EBS Building Society

Unaudited condensed consolidated interim financial statements

30 June 2009

EBS Building Society

Table of contents

EBS Building Society

General information

Directors
Philip Williamson (Acting Chairman)
Fergus Murphy (Chief Executive)
Emer Finnan
Martin Donnellan
Cathal Magee
Pat McCann
Liam Mulvihill
Linda O'Shea Farren
Barbara Patton
Ann Riordan
Jim Ruane
Anthony Spollen
Ethna Tinney

Company Secretary
Emer Finnan

Registered Office
2 Burlington Road
Dublin 4

Auditors
KPMG
Chartered Accountants and Registered Auditors
1-2 Harbourmaster Place
IFSC
Dublin 1

EBS Building Society

Directors' responsibility statement

We, being the persons responsible within EBS Building Society, confirm that to the best of our knowledge:

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, being the international accounting standard applicable to the interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

On behalf of the board:*

Fergus Murphy
Group Chief Executive

Emer Finnan
Executive Director, Strategy

* The composition of the Board of directors is available on page 2.

EBS Building Society

Half-year management report

CHIEF EXECUTIVE REVIEW

Key performance drivers

As expected, the first six months of 2009 have been difficult as the Irish economy enters the trough of the economic cycle. However, recent indicators reflect that the pace of decline is slowing. Significant challenges remain on both sides of the balance sheet - on the asset side, credit quality and on the liability side, intense competition in retail and corporate deposits which has resulted in much higher pricing. Despite this, the Society's market share of new retail mortgages has grown by 5% to 18.5% when compared to the same period last year. Our share of retail deposit inflows at 16.2% shows that we have maintained a strong competitive position in this market. Asset quality in our core residential mortgage business continues to weaken in tandem with the deterioration in the economic environment, but underlying credit quality remains sound. The most exposed segment of the balance sheet is the small (€0.5bn) land and development loan book and this is being tightly managed. Good progress has been made in relation to NAMA and the Society is well prepared for any potential loan transfers. Impairment provisions have been increased at the half year to reflect the challenging economic landscape and its impact on credit quality.

On a positive note, there are some signs of an uplift internationally which should benefit Ireland in the long run. There has also been an increase in mortgage applications in the second quarter of this year, which is an encouraging sign.

Results

Income before impairment losses and taxation for the period was €35.1m, compared to €32.0m for the same period last year, an increase of 9.7%. After impairment, the loss for the period before taxation was €8.8m compared to a profit of €27.0m in 2008.

Net interest income is down 4.5% from €75.2m to €71.8m. Interest rates paid to new retail fixed and corporate deposit accounts have increased substantially. In addition, net interest income includes the cost of the government guarantee for the period, which was €3.5m. As a result of these factors, the Society's NIM (net interest margin) has declined by 11 bps to 0.66%.

Non interest and other income increased from €8.6m to €10.8m, or 25.6%. This included a one-off gain of €4.7m arising from the buy-back of some of the Society's own debt securities. As a result of reduced lending, cross-sales on mortgage protection and other insurance products have inevitably declined. In addition, sales of bancassurance products have suffered substantially during the downturn, as investors have steered clear from this market.

Costs for the period are down 8.3% to €47.5m. This reflects the strong focus on cost containment and reduction across the organisation as part of its strategic cost programme. All manager performance related bonuses have been suspended and increased discipline over capital and revenue spend and continued re-negotiation of contracts with suppliers has contributed to the overall reduction.

The impairment charge for the period was €43.9m. This reflects the continued deterioration in asset quality and an increase in non-performing loans and is the substantive factor contributing to the half year outcome. We remain of the view that the 2008 loss of €38 million will represent the low point in the cycle for EBS[1] and we are guiding for a better second half of the year in 2009.

Member business

As expected, the mortgage market has continued its decline during the period. Based on data released by the Irish Bankers Federation, the total market for gross new advances has reduced by 70% against the same period last year to €4.2bn. As one would expect of Ireland's mutual retail financial organisation, during the period EBS demonstrated its commitment to the market and remained consistent in approach and open for business. The Group (incl. Haven Mortgages) advanced €627m of gross new residential lending during the period, reflecting EBS's out-performance of the market. This was a reduction of 54% against the same period last year. EBS has increased its market share to 18.5% of the retail market, as we maintain our position as the preferred lender to first time buyers. Encouragingly, we have recently seen some strong growth in loan application levels, with levels in the second quarter 45% higher than the first.

Despite increased cost of both retail and wholesale funding, EBS has passed on in full all ECB rate reductions to its members since they commenced in autumn 2008. It is our intention to maintain SVR rates at existing levels for as long as is possible, however, bank and building society margins in Ireland are unsustainably low and the overall direction in the coming year is likely to be upwards.

The savings market experienced intense competition in H1 and EBS remained very competitive throughout this period enhancing the range of savings options available to members. 26,000 new fixed accounts were opened in the first half of 2009 and as a result we increased our share of new retail deposits to 16.2% so far this year.

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[1] Excluding any one off exceptional loss from the intended transfer of the Land and Development portfolio to NAMA

CHIEF EXECUTIVE REVIEW (continued)

Asset quality and impairment

In line with the market, asset quality continued to deteriorate in the first half of 2009 reflecting the weakening economic environment. The Society's loan book is low risk in nature. All loans are secured on assets - more than 90% of the book is secured on residential property assets and the Society's exposure to residential investment at 14% is significantly lower than its peers. Given the continued challenging environment however, the Society increased its impairment provisions for assets secured against residential property (including residential investment) by €14.8m in the first half of 2009, bringing stock provisions to €45.8m, providing coverage of 30 bps for the €15.5bn book. Asset quality on commercial property lending is weakening at a faster pace, as expected. Commercial property lending accounts for 10% of the Society's loan book and within this, the exposure to land and development is 3%. The Society increased further the provisions for both commercial investment property and land and development assets by €29.1m to €112.0m, of which €86.3m are set against land and development loans.

Funding

The Society's funding continues to be well diversified. Customer accounts now represent c. 50% of all funding. This includes more than 26,000 new retail fixed accounts opened during the period and in total net retail deposits have grown by €300m or 5% since the year end. This has been against a backdrop of increased competitiveness in both corporate and retail markets. As a result, funding costs have risen substantially, which has had a consequent negative impact on income. This is despite the fact that money market rates are now lower than ever.

The Society continues to participate in the government guarantee scheme. During the current period, this has allowed us to issue a €1bn bond off our EMTN programme, which in turn has helped to maintain ECB funding at broadly the same levels as at the end of 2008. We continue to see some improvements in international debt markets and we expect to continue to improve our funding position in the second half of the year.

Capital

Despite the impact of high impairment charges, the Society's capital position continues to remain satisfactory. At the end of the period, our Tier 1 ratio stood at 7.7% (7.9% at 31 December 2008). Total capital was 10.6%, as it was at end 2008. Both of these ratios are well above minimum regulatory requirements.

Outlook & Focus

Latest indicators point toward negative GDP growth of c. -8% for 2009. Unemployment rose to 12.4% in August. The pace of increase has slowed and while it is expected to increase further, the rate of increase should be slower. Nonetheless, continued increases in unemployment will negatively affect the economy and underlying credit quality. Consumer sentiment remains low and housing output is expected to fall to c. 22,000 units in 2009 (compared to 51,000 in 2008).

Following the transfer of loans to NAMA which is expected to commence over the next number of months, it is likely that the Society will need to be re-capitalised. Therefore the key focus of the Society for the second half of the year will be to continue to work with NAMA and the Department of Finance / NTMA in ensuring that this occurs. All European countries have a strong mutual / co-operative presence and we believe that EBS will be Ireland's mutual financial services company in the future.

The Society will continue to focus on its core businesses of savings and home lending, maintain strong liquidity and capital ratios and reduce its reliance on ECB funding. It will also continue to pursue its cost reduction programme ensuring that maximum efficiencies are achieved for our members at minimum cost.

Fergus Murphy
Group Chief Executive

Independent Review Report to EBS Building Society

Introduction

We have been engaged by EBS Building Society ('the society') to review the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises condensed consolidated interim income statement, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of cashflows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Our review has been undertaken so that we might state to the Society those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual financial statements of the Society are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Society a conclusion on the condensed set of financial statements in the half-yearly financial report 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. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU.

KPMG
Chartered Accountants
1-2 Harbourmaster Place
IFSC
Dublin 1

DATE: 9 September 2009

EBS Building Society

Condensed consolidated interim income statement

for the six months ended 30 June 2009

	Notes	For the six months ended 30 June GROUP 2009 Unaudited €m	2008 Unaudited €m
Interest income	5	374.5	490.1
Interest expense	5	(302.7)	(414.9)
Net interest income		**71.8**	**75.2**
Fees and commissions income	6	6.9	11.3
Fees and commissions expense	6	(2.2)	(3.9)
Non interest income		**4.7**	**7.4**
Gain on repurchase of debt securities in issue	7	4.7	-
Other operating income	8	1.4	1.2
Total income		**82.6**	**83.8**
Total operating expenses	9	(47.5)	(51.8)
Income before impairment losses and taxation		**35.1**	**32.0**
Impairment losses on loans and advances to customers		(43.9)	(5.0)
(Loss) Profit before taxation		**(8.8)**	**27.0**
Taxation	10	4.0	(4.0)
(Loss) Profit for the period		**(4.8)**	**23.0**

EBS Building Society

Condensed consolidated interim statement of other comprehensive income

For the six months ended 30 June 2009

	For the six months ended 30 June GROUP	
	2009 Unaudited €m	**2008 Unaudited €m**
(Loss) Profit for the period	**(4.8)**	**23.0**
Other comprehensive income		
Net movement on available-for-sale reserves	(6.4)	(15.9)
Net movement on cashflow hedge reserves	(20.6)	20.5
Other comprehensive income for the period (net of tax)	**(27.0)**	**4.6**
Total Comprehensive income for the period	**(31.8)**	**27.6**

EBS Building Society

Condensed consolidated interim statement of financial position at 30 June 2009

	Notes	GROUP 30 June 2009 Unaudited €m	31 Dec 2008 Audited Note 2 €m
Assets			
Cash and balances with central banks		301.1	143.3
Derivative financial instruments		52.3	51.3
Available-for-sale financial assets	12	2,772.0	2,368.8
Loans and advances to credit institutions		1,392.1	1,287.6
Loans and advances to customers	13	17,035.8	16,900.6
Held-to-maturity financial assets		379.0	372.5
Property, plant and equipment		53.9	56.0
Intangible assets		26.6	26.9
Deferred taxation asset		25.2	21.7
Other assets		129.2	145.5
Total assets		**22,167.2**	**21,374.2**
Liabilities			
Deposits by credit institutions		5,931.1	6,103.9
Customer accounts	14	10,344.7	10,126.1
Derivative financial instruments		193.2	201.9
Debt securities in issue	15	4,480.5	3,682.5
Current taxation liabilities		23.7	7.9
Deferred taxation liabilities	16	9.9	13.2
Other liabilities		292.0	319.1
Retirement benefit liabilities		38.7	38.7
Subordinated liabilities		217.0	212.7
Total liabilities		21,530.8	20,706.0
Reserves			
Non controlling interests		245.0	245.0
Revaluation reserve		8.6	8.6
Available-for-sale reserve		(60.0)	(53.6)
Cashflow hedge reserve		(77.5)	(56.9)
General reserve		520.3	525.1
Total reserves		636.4	668.2
Total liabilities and reserves		**22,167.2**	**21,374.2**

EBS Building Society

Condensed consolidated interim statement of cashflows

for the six months ended 30 June 2009

	Notes	For the six months ended 30 June GROUP 2009 Unaudited €m	GROUP 2008 Unaudited €m
Cash flows from operating activities			
(Loss) Profit after taxation		(4.8)	23.0
Adjustments for:			
Depreciation		2.4	2.9
Amortisation of intangibles		2.9	2.8
Impairment of financial assets		43.9	5.0
Fair value movement on hedging derivatives		1.4	0.0
Taxation (credit) expense		(4.0)	4.0
Operating income before changes in working capital and provisions		**41.8**	**37.7**
Net increase in loans and advances to credit institutions		(870.9)	(579.0)
Net increase in loans and advances to customers		(177.3)	(718.9)
Net decrease in other assets		16.3	52.8
Net (decrease) increase in deposits from credit institutions		(170.5)	1,429.0
Net increase in amounts due to customers		193.8	365.4
(Decrease) increase in other liabilities		(10.7)	8.3
Other non cash movements		(0.1)	0.3
Cash generated from (used in) operations		**(977.6)**	**595.6**
Income taxes paid		-	-
Net cash (used in) from operating activities		**(977.6)**	**595.6**
Cash flows from investing activities			
Purchase of property, plant and equipment		(0.3)	(3.3)
Purchase of intangible assets		(2.6)	(3.5)
Net decrease in held-to-maturity financial assets		(6.5)	-
Net (increase) decrease in available-for-sale financial assets		(303.8)	343.3
Net cash flows (used in) from investing activities		**(313.2)**	**336.5**
Cash flows from financing activities			
Net increase (decrease) in debt securities in issue		771.3	(1,299.9)
Increase (decrease) in subordinated debt		5.4	(4.5)
Net cash flows from (used in) financing activities		**776.7**	**(1,304.4)**
Net decrease in cash and cash equivalents		**(514.1)**	**(372.3)**
Cash and cash equivalents at 1 January		**1,067.8**	**707.3**
Cash and cash equivalents at 30 June	11	**553.7**	**335.0**

EBS Building Society

Notes to the condensed consolidated interim financial statements
For the six months ended 30 June 2009

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2009 are unaudited but have been reviewed by the auditors.

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

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. Auditors

For the year ended 31 December 2008, Ernst & Young acted as auditors to the Group. On 29 May 2009, KPMG were newly appointed as auditors to the group and have therefore not audited the statement of financial position as at 31 December 2008.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared on a going concern basis.

IAS 1 requires that management considers the Group's ability to continue as a going concern. In assessing the going concern basis, management has looked at the projected business plan and has considered factors such as profitability, replacement sources of financing, disposal of development finance assets and recapitalisation. Having completed this review, management believes that the going concern basis continues to be appropriate for the preparation of the half year accounts.

The condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 *Interim Financial Reporting,* as adopted by the EU.
The condensed consolidated interim 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 and for the year ended 31 December 2008.

The following new standards issued by IASB and adopted by EU are also effective for the group for the six months ending 30 June 2009:
- IFRS 8 – Operating segments
- IAS 36 – Impairment of assets
- IAS 1 – Revised presentation
- IAS 23 – Borrowing costs

The impact of IAS 1 and IFRS 8 are reflected in these interim financial statements. There is no impact of IAS 36 and IAS 23 in the current period.

IFRS 7 – Financial instruments disclosures (amendments and new requirements) - The impact of changes to this standard will be reflected in the year end accounts at 31 December 2009.

Significant accounting policies

The accounting policies, estimates and judgements adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except for any adjustments made to our impairment calculations to reflect prevailing economic conditions at 30 June 2009.

4. SEGMENTAL REPORTING

For management and reporting purposes the Group's activities are organised in one reportable segment based on the information provided internally to the Chief Operating decision maker.

Notes to the condensed consolidated interim financial statements (continued)
For the six months ended 30 June 2009

5. NET INTEREST INCOME

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
Interest Income	374.5	490.1
Interest Expense	(302.7)	(414.9)
	71.8	75.2
Interest Income		
Loans and advances to credit institutions	11.1	9.1
Loans and advances to customers	306.6	417.9
Available-for-sale financial assets	48.6	50.6
Held-to-maturity financial assets	7.3	7.3
Other interest receivable	0.9	5.2
	374.5	490.1
Interest Expense		
Subordinated liabilities	(7.1)	(9.9)
Capital securities	(2.4)	(4.0)
Debt securities in issue	(47.6)	(122.7)
Customer accounts	(91.2)	(83.9)
Deposits by credit institutions	(140.4)	(193.9)
Other interest payable	(9.3)	(6.1)
Net derivatives (expense) income	(6.3)	6.3
Net gain (loss) on derivatives held for risk management	1.6	(0.7)
	(302.7)	(414.9)

6. NON INTEREST INCOME

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
Fees and commissions receivable	6.9	11.3
Fees and commissions payable	(2.2)	(3.9)
	4.7	7.4
Fees and commissions receivable		
Insurance commission income	5.4	7.3
Investment management commission income	1.4	3.7
Credit card income	0.1	0.2
Personal loan income	-	0.1
	6.9	11.3
Fees and commissions payable		
Insurance commission expense	(1.8)	(2.3)
Investment management commission expense	(0.4)	(1.6)
	(2.2)	(3.9)

7. GAIN ON REPURCHASE OF DEBT SECURITIES IN ISSUE

To date the Group has repurchased €86.9m of medium term notes at various discounts ranging from 66% to 97%. The buy back is accounted for under IAS 39 and meets the requirement to be treated as an extinguishment of the original securities issued. The gain is recognised in the income statement.

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
EMTN series	Nominal	Nominal
EMTN series 068	10.0	-
EMTN series 070	15.0	-
EMTN series 092	6.0	-
EMTN series 100	49.7	-
EMTN series 152	4.4	-
EMTN series 153	1.8	-
	86.9	-

8. OTHER OPERATING INCOME

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
Rental income	1.4	1.2

9. TOTAL OPERATING EXPENSES

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
Staff costs	23.6	24.4
Other administrative expenses	18.6	21.7
Depreciation and amortisation of intangibles	5.3	5.7
	47.5	51.8

10. TAXATION

	Group For the six months ended 30 June 2009 Unaudited €m	Group For the six months ended 30 June 2008 Unaudited €m
The taxation (credit) charge for the year is as follows:		
Corporation tax	(1.0)	4.0
Deferred tax	(3.0)	-
Income tax (credit) expense	**(4.0)**	**4.0**

Notes to the condensed consolidated interim financial statements (continued)
For the six months ended 30 June 2009

11. CASH AND CASH EQUIVALENTS

	Group 30 June 2009 Unaudited €m	Group 30 June 2008 Unaudited €m
For the purposes of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:		
Cash and balances with central banks	281.6	96.9
Available-for-sale financial assets	150.9	225.7
Loans and advances to credit institutions	121.2	12.4
	553.7	**335.0**

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Central Government bills - at fair value	136.6	224.7
Debt securities - at fair value	2,635.4	2,144.1
	2,772.0	**2,368.8**
Maturing within three months	150.9	56.4
Maturing between three months and one year	485.9	435.7
Maturing between one and five years	1,805.9	1,542.4
Maturing between five and ten years	329.3	334.3
	2,772.0	**2,368.8**

13. LOANS AND ADVANCES TO CUSTOMERS

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Repayable in less than three months	268.8	225.2
Repayable in more than three months but less than one year	234.5	237.3
Repayable in more than one but less than five years	493.1	514.7
Repayable in more than five years	16,196.9	16,037.2
Total loans and advances to customers before provisions	17,193.3	17,014.4
Less provision for loan impairments	(157.5)	(113.8)
	17,035.8	16,900.6

LOANS AND ADVANCES TO CUSTOMERS - ANALYSIS BY SECTOR

Home loans	13,338.7	13,106.9
Retail Buy to let	1,502.4	1,538.1
Commercial Buy to Let	624.8	608.4
	15,465.9	15,253.4
Commercial	1,203.4	1,248.9
Development Finance	524.0	512.1
Total loans and advances to customers before provisions	17,193.3	17,014.4
Less provision for loan impairments	(157.5)	(113.8)
	17,035.8	16,900.6

13(A). PROVISION FOR LOAN IMPAIRMENTS

			Group 30 June 2009 Unaudited €m		Group 31 December 2008 Audited €m
Individual provision for loan impairments					
At 1 January			70.0		19.7
Charge for impairment losses	Commercial	25.8		66.0	
	Retail	0.7	26.5	2.4	68.4
Loans and advances written off			-		(18.1)
			96.5		70.0
Collective provision for loan impairments					
At 1 January			43.8		17.2
Charge for impairment losses	Commercial	7.1		19.3	
	Retail	10.3	17.4	10.3	29.6
Recoveries / write backs			(0.2)		(3.0)
			61.0		43.8
Total provision for loan impairments			157.5		113.8

Commercial consists of commercial, commercial buy-to-let and development finance loans and Retail consists of home loans and retail buy-to-let loans.

14. CUSTOMER ACCOUNTS

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Repayable on demand	1,855.4	2,042.6
Repayable in less than three months	3,901.5	4,200.2
Repayable in more than three months but less than one year	2,382.5	2,206.0
Repayable in more than one year but less than five years	2,168.8	1,605.0
Repayable in more than five years	36.5	72.3
	10,344.7	10,126.1

CUSTOMER ACCOUNTS - ANALYSIS BY SECTOR

Retail	5,830.7	5,524.7
Corporate	4,514.0	4,601.4
	10,344.7	10,126.1

At 30 June 2009 customer accounts (repayable in more than one year but less than five years) includes €650m of deposits from a non-bank subsidiary of a bank covered by the Irish government guarantee scheme (31 December 2008: €400m). These funds were in turn placed back with the covered institution as an inter-bank deposit on the same terms and are included in Loans and advances to credit institutions. Because no right of set-off existed between these deposits and placements, they were recorded in customer accounts under Corporate on the Group's balance sheet in accordance with accounting standards.

15. DEBT SECURITIES IN ISSUE

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Medium term notes	2,391.2	1,486.6
Certificates of deposit	225.0	611.0
Schuldschein issued	111.5	193.8
Commercial paper	678.0	283.0
Emerald Mortgages No. 4 plc	1,074.8	1,108.1
	4,480.5	3,682.5

Maturity profile - Debt securities in issue:

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Repayable in no more than 1 year	1,262.7	1,267.8
Repayable in more than 1 year but not more than 2 years	1,746.7	773.2
Repayable in more than 2 years but not more than 5 years	270.3	337.7
Repayable in more than 5 years	1,200.8	1,303.8
	4,480.5	3,682.5

The Society raised €1,245m of medium term notes during the six months to June 2009 (2008: €70m). Details of debt issued in 2009 are as follows:

EMTN Series	Value Date	Maturity Date	Nominal €m
EMTN series 155	Feb-09	Jan-10	200.0
EMTN series 156	Apr-09	Sep-10	1,000.0
EMTN series 003	Jun-09	Sep-10	45.0
			1,245.0

Details of Debt securities in issue by currency are as follows:

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
EURO	4,190.7	3,130.0
GBP	193.0	400.7
USD	31.4	54.4
JPY	7.4	7.9
CZK	58.0	55.8
SFR	-	33.7
	4,480.5	3,682.5

There have been no defaults or breaches in respect of the debt securities in issue.

16. DEFERRED TAXATION LIABILITIES

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
At 1 January	13.2	13.3
Amount (credited) charged to income statement	(3.3)	1.6
Amount charged to other assets	-	0.3
Amount credited to reserves	-	(2.0)
	9.9	13.2

During the period a deferred tax liability of €3.3m was credited to the income statement due to the reversal of a timing difference.

Notes to the condensed consolidated interim financial statements (continued)
For the six months ended 30 June 2009

17. RECONCILIATION OF MOVEMENT IN RESERVES

For the six months ended 30 June 2009

	Revaluation Reserve €m	Available-for-Sale Reserve €m	Cash flow Hedge Reserve €m	General Reserve €m	Total €m
Group					
At 1 January 2008	**23.0**	**(13.6)**	**(22.3)**	**597.2**	**584.3**
Total comprehensive income					
Income after taxation	-	-	-	23.0	23.0
Other comprehensive income					
Net movements on available-for-sale reserves	-	(15.9)	-	-	(15.9)
Net movements on cash flow hedge reserves	-	-	20.5	-	20.5
At 30 June 2008 (unaudited)	**23.0**	**(29.5)**	**(1.8)**	**620.2**	**611.9**
At 1 January 2009	**8.6**	**(53.6)**	**(56.9)**	**525.1**	**423.2**
Total comprehensive income					
Loss after taxation	-	-	-	(4.8)	(4.8)
Other comprehensive income					
Net movements on available-for-sale reserves	-	(6.4)	-	-	(6.4)
Net movements on cash flow hedge reserves	-	-	(20.6)	-	(20.6)
At 30 June 2009 (unaudited)	**8.6**	**(60.0)**	**(77.5)**	**520.3**	**391.4**

The movements in other comprehensive income include deferred tax of €3.8m (2008: Nil)

18. CREDIT RISK MANAGEMENT

Retail assets

The EBS Retail lending portfolio comprises loans for owner occupation and buy to let loans for single properties or small portfolios.

The following analysis is based on these groupings:

	Group 30 June 2009 Unaudited	Group 31 Dec 2008 Audited
Retail assets		
Performing loans	96.1%	97.6%
Non-performing loans	3.9%	2.4%
	100.0%	100.0%

Out of total performing retail loans 3.0% of Group loans are on the watch list (December 2008: 2.3%).

Group retail assets amount to €14,818.6m (December 2008: €14,624.6m). The past due analysis of the retail assets is set out below:

	Group 30 June 2009 Unaudited	Group 31 Dec 2008 Audited
Neither past due nor impaired:	90.4%	92.6%
Past due :		
Up to 30 days	3.1%	2.9%
30 to 60 days	1.5%	1.2%
60 to 90 days	0.9%	0.8%
90+ days	4.0%	2.4%
Impaired individually significant:		
Past due 90 to 180 days	-	-
Past due over 180 days	0.1%	0.1%
Possessions	-	-
Total	100.0%	100.0%

Notes to the condensed consolidated interim financial statements (continued)
For the six months ended 30 June 2009

Commercial assets and development finance assets

The EBS Commercial loan portfolio comprises commercial assets and development finance assets. Commercial assets include loans to individuals and companies to purchase income earning real estate (i.e. commercial investment property), loans for properties for owner-managed enterprises and commercial buy to let assets. Development finance assets includes loans for land and commercial and residential development.

Obligors are graded for default risk under a 10 point grading system. This grading system is used for all credit assessments, is a central feature of all loan reviews, and informs the credit risk appetite in relation to large exposures. Obligor review frequency is risk-based, higher risk obligors being reviewed more frequently, and the outcome of a review is either a confirmation of the existing grade or a change to the grade.

Apart from day-to-day use in credit and pricing decisions the credit risk grades are used to analyse the quality of exposures at book level on an ongoing basis. Credit risk rating migrations are reported independently of the Commercial business unit to the Credit Risk Committee and the Board on a monthly basis.

The commercial book is categorised into two groups: Performing loans (including loans on 'watch') and Non-performing loans. Non-performing loans are defined using the standard definition of default under the Basel 2 capital regime. Loans on watch are those where there are indications of a possible future difficulty and which require individual and sustained review.

	Group 30 June 2009 Unaudited	Group 31 Dec 2008 Audited
Commercial assets and development finance assets		
Performing loans (of which loans on watch: 6.8% (December 2008: 4.9%))	79.9%	86.5%
Non-performing loans	20.1%	13.5%
	100.0%	100.0%

Group commercial and development finance assets amount to €2,217.3m (December 2008: €2,276.0m). The past due analysis of these assets is set out below:

	Group 30 June 2009 Unaudited	Group 31 Dec 2008 Audited
Neither past due nor impaired:	68.6%	76.1%
Past due :		
Up to 30 days	8.2%	5.7%
30 to 60 days	0.9%	1.1%
60 to 90 days	0.8%	0.8%
90+ days	4.8%	3.2%
Impaired individually significant:		
Past due 90 to 180 days	6.0%	7.9%
Past due over 180 days	10.6%	5.2%
Possessions	0.1%	-
Total	100.0%	100.0%

Treasury assets and derivatives

Treasury assets consist of cash and balances with central banks, central government bills and other eligible bills, derivative financial instruments, available-for-sale and held-to-maturity financial assets, and loans and advances to credit institutions excluding operating bank accounts.

The following tables presents an analysis of Treasury asset counterparties based on EBS's internal ratings mapped to an external rating agency scale.

Group - June 2009 (Unaudited)	Cash & Balances with central banks	Govt and other eligible bills	AFS financial assets	HTM financial assets	Derivatives	Loans & advances to credit institutions
Aaa	100.0%	77.0%	19.4%	75.2%	1.1%	7.5%
Aa3 to Aa1	-	23.0%	25.7%	24.8%	21.0%	0.1%
A3 to A1	-	-	40.1%	-	77.7%	76.7%
Lower than A3	-	-	14.8%	-	0.2%	15.7%

Group - December 2008 (Audited)

	Cash & Balances with central banks	Govt and other eligible bills	AFS financial assets	HTM financial assets	Derivatives	Loans & advances to credit institutions
Aaa	100.0%	57.3%	17.3%	81.2%	4.3%	0.5%
Aa3 to Aa1	-	42.7%	52.2%	18.8%	85.3%	78.8%
A3 to A1	-	-	22.6%	-	10.4%	20.7%
Lower than A3	-	-	7.9%	-	-	-

19. 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.

Under the Credit Institutions (Financial Support) Act 2008 EBS Building Society and its subsidiary EBS Mortgage Finance executed a 'Guaranteed Acceptance Deed' to become a covered institution. The terms and conditions of the Government guarantee identify additional levels of oversight and scrutiny for the duration of the scheme in the following areas: increased information and monitoring, board representation and executive management, commercial conduct, corporate social responsibility and controls on executive remuneration. Consequently, it could be determined that the Minister for Finance has significant influence over all 'covered institutions'.

Loans outstanding with key management personnel relate to executive board members and amount to €2.1m as at 30 June 2009 (2008: €5.6m).

Other than these there have been no other changes to related parties or related party transactions that have materially effected the Group in the period to June 2009.

20. CAPITAL COMMITMENTS

	Group 30 June 2009 Unaudited €m	Group 31 December 2008 Audited €m
Capital expenditure contracted but not provided for	0.7	-
Capital expenditure authorised but not contracted for	1.8	2.9

21. EVENTS AFTER THE BALANCE SHEET DATE

On 8 April 2009, the Minister for Finance announced that a National Asset Management Agency ("NAMA") would be established on a statutory basis. It is expected that assets, principally land and development loans, will be transferred from covered institutions to NAMA.

The draft legislation in respect of NAMA was published on 30 July 2009 and is expected to be enacted in September 2009. As the implication of the legislation for the Group cannot be assed at this point, any potential impact of NAMA has not been reflected in these financial statements.

On 29 July 2009, a tender was made to the market to re-purchase Emerald Mortgages No.4 plc bonds. €81.4m of these bonds were re-purchased at a discount of 80% on the 11 August 2009.

There are no other material events since the balance sheet date.

22. OTHER INFORMATION

	Group 30 June 2009 Unaudited	Group 31 December 2008 Audited
Total risk-weighted assets	€9,984.0m	€9,781.0m
Capital ratios		
Total capital ratio	10.6%	10.6%
Tier 1 capital ratio	7.7%	7.9%
Core tier 1 capital ratio	5.3%	5.5%

23. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements, which are unaudited, were authorised for issue on 9 September 2009.