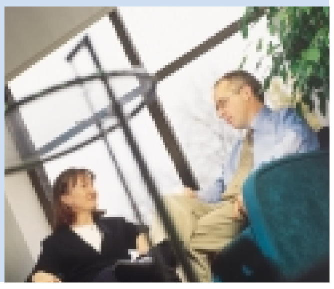
- Pre-tax profits increased by 46% to €194.8m
- Attributable profit increased by 48% to €124.1m
- Basic EPS increased by 41% to 41.92c
- Lending increased by 39%
- Deposits grew by 41%
- Cost/income ratio down to 30%

These results are excellent and can be viewed in the context of a five year compound annual growth rate in pre-tax profits of 45% and in earnings per share of 35%. During this period the return on shareholders' funds has also grown and stood at 31% for the year ended 30 September 2001.

This growth has been achieved without margin dilution whilst maintaining stringent risk management standards and taking a very prudent approach to provisioning. The key drivers have been a strong customer service focus in clearly defined lending markets and the continued development of sources of recurring fee based income.

The strong operating performance has been reflected in a further strengthening of the balance sheet and the capital base of the Bank. Total assets were €15.8 billion at the end of September 2001 and capital resources stood at €1.6 billion at that date. This provides the Bank with the platform to continue growing its share of the markets in which it operates.

The key drivers have been a strong customer service focus in clearly defined lending markets and the continued development of sources of recurring fee based income.



Mary Lydon (Dublin) with David Drumm (Boston)

Reception
Head Office, Dublin

DIVIDEND

The Board is recommending a final dividend of 6.84c, an increase of 22% on last year's final dividend. The total dividend for the year of 10.44c represents an increase of 20% on the previous year. The Bank's dividend is now four times covered by earnings.

It is proposed to pay the final dividend on 31 January 2002 to shareholders on the Bank's register at the close of business on 7 December 2001. Withholding tax may apply. Shareholders will again be offered the choice of new shares in lieu of the cash equivalent of their dividend.

CAPITAL

In addition to the significant growth in internally generated capital through retained earnings in the year to 30 September 2001, the Bank has also augmented its Tier 1 capital base from a number of other sources in the course of the year. A €42 million ordinary share placing was completed in January 2001 and in June 2001 a Stg£200 million Perpetual Capital Instrument transaction was completed.

This demonstrates the ability of the Bank to expand its Tier 1 capital base in a diversified manner that is efficient in terms of the return earned for ordinary shareholders.

The Bank's Tier 2 capital and funding requirements have been similarly augmented from a cocktail of sources over the last year. This approach has served the Bank well in terms of managing the growth over the last five years. This policy will be continued.

RATING

The Board was pleased to note the decision by Moody's, the international ratings agency, in April 2001 to upgrade the Bank's long-term deposit credit rating to A3. This is in recognition of the strength and quality of our business franchise and the diversification we have achieved in our business operations.

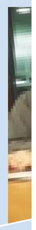
STRATEGY

The success of Anglo Irish Bank is based on a clearly focussed strategy of providing bespoke banking services to niche markets. The Bank's core lending and treasury businesses have been grown organically and through selective acquisitions. The non-risk asset fee earning businesses have been developed on a green field basis, through acquisition and the recruitment of specialist teams. This strategy is reviewed on a regular basis and the Board believes that it continues to be the relevant and correct one for the Bank.

The overriding consideration of the Board and management of the Bank in growing the businesses has been the creation of shareholder value. This is reflected in the strong proprietorial culture that pervades the Bank and that has been a major contributor to its success.

What has also set the Bank apart has been the successful and consistent implementation of its chosen strategy. It has retained focus on the lending side of the business and developed a strong flow of income from its diversified fee earning operations. The acquisition of Banque Marcuard Cook, a private bank in Geneva, Switzerland, in April of this year is further evidence of this successful diversification.

The benefits of the strategy will continue to be seen in the uncertain external operating environment that we have now entered. There are examples in every marketplace where banks with a clear focus outperform their universal banking competitors in more difficult markets.



OUTLOOK

In line with the slowdown in the US economy since early 2001, the Irish economy has experienced a reduction in its growth levels compared with previous years. Economic commentators acknowledge that while the global economic outlook for 2002 is uncertain, the fundamentals for the Irish economy continue to be very strong in terms of monetary, demographic, and fiscal stimuli.

Economic indicators in the UK remain positive. The Bank's UK lending operation was set up to provide low risk geographic diversification. The UK business now accounts for 37% of the Bank's total loan book.

Your Board looks forward to 2002 with a positive perspective. The Bank has used the buoyant economic conditions of the past number of years to good effect, building strong asset quality, provisioning prudently, diversifying and broadening the geographic spread of business and, importantly, establishing a strong position in our niche markets through the consistent delivery of service oriented, bespoke banking. The benefits of this approach have clearly been demonstrated in the past and will come to the fore as the economic environment changes. Your Board is confident of another strong performance during the year ahead.

David O'Connor and John Nolan (Galway)

CONCLUSION

The Bank recently announced a number of changes in the composition of the Board, including the appointment of Peter Murray as Chairman, to take effect following my retirement at the Annual General Meeting in January 2002 on completion of my term of office. Billy McCann has retired, having concluded his term of office, and the Board announced the appointment of Ned Sullivan as a non-executive Director.

I would like to pay tribute to the contribution that Billy McCann has made to the Bank during his term of office. His broad experience of business and regulatory matters was of great value to the Board.

Ned Sullivan brings extensive domestic and international experience and expertise and I know that he will make an important contribution to the Board going forward.

For my own part, I would like to thank my fellow directors and the management and staff of the Bank for the opportunity to be part of this exciting phase of the Bank's development. I wish the incoming Chairman every success in the position and I have no doubt that he will provide strong guidance to the Bank in the coming years.

The strategy which has enabled the Bank to develop and expand will continue to be pursued and the Board is confident that your Bank can deliver strong earnings growth in the coming year.

Anthony O'Brien

CHAIRMAN

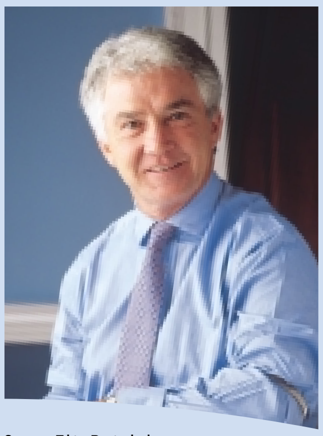
27 November 2001

Chief Executive s Review

The Bank has had another excellent year, the sixteenth year in which we have delivered increased profits.

We have experienced particularly strong levels of growth over the last five years reflecting the critical mass we have achieved in the markets in which we operate and the strength of our business models in business banking and private banking. In this period, the compound annual growth rates for EPS and total assets have been 35% and 39% respectively.

The key to this success is the provision of exceptional customer service, in a very focussed manner, to well defined niche markets. This is essentially relationship banking and it gives the Bank a long-term sustainable competitive advantage that enables it deliver superior returns to shareholders.



Sean FitzPatrick
CHIEF EXECUTIVE

BANKING OPERATIONS

In the financial year to 30 September 2001, the Bank saw good growth in lending volumes across all areas of operation. At year end, total customer loans stood at €11.5 billion, an increase of 39%. This growth was achieved without margin dilution and without compromising our stringent risk management standards.

The Irish lending businesses had another outstanding year, both in Dublin and in the Area Offices. It is clear that the Bank continued to grow its market share through the provision of a top quality service to existing and to new clients. The sectoral spread of our loan book remains broadly unchanged.

Our UK lending operation also had another excellent year and at year end it represented 37% of the total loan book. That business now ranks in the top 10 foreign owned investment property lending banks in the UK and continues to focus on its area of expertise and develop its franchise. It is noteworthy that the UK business has grown at the same pace as the business in Ireland over the last five years, despite the fact that the economy has been growing at a slower level. This is a measure of its success to date and gives the Board great confidence as to its future prospects.

The Boston representative office continues to develop a franchise in its local area. Here again, the benefits of being a focussed niche player are evident. There are clearly excellent opportunities, even in developed banking markets, for banks that deliver a quality service.

During the last year, the Bank continued to adhere to its strong and well defined credit policies. These are implemented and managed on a centralised basis to ensure consistency across all lending operations. The practice of reviewing every loan on a quarterly basis pays dividends in that surprises are avoided and the Bank can deal with any issues on a timely basis. We continued to adopt a very prudent approach to loan provisioning. In the year just ended, the Bank increased its general provision by €55.3 million to €146 million, in addition to making prudent specific provisions.

The Bank has not seen any negative trends in terms of deteriorating asset quality in any of its loan books.

TREASURY OPERATIONS

The Treasury division had another good year in its core activities of managing the Bank's interest rate and foreign exchange exposures and funding the growth of risk assets.

Over the last year the Bank has continued to be successful in funding the growth in its loan book, with a 41% increase in total deposits. This is spread across a broad range of clients and markets and is not dependent on the maintenance of an expensive branch office network.

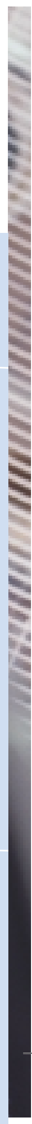
The decision by Moody's Investors Services, the international ratings agency, to upgrade the Bank's long-term deposit credit rating to A3 in April of this year will allow wider access to the capital markets and to a broader range of corporate depositors.

In addition to the different Tier 1 capital raising developments over the last year, outlined by the Chairman in his statement, the Treasury Division has been very active in raising subordinated Tier 2 capital products and in widening the sources of funding for the Bank.

In April 2001, a €150 million Lower Tier 2 subordinated debt transaction was completed, followed by a €600 million Revolving Credit Facility in June. In August 2001, a €1.5 billion MTN (Medium Term Note) Programme was put in place. The different sources of capital and funding that are now available to the Bank leave it well placed to manage future increases in lending.

Terry Carroll and José Balagué (Geneva)

(Left to Right)
Neil Adair, Ajay Sharma and
Catherine Connolly (Belfast)



(Left to Right) Caroline McCaul, Susan Columb and Noelle Fogarty (Reception, Dublin)

The strategy of the bank remains unchanged - providing bespoke banking services to niche markets. This business model has delivered record profit growth levels over the last 16 years and is sustainable going forward.

FEE EARNING BUSINESSES

The fee earning non-risk asset businesses made significant contributions to the Bank's profitability over the last year. They are now spread over different activities and markets, giving a good counterbalance to our lending operations. The private banking and asset management businesses are generating fees in Ireland, the Isle of Man, Austria and now in Switzerland. The difficulties in the equity markets have made it more challenging for those businesses. Nevertheless, their spread of activities has enabled them to continue to deliver good levels of growth.

Corporate foreign exchange services are centralised in our dealing room in Dublin but are provided to clients in Ireland, the UK, the US and Austria. Our business model of local marketing, combined with central execution and risk management is transportable to other markets, where the incumbent banks are providing a poor quality service to the middle market. It is our intention to develop this business in other centres in continental Europe and the US.

The trade finance business operates from Ireland, the UK and Dusseldorf and it also had a good year.

ACQUISITIONS

In December 2000 we announced the acquisition of a private bank - Banque Marcuard Cook, which has been renamed Anglo Irish Bank (Suisse) S.A. The acquisition was completed in early April 2001. The bank provides asset management services to high net worth private clients across Europe from its base in Geneva. The first six months under our stewardship have gone well, with no loss of clients. Anglo Irish Bank (Suisse)'s long experience and expertise in the area of alternative investment strategies or hedge funds have yielded dividends for our clients in the difficult equity markets that have prevailed over the last year. We look forward to growing our client base in the same manner as we have previously achieved in Vienna.

The Bank continues to look at other acquisition opportunities that fit our exacting commercial and financial criteria. These include loan books in our home markets and asset management operations in continental Europe. We will continue to adopt a very discerning approach in examining these opportunities and only complete them if we believe that they will add to shareholder value. It is a credit to the strength of the underlying business of the bank that its growth is not dependent on the completion of acquisitions. That has always been the case and will continue to be so going forward.

RETIREMENT OF DIRECTORS

I would like to record my personal and sincere appreciation to Tony O'Brien, Tony Coleby and Billy McCann on their retirement from the Board. Their contribution to the development of the bank has been enormous and their experience and counsel will be greatly missed by both my colleagues and myself.

FUTURE

The strategy of the bank remains unchanged - providing bespoke banking services to niche markets. This business model has delivered record profit growth levels over the last 16 years and is sustainable going forward.

While the Bank has undoubtedly entered more turbulent and uncertain times in the markets in which it operates, the management has extensive experience over two decades of operating in challenging markets.

I am confident that the building blocks that have been put in place in both our lending and fee earning businesses leave the Bank well placed to continue to grow and deliver the demanding targets that we have set.

Sean FitzPatrick
CHIEF EXECUTIVE
27 November 2001

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 September 2001.

RESULTS

The group profit on ordinary activities before taxation for the year amounted to €194.8 million and has been dealt with as shown in the consolidated profit and loss account on page 26.

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 9 to 15 report on developments during the year, on likely future developments and on events since 30 September 2001.

DIVIDENDS

An interim dividend of 3.6c per share was paid on 17 July 2001 amounting to €10.8 million. Subject to shareholders' approval, it is proposed to pay a final dividend on 31 January 2002 of 6.84c per share to all registered shareholders at the close of business on 7 December 2001. Dividend withholding tax ("DWT") may apply on the proposed final dividend depending on the tax status of each shareholder.

Shareholders chose to receive 2,019,403 ordinary shares instead of cash dividends paid in January and July. Shareholders will be offered the choice of taking new ordinary shares in lieu of the proposed final dividend, after deduction of DWT where applicable.

CAPITAL RESOURCES

Details of the changes in capital resources during the year are included in notes 25 to 31 of the financial statements.

DIRECTORS AND SECRETARY

The names of the directors appear on pages 6 and 7, together with a short biographical note on each director. Anton Stanzel and Ned Sullivan were co-opted to the board on 19 April 2001 and 12 November 2001 respectively and, being eligible, offer themselves for re-election. William McCann retired on 12 November 2001 following the completion of his three year term and Anthony O'Brien will retire as a director following the forthcoming annual general meeting.

Peter Murray, William Barrett, Tiarnan O Mahoney and John Rowan retire by rotation as directors in accordance with the articles of association and, being eligible, offer themselves for re-election. 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 43 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 79.

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 14. The company has established branches, within the meaning of EU Council Directive 89/666/EEC, in the United Kingdom.

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.

CORPORATE GOVERNANCE

The directors' corporate governance statement appears on pages 18 to 20.

BOOKS AND ACCOUNTING RECORDS

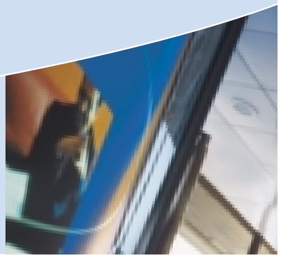
The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the company. To ensure compliance with these requirements the directors have appointed professionally qualified accounting personnel. These books and accounting records are maintained at the company's registered office at Stephen Court, 18/21 St. Stephen's Green, Dublin 2.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

27 November 2001

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. This corporate governance statement describes how the company applies the principles set down in "The Combined Code : Principles of Good Governance and Code of Best Practice" (the "Code") adopted by the Irish Stock Exchange and the London Stock Exchange and comments on its compliance with the Code's provisions.

- The board currently consists of twelve directors, six 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 with clearly defined responsibilities attaching to each.
- Michael Jacob 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 of conduct.
- The board meets at least eight times annually and 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. All directors must submit themselves for re-election at intervals of not more than three years. On appointment all directors are briefed comprehensively on the activities of the group.
- The directors have access to the advice and services of the company secretary. The directors also have access to independent professional advice, at the group's expense, if and when required.

BOARD COMMITTEES

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

REMUNERATION COMMITTEE

During the year the remuneration committee's membership consisted of Anthony O'Brien (chairman), Michael Jacob and William McCann, all of whom were 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 43 to the financial statements.

AUDIT COMMITTEE

The audit committee's current members are Peter Murray (chairman), Anton Stanzel and Patrick Wright, all of whom are non-executive directors. The audit committee meets at least four times during each year to review internal controls, 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 each year. The independence and objectivity of the external auditors is considered periodically together with the scope and results of the audit and its cost effectiveness.

(Left to Right) Des O'Houlihan, Sylvia Parik and Nicolas Pawloff (Vienna)

RISK COMMITTEE

With effect from 1 October 2000 a risk committee comprising two non-executive directors and two executive directors was established. It's members are Michael Jacob (chairman), Peter Killen, Peter Murray and Tiarnan O Mahoney.

It's main role is to oversee risk management and to review, on behalf of the board, the key risks inherent in the business and the system of control necessary to manage such risks and to present their findings to the board.

NOMINATION COMMITTEE

The nomination committee's current membership comprises Anthony O'Brien (chairman), Sean FitzPatrick, Peter Murray and Patrick Wright. William McCann also served on this committee during the year. This committee is responsible for recommending the appointment of directors to the board and for reviewing senior management succession plans.

INTERNAL CONTROLS

The directors confirm that they established procedures to implement the Turnbull Guidance in full with effect from 1 October 2000.

The directors acknowledge their overall responsibility for the group's systems of internal control and for reviewing their effectiveness. Such systems can provide only reasonable and not absolute assurance against material financial misstatement or loss. 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 board confirms that during the year under review and up to the date of approval of the annual report and financial statements there was in place an ongoing process for identifying, evaluating and managing the significant risks faced by the group and that this process is regularly reviewed by the board and accords with the Turnbull Guidance.

The key elements of the procedures established by the directors to provide effective internal control include:

- an organisation structure with clearly defined authority limits and reporting mechanisms to higher levels of management and to the board which supports the maintenance of a strong control environment.
- established systems and guidelines which identify, control and report on key risks. The group credit committee together with the group asset and liability committee provide support to the board audit and risk committees in ensuring efficient procedures are in place to manage risk.
- 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.
- the group internal audit function reports to the chief executive and the audit committee and reports on compliance with policies and standards throughout the group.

- a comprehensive set of policies and guidelines relating to capital expenditure, computer security, business continuity planning, asset and liability management (including interest, currency and liquidity risk), operational risk management and credit risk management.
- audit and risk committees, which on the board's behalf, review the effectiveness of the systems of financial, operational and compliance controls and whose membership and main activities are set out in this statement. These committees review and report to the board on the internal audit, compliance and risk management programs.
- following each audit and risk committee meeting, the chairman of the committee reports to the board and minutes of such meetings are circulated to all members of the board.

Controls are reviewed systematically by internal audit, which has a group-wide role. Emphasis is focussed on areas of greatest risk as identified by risk analysis. In addition, the systems of internal 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 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 letter, 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 and risk committees confirm that they have reviewed the effectiveness of the systems of internal control in existence in the group for the year ended 30 September 2001. The review undertaken covers all aspects of control including financial, operational and compliance controls and risk management.

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.

COMMUNICATIONS WITH SHAREHOLDERS

Communications with shareholders are given high priority. There is regular dialogue with individual institutional shareholders and presentations are given at the time of the release of the annual and interim results. All shareholders are encouraged to attend the annual general meeting.

COMPLIANCE STATEMENT

The company has complied throughout the year ended 30 September 2001 with all the provisions of the Combined Code.

Statement of Directors Responsibilities

The following statement, which should be read in conjunction with the auditors' report on pages 22 and 23, 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.

Irish 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 26 to 76, 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 2001, 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 26 to 76 which have been prepared under the historical cost convention and the accounting policies set out on pages 31 to 33.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the annual report. As described on page 21, this includes responsibility for preparing the financial statements in accordance with accounting standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and 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 Irish statute comprising the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether proper returns adequate for the purposes of our audit have been received from branches not visited by us; 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 we consider 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 specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We review whether the corporate governance statement on pages 18 to 20 reflects the company's compliance with the seven 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 consider whether the board's statements on internal control cover all risks and controls or form an opinion on the effectiveness of the company's and the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report 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 2001 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2001, 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us. 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 and 17 is consistent with the financial statements.

In our opinion, the balance sheet on page 28 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.

Ernst & Young
Registered Auditors
Dublin.

27 November 2001