

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 September 2002.

RESULTS

The group profit on ordinary activities before taxation for the year amounted to €261.3 million and has been dealt with as shown in the consolidated profit and loss account on page 28.

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 10 to 17 report on developments during the year, on likely future developments and on events since 30 September 2002.

DIVIDENDS

An interim dividend of 4.2c per share was paid on 16 July 2002. Subject to shareholders' approval, it is proposed to pay a final dividend on 30 January 2003 of 8.33c per share to all registered shareholders at the close of business on 6 December 2002. Dividend withholding tax ("DWT") may apply on the proposed final dividend depending on the tax status of each shareholder.

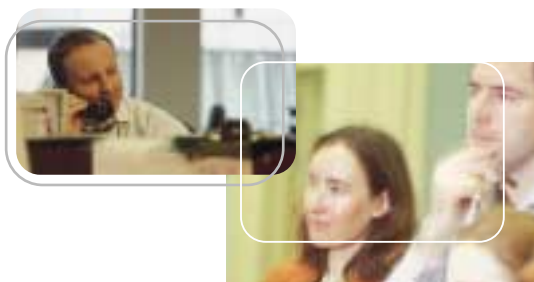
Shareholders chose to receive 1,773,680 ordinary shares instead of cash dividends paid in January and July. Shareholders will be offered the choice of taking new ordinary shares in lieu of the proposed final dividend, after deduction of DWT, where applicable.

CAPITAL RESOURCES

Details of the changes in capital resources during the year are included in notes 28 to 34 of the financial statements.

DIRECTORS AND SECRETARY

The names of the current directors appear on pages 8 and 9, together with a short biographical note on each director. Fintan Drury was co-opted to the board on 30 May 2002 and, being eligible, offers himself for re-election. William McCann, Anthony O'Brien and William Barrett retired as directors on 12 November 2001, 25 January 2002 and 5 July 2002 respectively. Sean FitzPatrick, Michael Jacob and William McAteer 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 current 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 45 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 90.

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

SAFETY, HEALTH AND WELFARE AT WORK ACT, 1989

It is group policy to attach a high priority and commitment to the safety, health and welfare of its employees and visitors to its premises by maintaining safe places and systems of work. The group continues to monitor and update its compliance with legislation on an ongoing basis, 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 20 to 22.

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 with appropriate expertise and have provided adequate resources to the finance function. 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.

26 November 2002

Directors: Peter Murray, Sean FitzPatrick, Ned Sullivan.

Secretary: Ronan Murphy.