

KBC INTERNATIONAL FINANCE N.V., CURAÇAO,
NETHERLANDS ANTILLES

INTERIM FINANCIAL REPORT FOR THE HALF YEAR TO JUNE 30, 2011

(UNAUDITED)

of

KBC INTERNATIONAL FINANCE N.V.
CURAÇAO, NETHERLANDS ANTILLES

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INTERIM DIRECTORS' REPORT

General

During the half year to June 30, 2011 the company did not launch any new issues, bonds or other financing programme. This is in line with the group policy.

Financial

The financial indicators for the half year to June 30, 2011 are summarised as follows:

	June 30, 2011	June 30, 2010
	€	€
Net profit after tax	91,973	88,988
Interest income	663,176	991,222
Notes issued and on-lent during the half year	-	-
Earnings per share (diluted and undiluted)	9.20	8.90

No further important events, material or financial, occurred relating to the company since June 30, 2011.

The Financial Report for the half year to June 30, 2011 is unaudited.

Management

With effect from July 1st, 2011, Mr. T.A.J.T. Van Craen resigned as director and Mrs. H. Wouters was appointed director of the company.

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, 2011 give a true and fair view of the assets, liabilities, financial position and profit of KBC International Finance N.V. and the directors' report includes a fair review of the development and performance of the business and the position of KBC International Finance N.V. together with a description of the principal opportunities and risks associated with the expected development of KBC International Finance N.V.

Future Developments

It is not planned that KBC International Finance N.V. will launch any new issues, bonds or other financing programme during the financial year ending December 31, 2011. Outstanding bond issues will be repaid as and when they fall due.

Rotterdam, August 11th, 2011

Management Board:

J.G. Heffernan

H. Wouters

BALANCE SHEET AS AT JUNE 30, 2011 (UNAUDITED)
(before profit appropriation)

A s s e t s

		June 30, 2011		December 31, 2010	
		€	€	€	€
Fixed assets					
Financial fixed assets	(2)		1,046,833		5,394,126
Current assets					
Loans falling due within one year	(2)	12,396,543		16,603,802	
Interest and other receivables	(3)	540,836		720,134	
Cash		1,696,063		2,060,189	
			14,633,442		19,384,125
Total assets			15,680,275		24,778,251

L i a b i l i t i e s

Capital and reserves

Paid-in and called-up share capital	(4)	84,012		84,012	
Retained earnings	(5)	975,032		877,436	
Net profit for the half year/year	(5)	91,973		97,596	
			1,151,017		1,059,044

Long term liabilities	(6)		1,064,762		5,565,411
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Current liabilities

Issued bonds falling due within one year	(6)	12,905,068		17,418,324	
Other current liabilities	(7)	559,428		735,472	
			13,464,496		18,153,796
Total liabilities			15,680,275		24,778,251

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)

	June 30, 2011		June 30, 2010	
	€	€	€	€
Interest Income	(8)	663,176	991,222	
Interest expense	(8)	(532,114)	(868,133)	
Gross margin		131,062		123,089
Operating expenses				
General and administrative Expenses		(7,671)	(4,859)	
Exchange rate differences		63	1,217	
		(7,608)		(3,642)
Profit before taxation		123,454		119,447
Corporation tax		(31,481)		(30,459)
Net profit for the half year		91,973		88,988

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)

	June 30, 2011		June 30, 2010	
	€	€	€	€
Net profit	91,973		88,988	
Adjustment for:				
Amortization on bonds	37,878		57,421	
Translation differences	11,093		80,288	
	140,944		226,697	
Change in other assets and liabilities	<u>3,254</u>		<u>(22,891)</u>	
Net cash flow from operational activities		144,198		203,806
Financial fixed assets repaid	8,225,399		9,007,739	
Net cash flow from investment activities		8,225,399		9,007,739
Bonds repaid	<u>(8,733,723)</u>		(9,292,319)	
Net cash flow from financing activities		(8,733,723)		(9,292,319)
Net cash flow		<u>(364,126)</u>		<u>(80,774)</u>
Cash balance as at January 1		2,060,189		3,171,657
Cash balance as at June 30		1,696,063		3,090,883
Net cash flow		<u>(364,126)</u>		<u>(80,774)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR TO JUNE 30, 2011

1 Accounting principles

General

The company is a wholly-owned subsidiary of KBC Internationale Financieringsmaatschappij N.V., Rotterdam and is legally incorporated according to the applicable laws of Curaçao, The Netherlands Antilles. The main activity of the company is to assist in financing the activities of KBC Bank N.V., 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 2010 have also been applied in the financial statements for the half year to June 30, 2011.

2 Financial fixed assets and loans falling due within 1 year

The financial fixed assets consist of loans to group companies at June 30, 2011 and December 31, 2010.

Activity in loans to group companies

	June 30, 2011	June 30, 2010
	€	€
Loans issued in the half year to June 30	-	-
Loan repayments in the half year to June 30	8,225,399	9,007,739

3 Interest and other receivables

	June 30, 2011	December 31, 2010
	€	€
Accrued interest receivable	540,836	720,134
	<u>540,836</u>	<u>720,134</u>

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

4 Paid-in and called-up share capital

Authorised

10,000 ordinary shares of USD 10 USD 100,000

Paid-in and called-up share capital **€ 84,012**

The paid-in and called-up share capital is fully held by KBC Internationale Financieringsmaatschappij N.V., Rotterdam.

The share capital is valued in euros, using the original exchange rate of USD 1.1903/€ 1.000
There have been no movements in paid-in and called-up share capital during the half year to June 30, 2011
(year to December 31, 2010: no movements).

5 Retained earnings

	June 30, 2011	December 31, 2010
	€	€
Balance as at January 1	877,436	1,678,371
Net profit appropriation	97,596	199,065
Dividend paid	-	(1,000,000)
Balance as at June 30/December 31	<u>975,032</u>	<u>877,436</u>

6 Activity in Bonds

	June 30, 2011	June 30, 2010
	€	€
Bonds issued in the half year to June 30	-	-
Bonds repaid in the half year to June 30	8,733,723	9,292,319

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

7 Other current liabilities

	June 30, 2011	December 31, 2010
	€	€
Accrual interest	517,502	723,747
Sundries	5,940	7,220
Tax payable	35,986	4,505
	<u>559,428</u>	<u>735,472</u>

NOTES TO THE PROFIT AND LOSS ACCOUNT

8 Interest income and expense

The interest receivable mainly results from the loans granted by the company to KBC Bank NV, Brussels, Belgium. The interest payable relates to bonds issued.

9 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 tax authorities.

NOTES TO THE CASH FLOW STATEMENT

10 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 11th, 2011

Board of Directors:

J.G. Heffernan

H. Wouters