

Chairman's 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.

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Mary Lydon (Dublin) with David Drumm (Boston)

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.

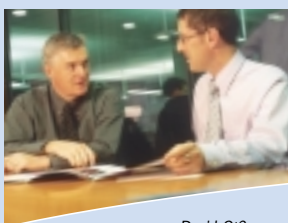
The benefits of the strategy will continue to be seen in the uncertain external operating environment that we have now entered. There are examples in every marketplace where banks with a clear focus outperform their universal banking competitors in more difficult markets.

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