

EBS Building Society

Unaudited interim condensed consolidated financial statements

30 June 2008

EBS Building Society

Table of contents

	Page
General information	2
Independent review report to the directors of EBS Building Society	3
Interim consolidated income statement	4
Interim consolidated balance sheet	5
Interim consolidated statement of recognised income and expense	6
Interim consolidated cash flow statement	7
Notes to the interim condensed consolidated financial statements	8

EBS Building Society

General information

Directors

Mark Moran (Chairman)
Fergus Murphy (Chief Executive)
Emer Finnan
Pat McCann
Cathal Magee
Alan Merriman
Tony Moroney
Liam Mulvihill
Barbara Patton
Jim Ruane
Ethna Tinney
Philip Williamson

Company Secretary

Fidelma Clarke

Registered Office

2 Burlington Road
Dublin 4

Auditors

Ernst & Young
Chartered Accountants and Registered Auditors
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2

EBS Building Society

Independent review report to the directors of EBS Building Society

Introduction

We have been engaged by EBS Building Society ('the Society') to review the interim condensed consolidated financial statements for the six months ended 30 June 2008 which comprises the consolidated balance sheet, consolidated income statement, consolidated statement of recognised income and expense and consolidated cash flow statement, and the related notes.

This report is made solely to the Society's Directors, as a body, in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Directors as a body, for our work, for this report, or for the opinions we have formed.

Directors' responsibilities

The interim condensed consolidated financial statements are the responsibility of, and have been approved by the Directors. The annual financial statements of the Society are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Society's Directors a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements for the six months ended 30 June 2008 are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

ERNST & YOUNG

DUBLIN

DATE: 5 September 2008

EBS Building Society

Interim consolidated income statement

for the six months ended 30 June 2008

	For the six months ended 30 June	
	GROUP	
	2008	2007
	Unaudited	
Notes	€m	€m
Net interest income	75.2	90.0
Non interest income	7.4	8.2
	82.6	98.2
Other operating income	1.2	2.6
Total income	83.8	100.8
Total operating expenses	(51.8)	(55.2)
Income before impairment losses and taxation	32.0	45.6
Impairment losses on loans and advances	(5.0)	(2.6)
Income before taxation	27.0	43.0
Taxation	4 (4.0)	(6.4)
Income after taxation	23.0	36.6

EBS Building Society

Interim consolidated balance sheet at 30 June 2008

	GROUP	
	30 June 2008 Unaudited €m	31 Dec 2007 Audited €m
Assets		
Cash and balances with central banks	116.9	281.0
Derivative financial instruments	97.7	57.5
Available for sale financial assets	1,986.5	2,301.5
Loans and advances to credit institutions	597.1	273.5
Loans and advances to customers	16,594.8	15,882.2
Held to maturity financial assets	372.9	375.9
Property, plant and equipment	71.5	71.1
Intangible assets	21.9	21.2
Deferred taxation asset	9.3	9.3
Other assets	149.8	202.6
Total assets	20,018.4	19,475.8
Liabilities		
Deposits by credit institutions	4,086.1	2,657.2
Customer accounts	9,903.5	9,543.6
Derivative financial instruments	113.7	153.2
Debt securities in issue	4,437.3	5,676.5
Current taxation liabilities	21.5	9.5
Deferred taxation liabilities	13.3	13.3
Other liabilities	330.5	330.2
Retirement benefit liabilities	2.3	2.3
Subordinated liabilities	253.4	260.5
	19,161.6	18,646.3
Minority interest	244.9	245.2
Revaluation reserve	23.0	23.0
Available-for-sale reserve	(29.5)	(13.6)
Cash flow hedge reserve	(1.8)	(22.3)
General reserve	620.2	597.2
Total liabilities and reserves	20,018.4	19,475.8

EBS Building Society

Interim consolidated statement of recognised income and expense

For the six months ended 30 June 2008

<i>Group</i>	Revaluation Reserve €m	Available for Sale Reserve €m	Cash flow Hedge Reserve €m	General Reserve €m	Total €m
At 1 January 2007	24.3	(1.3)	(22.3)	536.2	536.9
Available for sale reserve	-	(2.7)	-	-	(2.7)
Cash flow hedge reserve	-	-	(0.5)	-	(0.5)
Income after taxation	-	-	-	36.6	36.6
Other	-	-	-	0.2	0.2
At 30 June 2007 (unaudited)	24.3	(4.0)	(22.8)	573.0	570.5
At 1 January 2008	23.0	(13.6)	(22.3)	597.2	584.3
Available for sale reserve	-	(15.9)	-	-	(15.9)
Cash flow hedge reserve	-	-	20.5	-	20.5
Income after taxation	-	-	-	23.0	23.0
Other	-	-	-	-	-
At 30 June 2008 (unaudited)	23.0	(29.5)	(1.8)	620.2	611.9

EBS Building Society
Interim consolidated cash flow statement

for the six months ended 30 June 2008

		For the six months ended 30 June	
		GROUP	
		2008	2007
		Unaudited	
Notes	€m	€m	
Operating activities			
Income before taxation	27.0		43.0
Adjustments to reconcile profit before tax to net cash flows			
Depreciation of property, plant and equipment	2.9		2.7
Amortisation of intangibles	2.8		2.1
Operating income before changes in working capital and provisions	32.7		47.8
Net increase in loans and advances to credit institutions	(579.0)		(100.0)
Net increase in loans and advances to customers	(713.9)		(728.6)
Net decrease in other assets	52.8		18.3
Net increase in deposits from credit institutions	1,429.0		92.4
Net increase in amounts due to customers	365.4		241.2
Net increase in other liabilities	8.3		29.3
Other non cash movements	0.3		(6.3)
Income taxes paid	-		(1.0)
Net cash flows from operating activities	595.6		(406.9)
Cash flows from investing activities			
Purchase of property, plant and equipment	(3.3)		(3.8)
Purchase of intangible assets	(3.5)		(2.4)
Net movement on short term securities	343.2		(233.3)
Net cash flows from/(used in) investing activities	336.4		(239.5)
Cash flows from financing activities			
Net (decrease) / increase in debt securities in issue	(1,299.9)		349.8
Decrease in subordinated debt	(4.5)		(3.1)
Net cash flows (used in)/from financing activities	(1,304.4)		346.7
Net decrease in cash and cash equivalents	(372.4)		(299.7)
Cash and cash equivalents at 1 January	707.4		1,793.0
Cash and cash equivalents at 30 June	335.0		1,493.3

3

EBS Building Society

Notes to the interim condensed consolidated financial statements For the six months ended 30 June 2008

1. Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2008 were authorised for issue on 5 September 2008.

The Group consists of EBS Building Society, (the 'Society') a building society registered and domiciled in the Republic of Ireland and its subsidiaries.

All the Group's activities are carried out exclusively in the financial services sector in the Republic of Ireland. The principal activities of the group involve the provision of mortgage lending, savings, investments and insurance arrangement services to members.

2. Basis of preparation and accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

3. Cash and cash equivalents

For the purposes of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	Group 30 June	
	2008	2007
	Unaudited	
	€m	€m
Cash and balances with central banks	96.9	244.0
Central Government and other eligible bills	-	21.0
Available for sale financial assets	225.7	686.2
Loans and advances to credit institutions	12.4	542.1
	335.0	1,493.3

4. Taxation

The taxation charge for the year is as follows:

	Group For the six months ended	
	2008	2007
	Unaudited	
	€m	€m
Corporation tax	4.0	5.9
Deferred tax	-	0.5
Income tax expense	4.0	6.4

EBS BUILDING SOCIETY

Notes to the interim condensed consolidated financial statements (continued) For the six months ended 30 June 2008

5. Debt security in issue

The following were redeemed during the six month period ended 30 June 2008:

	€m
Medium term notes	1,588.8
Emerald Mortgages No.1 plc	104.5
Emerald Mortgages No.2 plc	136.9
Emerald Mortgages No.3 plc	314.8
Total	2,145.0

6. Securitisations

On 15 April 2008 Emerald Mortgages No 2 plc and Emerald Mortgages No 3 plc ceased trading. Emerald Mortgages No 1 plc ceased trading on 18 April 2008.

7. Related party transactions

In accordance with IAS 24 - related party disclosures, transactions or balances between group entities that have been eliminated on consolidation are not reported.

Loans outstanding with key management personnel relate to executive board members and amount to €5.7m (2007: €4.4m).

	Group	
	30 June	31 December
	2008	2007
	Unaudited	Audited
	€m	€m
8. Capital commitments		
Capital expenditure contracted but not provided for	1.6	0.4
Capital expenditure authorised but not contracted for	7.3	16.0

9. Events after the balance sheet date

There are no material events since the balance sheet date.