

**INTERIM FINANCIAL REPORT FOR THE HALF YEAR TO JUNE 30, 2009**

(Unaudited)

of

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.

ROTTERDAM

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## INTERIM DIRECTORS' REPORT

### GENERAL

In the half year to June 30<sup>th</sup>, 2009 the company continued to issue bonds and on-lend the proceeds to KBC Bank N.V. in line with the stated purpose of the company. The principal activity of the company continued to be the administration of the bonds issued and the loans made.

The bonds issued by the company are fully guaranteed by KBC Bank NV.

### Financial

The financial indicators for the half year to 30<sup>th</sup> June 2009 are summarised as follows:

	June 30 <sup>th</sup> , 2009	June 30 <sup>th</sup> , 2008
Net profit after tax	€ 2,205,995	€ 3,823,140
Interest income	€ 327,145,346	€ 631,704,046
Notes issued and on-lent	€ 800 million	€ 6,5 billion
Earnings per share (Diluted and undiluted)	€ 208.40	€ 361.09

An interim dividend of € 5,250,000 out of retained earnings and net profit for 2008 which was paid on January 2<sup>nd</sup>, 2009 was recommended to, and approved by, the Annual General Meeting of Shareholders on June 29<sup>th</sup>, 2009.

No further important events, material or financial, occurred relating to the company since June 30<sup>th</sup>, 2009.

The Financial Report for the half year to June 30<sup>th</sup>, 2009 is unaudited.

### Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements for the half year to June 30<sup>th</sup>, 2009 give a true and fair view of the assets, liabilities, financial position and profit of KBC Internationale Financieringsmaatschappij N.V. and the directors' report includes a fair review of the development and performance of the business and the position of KBC Internationale Financieringsmaatschappij N.V. together with a description of the principal opportunities and risks associated with the expected development of KBC Internationale Financieringsmaatschappij N.V.

**Future Developments**

We expect that the company will continue to be active in the group financing programmes; the level of activity will be dependent on market trends and the funding requirements of the group.

Rotterdam, August 31<sup>st</sup>, 2009

Management Board:

J.G. Heffernan

J.J.M. Sluijter

**BALANCE SHEET AS AT JUNE 30, 2009 (UNAUDITED)**  
**(before profit appropriation)**

**A s s e t s**

	<b>June 30, 2009</b>		December 31, 2008	
	€	€	€	€
<b>Fixed assets</b>				
Intangible fixed assets	-		24,165	
Financial fixed assets	(2) 16,618,896,540		19,762,423,263	
Long term bank deposit	4,803,264		4,803,264	
Derivatives	1,435,400,718		1,801,404,575	
		18,059,100,522		21,568,655,267
<b>Current assets</b>				
Loans falling due within one year	(2) 5,558,067,103		3,808,356,765	
Interest receivable and accrued expenses	(3) 107,580,963		208,355,474	
Cash	4,341,825		6,868,351	
		5,669,989,891		4,023,580,590
<b>Total assets</b>		23,729,090,413		25,592,235,857
 <b>L i a b i l i t i e s</b>				
<b>Capital and reserves</b>				
Paid-in and called-up share capital	4,803,264		4,803,264	
Retained earnings	(5) 4.253.099		4,086,316	
Net profit for the half year/year	(5) 2.205.995		5,416,783	
		11,262,358		14,306,363
<b>Provisions</b>				
Provision for pension obligations and early retirement costs		341,367		319,653
<b>Long term liabilities</b>				
Bonds Issued	(6) 16,625,973,333		19,766,177,126	
<b>Derivatives</b>		1,435,400,718		1,801,404,575
<b>Current liabilities</b>				
Issued bonds falling due within one year	(6) 5,550,025,817		3,803,613,922	
Other current liabilities	(7) 106,086,820		206,414,218	
		5,656,112,637		4,010,028,140
<b>Total liabilities</b>		23,729,090,413		25,592,235,857

**PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

	June 30, 2009		June 30, 2008	
	€	€	€	€
<b>Interest Income</b>				
Interest on fixed interest investments	-		80,996	
Other interest income	<u>327,145,346</u>		<u>631,623,050</u>	
Total interest income (8)	327,145,346		631,704,046	
<b>Interest expense (8)</b>	<u>(323,974,367)</u>		<u>(626,958,483)</u>	
<b>Gross margin</b>		3,170,979		4,745,563
<b>Gain on financial transactions (9)</b>		-		742,087
<b>Change in fair value of derivatives</b>		-		-
<b>Income from participating Interests (10)</b>		163,324		65,785
<b>Staff and other operating expenses</b>				
General & administrative expenses	(400,249)		(406,930)	
Depreciation of fixed assets	(24,165)		(42,750)	
Exchange rate differences	(4,725)		12,881	
<b>Total</b>		(429,139)		(436,799)
<b>Profit before taxation</b>		2,905,164		5,116,636
Corporation tax		(699,169)		(1,293,496)
<b>Net profit for the half year</b>		2,205,995		3,823,140

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

	<b>June 30, 2009</b>	June 30,
	€	2008
		€
Net profit	2,205,995	3,823,140
Depreciation	24,165	42,750
Change in other assets and liabilities	335,103	(114,363)
Taxes received/(paid)	112,009	401,551
Provision for pension obligations and the cost of early retirement	<u>21,715</u>	<u>(70,785)</u>
<b>Net cash flow from operational activities</b>	<b>2,698,987</b>	<b>4,082,293</b>
Financial fixed assets- increase	(800,234,830)	(6,559,386,003)
Financial fixed assets- decrease	2,194,051,215	4,456,737,725
<b>Net cash flow from investment activities</b>	<b>1,393,816,385</b>	<b>(2,102,648,278)</b>
Bonds issued	800,071,506	6,559,386,003
Bonds repaid	(2,193,863,404)	(4,456,680,588)
Dividend paid	(5,250,000)	(3,500,000)
<b>Net cash flow from financing activities</b>	<b>(1,399,041,898)</b>	<b>2,099,205,415</b>
<b>Net cash flow</b>	<b><u>(2,525,526)</u></b>	<b><u>639,430</u></b>
Cash balance as at January 1	6,868,351	4,837,212
Cash balance as at June 30	<u>4,341,825</u>	<u>5,476,642</u>
<b>Net cash flow</b>	<b><u>(2,526,526)</u></b>	<b><u>639,430</u></b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR TO JUNE 30, 2009****1 Accounting principles**

The company is a wholly-owned subsidiary of KBC Bank NV, Brussels. The main activity of the company is to assist in financing the activities of KBC Bank NV, its subsidiaries and associated companies. The address of the company is Watermanweg 92, 3067 GG Rotterdam, The Netherlands.

The same accounting principles as were applied in the Financial Report 2008 have also been applied in the financial statements for the half year to June 30<sup>th</sup>, 2009.

**2 Financial fixed assets**

The breakdown of the financial fixed assets is as follows:

	June 30 <b>2009</b>	December 31 2008
	€	€
KBC International Finance N.V., Curaçao	1,925,707	1,762,383
Loans to group companies	16,616,970,833	19,760,660,880
	<u>16,618,896,540</u>	<u>19,762,423,263</u>

The company has a 100% investment in KBC International Finance N.V., Curaçao.

**Activity in loans to group companies**

	<b>June 30 2009</b>	June 30 2008
	€	€
Loans issued in the half year to June 30	800,234,830	6,559,386,003
Loan repayments in the half year to June 30,	2,194,051,215	4,456,737,725

**Long term bank deposit**

	<b>June 30 2009</b>	December 31 2008
	€	€
	4,803,264	4,803,264

The long term bank deposit is placed with KBC Bank NV and has a tenor of 10 years.



	<b>June 30 2009</b>	December 31 2008
	€	€
<b>Derivatives</b>	1,435,400,718	1,801,404,575

The derivative assets are embedded in the loans and bonds issued and are stated at fair value.

### 3 Interest receivable and accrued expenses

	<b>June 30 2009</b>	December 31 2008
	€	€
Interest receivable	107,543,615	208,333,516
Tax receivable	37,348	21,958
	<u>107,580,963</u>	<u>208,355,474</u>

The interest on bonds issued and loans granted to group companies is calculated using a straight-line method.

### 4 Paid-in and called-up share capital

	€
Authorized	
50,000 ordinary shares of € 453.78	<u>22,689,000</u>
Paid-in and called-up share capital	
10,585 ordinary shares of € 453.78	<u>4,803,264</u>

The paid-in and called-up share capital is fully held by KBC Bank NV, Belgium.

There have been no movements in paid-in and called-up share capital during the half year to June, 30 2009 (half year to June 30, 2008: no movements).

**5 Retained earnings**

The movement in the Retained Earnings is as follows:

	<b>June 30 2009</b>	June 30 2008
	€	€
Balance as at January 1	9,503,099	7,586,316
Net profit for the half year	2,205,995	3,823,140
Dividend paid during the year	(5,250,000)	(3,500,000)
Balance as at June 30	<u>6,459,094</u>	<u>7,909,456</u>

**6 Activity in Bonds**

	<b>June 30 2009</b>	June 30 2008
	€	€
Bonds issued in the half year to June 30	800,071,506	6,559,386,003
Bonds repaid in the half year to June 30,	2,193,863,404	4,456,680,588

All bonds are guaranteed by KBC Bank NV, Brussels, Belgium.

**7 Other current liabilities**

	<b>June 30 2009</b>	December 31 2008
	€	€
Interest payable	105,837,909	206,315,575
Accounts payable	91,907	69,035
Tax payable	157,004	29,608
	<u>106,086,820</u>	<u>206,414,218</u>

## NOTES TO THE PROFIT AND LOSS ACCOUNT

### 8 Interest income and expense

Interest on fixed income investments relates to interest income on Belgian Government bonds. The interest receivable income results from the loans granted by the company to KBC Bank N.V., Brussels, Belgium and other group companies. The interest expense relates to bonds issued.

### 9 Gain on financial transactions

The gain on financial transactions results from the disposal of Belgian Government Bonds.

### 10 Income from participating interests

This represents the net profit after tax of KBC International Finance N.V. for the half year.

### 11 Risk management

The structure and organisation of the company are such that interest, exchange, market and operational risks to the company are strictly limited, notes issued being on-lent within the group for the same currency, amount and tenor. The interest margins on the loans where applicable, have been set in conjunction with KBC Bank NV and take account of the company's obligations under an Advance Pricing Agreement entered into with the Dutch authorities.

## NOTES TO THE CASH FLOW STATEMENT

### 12 Cash flow statement

The Cash Flow Statement is compiled according to the indirect method.

The cash balances of the company are free of encumbrance.

**Rotterdam, August 31<sup>st</sup>, 2009**

#### Board of Directors:

J.G. Heffernan

J.J.M. Sluijter