

**FINANCIAL REPORT 2009**

of

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.  
ROTTERDAM

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## **DIRECTORS' REPORT**

### **General**

The purpose of the company is the issue of bonds and the on-lending of the proceeds to KBC Bank N.V. its subsidiaries and associated companies. The company has three employees, including two directors (one of whom retired in 2010) and the principal activity of the company consists of the administration of the bonds issued and the loans made.

As stated in the notes to the accounts, the bonds issued by the company are fully guaranteed by KBC Bank NV.

### **Financial**

The company continued to issue bonds under the various financing programmes during 2009.

The net profit after tax for 2009 amounted to € 4,745,794.

An interim dividend of € 5,200,000 out of retained earnings and net profit for 2009, which was paid on January 4<sup>th</sup> 2010, will be recommended to the Annual General Meeting of Shareholders for approval.

During 2009 the company issued notes amounting in total to € 3,609,198,177 (2008: €7,518,756,781); the interest income of the company decreased to € 537,769,814 compared to € 1,288,671,991 in 2008.

The solvency ratio was 0.06% at December 31<sup>st</sup>, 2009 (2008: 0.06%).

The liquidity ratio (current assets to current liabilities) was 1 at December 31<sup>st</sup>, 2009 (2008: 1).

No further important events, material or financial, occurred relating to the company since December 31<sup>st</sup> 2009.

### **Management**

On July 31<sup>st</sup> 2009 Mr. G. Segers and Mr. R. Lejaeghere resigned from - and Mr. L. Gijssens was appointed to - the Board of Supervisory Directors.

Mr. J. J. M. Sluijter retired from the Management Board on January 31<sup>st</sup> 2010.

### **Responsibility Statement**

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements 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.

### **Corporate Governance**

The company is a wholly owned subsidiary of KBC Bank N.V. Brussels and, as such, complies with the control requirements and standards of the KBC Group with regard to accounting, operations, internal controls and risk management. Furthermore, the company is subject to audits carried out periodically by the internal audit department of the KBC Group.

The structure and organisation of the company are such that risks to the company are strictly limited because there are no currency, interest rate or interest period risks as all bonds issued are on-lent to the KBC Group in the same amount, currency and interest periods. Interest margins earned on the loans are principally in Euro.

The directors' reporting line is to the corporate treasury department within KBC Bank NV and directors' remuneration is set by KBC Bank N.V.

The Board of Supervisory Directors of the company is comprised of senior officials of KBC Bank N.V. The Supervisory Directors monitor the transactions and operations of the company periodically during the financial year. Because of the limited size of the company's operations, a separate Report of the Supervisory Directors is not considered necessary.

### **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, March 26<sup>th</sup>, 2010

Management Board:

J.G. Heffernan

**BALANCE SHEET AS AT DECEMBER 31, 2009**

**(before profit appropriation)**

**A s s e t s**

	<b>2009</b>		<b>2008</b>	
	€	€	€	€
<b>Fixed assets</b>				
Intangible fixed assets (2)	-		24,165	
Financial fixed assets (3)	18,404,997,458		19,762,423,263	
Long term bank deposit	4,803,264		4,803,264	
Derivatives	1,166,694,895		1,801,404,575	
		19,576,495,617		21,568,655,267
<b>Current assets</b>				
Loans falling due within one year (3)	4,262,106,385		3,808,356,765	
Interest receivable and accrued expenses (4)	112,752,204		208,333,516	
Cash	6,037,149		6,868,351	
		4,380,895,738		4,023,558,632
<b>Total assets</b>		23,957,391,355		25,592,213,899
 <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 (5)	4,803,264		4,803,264	
Retained earnings (6)	4,331,194		4,184,601	
Net profit for the year (6)	4,745,794		5,396,593	
		13,880,252		14,384,458
<b>Provisions</b>				
Provision for early retirement costs(7)		353,339		214,827
<b>Long term liabilities</b>				
Bonds Issued (8)		18,411,481,110		19,766,177,126
<b>Derivatives</b>		1,166,694,895		1,801,404,575
<b>Current liabilities</b>				
Issued bonds falling due within one year (8)	4,254,715,459		3,803,613,922	
Other current liabilities (9)	110,266,300		206,418,991	
		4,364,981,759		4,010,032,913
<b>Total liabilities</b>		23,957,391,355		25,592,213,899

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>		<b>2008</b>	
	€	€	€	€
<b>Interest Income</b>				
Interest on fixed interest investments	-		79,330	
Other interest income	<u>537,769,814</u>		<u>1,288,592,661</u>	
Total interest income	(11) 537,769,814		1,288,671,991	
<b>Interest expense</b>	(11) <u>(530,884,900)</u>		<u>(1,281,776,222)</u>	
<b>Gross margin</b>		6,884,914		6,895,769
<b>Gain on financial transactions (12)</b>		-		742,087
<b>Change in fair value of derivatives</b>		-		-
<b>Other income</b>		9,142		323,548
<b>Income from participating Interests</b>	(13)	199,065		23,061
<b>Staff and other operating expenses</b>				
General & administrative expenses (14)	(796,132)		(671,404)	
Depreciation of fixed assets	(24,165)		(84,958)	
Exchange rate differences	(16,576)		16,845	
<b>Total</b>		<u>(836,873)</u>		<u>(739,517)</u>
<b>Profit before taxation</b>		6,256,248		7,244,948
Corporation tax	(15)	(1,510,454)		(1,848,355)
<b>Net profit for the year</b>		<u>4,745,794</u>		<u>5,396,593</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>	2008
	€	€
Net profit	4,745,794	5,396,593
Depreciation	24,165	84,958
Change in other assets and liabilities	(504,618)	(325,126)
Taxes received/(paid)	(66,760)	208,134
Provision for pension obligations and the cost of early retirement	<u>138,513</u>	<u>8,084</u>
<b>Net cash flow from operational activities</b>	<b>4,337,094</b>	<b>5,372,643</b>
Financial fixed assets – increase	(3,768,453,642)	(7,539,431,515)
Financial fixed assets - decrease	4,672,129,827	8,339,662,255
<b>Net cash flow from investment activities</b>	<b>903,676,185</b>	<b>800,230,740</b>
Bonds issued	3,768,472,125	7,533,672,195
Bonds repaid	(4,672,066,606)	(8,333,744,439)
Dividend paid	(5,250,000)	(3,500,000)
Dividends received	<u>-</u>	<u>-</u>
<b>Net cash flow from financing activities</b>	<b>(908,844,481)</b>	<b>(803,572,244)</b>
<b>Net cash flow</b>	<b><u>831,202</u></b>	<b><u>2,031,139</u></b>
Cash balance as at January 1	6,868,351	4,837,212
Cash balance as at December 31	<u>6,037,149</u>	<u>6,868,351</u>
<b>Net cash flow</b>	<b><u>831,202</u></b>	<b><u>2,031,139</u></b>

## NOTES TO THE FINANCIAL STATEMENTS 2009

### 1 Accounting principles

#### General

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 financial statements have been prepared in accordance with Dutch generally accepted accounting principles. Unless stated otherwise, all assets and liabilities are stated at face value.

#### Currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Resulting translation differences are taken to the profit and loss account.

#### Change in accounting policy

With effect from January 1<sup>st</sup>, 2009, the company has adopted the RJ-Uiting 2009-2: 'ontwerp-Richtlijn 271.3 Personeelsbeloningen - Pensioenen' (Pronouncement on Personnel Remuneration- Pensions); the comparative figures for 2008 have been re-stated on the basis of the pronouncement.

The resulting change in accounting policy affects the company's valuation of pension obligations for its employees and the charge to Profit and Loss Account for pension costs.

The company operates a defined benefit pension plan for its employees under which the vested benefits are funded through an insurance contract with a major insurance company in The Netherlands. The defined benefits are based on either final or average salary earned.

Heretofore, a provision has been recorded in the company's accounts for the net liability that arises from the shortfall between the present value of the defined benefit obligations under the plan and the market value of the pension plan assets invested by the insurance company. The actuarial results of the pension plan were taken to profit and loss account.

With effect from January 1<sup>st</sup>, 2009, complying with the above pronouncement, the company charges the pension insurance premiums to Profit and Loss account and records any unpaid premiums or charges as a liability. A provision is therefore no longer made for any shortfall between the present value of the defined benefit obligations under the plan and the market value of the pension plan assets invested by the insurance company.

The effect of the change in accounting policy is summarized in the following table:

Euro	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	after change	prior to change	after change	prior to change
Pension cost in Profit & Loss Account	79,180	39,617	58,500	31,400
Provision for Pension Obligations in Balance Sheet	-	65,263	-	104,826
Shareholders Reserves after tax	9,076,988	9,028,367	9,581,194	9,503,099

### **Balance sheet**

#### **Intangible fixed assets**

Intangible fixed assets are valued at acquisition price less straight-line amortization over the estimated economic life of the assets concerned. Intangible assets are depreciated at 20% straight line per year over the lifetime of the asset.

#### **Tangible fixed assets**

Tangible fixed assets are stated at acquisition price less straight-line depreciation over the estimated economic life of the assets concerned. Tangible assets are depreciated at 33.33% straight line per year over the lifetime of the asset.

#### **Financial fixed assets / Bonds issued**

Loans to group companies and bonds issued under the various programmes are stated at amortized cost. The differences with the proceeds resulting from premiums or discounts are taken to the profit and loss account on the basis of effective interest (differences resulting from issue expenses are taken to the profit and loss account on a straight-line basis) over the remaining term of the loans/bonds concerned; the unamortized amounts are added to, or deducted from, the amounts of the loans/bonds issued.

#### **Derivatives**

Derivatives are embedded in the bond issues and the loans and are stated in the balance sheet at fair value. Changes in fair value are recorded in the profit and loss account. As the derivative assets and derivative liabilities are exactly matched, the net result of changes in fair value is zero.

#### **Participating Interests**

Participating interests in group companies are valued at net asset value. The share in the result of the investment as well as profits and losses on sales are stated as 'Income from participating interests'.

### **Profit and loss account**

Income and expenses are recognized in the financial year to which they relate.

### **Interest**

Interest is accrued based on the contractual interest level in the financial year. Both loans granted to group companies and bonds issued have been treated in the same way.

### **Corporation tax**

Corporation tax is based on the income for the year.

### **Consolidation**

The company has not prepared consolidated figures, based on the exemption for subholdings (article 2:408 of the Dutch Civil Code). Consolidated figures of the company and its subsidiaries are included in the Financial Statements of KBC Groep N.V. Brussels, Belgium. A copy of the annual accounts of KBC Groep N.V. is deposited at the Company Registry in Rotterdam, The Netherlands.

**NOTES TO THE BALANCE SHEET**

**2 Intangible fixed assets**

The movement in the cost of intangible fixed assets is as follows:

<b>Cost</b>	<u><b>2009</b></u> €	<u><b>2008</b></u> €
Balance as at January 1	424,788	424,788
Additions	-	-
Disposals	-	-
	<u>424,788</u>	<u>424,788</u>
Balance as at December 31	<u>424,788</u>	<u>424,788</u>

The movement in accumulated depreciation of intangible fixed assets is as follows:

<b>Accumulated Depreciation</b>	<u><b>2009</b></u> €	<u><b>2008</b></u> €
Balance as at January 1	400,623	315,665
Depreciation for the year	24,165	84,958
Disposals	-	-
	<u>424,788</u>	<u>400,623</u>
Balance as at December 31	<u>424,788</u>	<u>400,623</u>

The movement in the intangible fixed assets after deduction of depreciation is as follows:

	<u><b>2009</b></u> €	<u><b>2008</b></u> €
Balance as at January 1	24,165	109,123
Investments	-	-
Depreciation	<u>(24,165)</u>	<u>(84,958)</u>
Balance as at December 31	<u>-</u>	<u>24,165</u>

The intangible fixed assets consist entirely of the costs paid to a third party for a newly-developed computer system.

### 3 Financial fixed assets

The breakdown of the financial fixed assets is as follows:

	<u>2009</u>	<u>2008</u>
	€	€
KBC International Finance N.V., Curaçao	1,961,448	1,762,383
Loans to group companies	18,403,036,010	19,760,660,880
	<u>18,404,997,458</u>	<u>19,762,423,263</u>

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

The movement in the investment in KBC International Finance N.V. for the year 2009 is as follows:

	<u>KBC International Finance N.V.</u>
	€
Balance as at January 1, 2009	1,762,383
Net profit for the year 2009	<u>199,065</u>
Balance as at December 31, 2009	<u>1,961,448</u>

#### Loans to group companies

The movement in Loans to group companies is as follows.

	<u>2009</u>	<u>2008</u>
	€	€
Balance as at January 1, over 1 year	19,760,660,880	18,238,293,096
Balance as at January 1, less than one year	3,808,356,765	6,130,916,265
	<u>23,569,017,645</u>	<u>24,369,209,361</u>
Loans issued during the year	3,609,198,177	7,519,876,682
Amortisation of premiums and discounts	18,787,758	14,728,508
Repayments	(4,672,129,827)	(7,828,869,331)
Translation differences	140,268,642	(505,927,575)
	<u>22,665,142,395</u>	<u>23,569,017,645</u>
Falling due within one year	(4,262,106,385)	(3,808,356,765)
Balance as at December 31, over 1 year	<u>18,403,036,010</u>	<u>19,760,660,880</u>

Early redemption under specified conditions is possible.

Loans to group companies are at arms-length basis.

The maturity breakdown of the loans to group companies as at December 31 is as follows:

	<u>Total</u>	<u>&lt; 1 year</u>	<u>1 &lt; 5 years</u>	<u>&gt; 5 years</u>
Loans:				
As of December 31, 2009	22,665,142,395	4,262,106,385	14,919,471,572	3,483,564,438
As of December 31, 2008	23,569,017,645	3,808,356,765	11,857,109,742	7,903,551,138

	<u>2009</u>	<u>2008</u>
	€	€
<b>Long term bank deposit</b>	4,803,264	4,803,264

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

	<u>2009</u>	<u>2008</u>
	€	€
<b>Derivatives</b>	1,166,694,895	1,801,404,575

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

#### 4 Interest receivable and accrued expenses

	<u>2009</u>	<u>2008</u>
	€	€
Interest receivable	112,692,142	208,333,516
Tax receivable	60,062	-
	<u>112,752,204</u>	<u>208,333,516</u>

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

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

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

The paid-in and called-up share capital consists of 10,585 ordinary shares of € 453.78 each, which are fully held by KBC Bank NV, Belgium.  
There have been no movements in paid-in and called-up share capital during the year (2008: no movements).

## 6 Retained earnings

The movement in the Retained Earnings is as follows:

	2009	2008
	€	€
Balance as at January 1, as originally stated	9,503,099	7,586,316
After-tax adjustment resulting from the change in accounting policy for pension obligations	<u>78,095</u>	<u>98,285</u>
Restated balance at January 1	9,581,194	7,684,601
Net profit for the financial year (2008 is restated for change in accounting policy for pension obligations)	4,745,794	5,396,593
Dividend paid during the year	<u>(5,250,000)</u>	<u>(3,500,000)</u>
Balance as at December 31	<u>9,076,988</u>	<u>9,581,194</u>

An interim dividend of € 5,200,000 was paid out of retained earnings on January 4, 2010.

## 7 Provision for early retirement costs

This provision is to meet the company's obligations for early retirement costs in future years and has been calculated on an actuarial basis is as follows:

	2009	2008
	€	€
Balance as at January 1	214,827	179,643
Amount charged to income during the year	138,512	35,184
Balance as at December 31	<u>353,339</u>	<u>214,827</u>

## 8 Long term liabilities

	<b>2009</b>	2008
	€	€
Bonds issued as at January 1, over 1 year	19,766,177,126	18,244,548,844
Bonds issued as at January 1, less than 1 year	3,803,613,922	6,125,314,450
	<u>23,569,791,048</u>	<u>24,369,863,294</u>
Bonds issued during the year	3,609,198,177	7,518,756,781
Amortisation of premiums, discounts and issue expenses	19,150,836	14,915,414
Repayments	(4,672,066,606)	(7,827,818,374)
Translation differences	140,123,114	( 505,926,067)
	<u>22,666,196,569</u>	<u>23,569,791,048</u>
Falling within one year	<u>(4,254,715,459)</u>	<u>(3,803,613,922)</u>
Issued bonds as at 31 December	<u><u>18,411,481,110</u></u>	<u><u>19,766,177,126</u></u>

The average rate of interest paid on the outstanding bonds was 2.3% (2008: 5.3%).

The maturity breakdown of the bonds issued as at December 31 is as follows:

	Total	< 1 year	1 < 5 years	> 5 years
As of December 31, 2009	22,666,196,569	4,254,715,459	14,923,930,285	3,487,550,825
As of December 31, 2008	23,569,791,048	3,803,613,922	11,854,969,740	7,911,207,386

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

## 9 Other current liabilities

	<b>2009</b>	2008
	€	€
Interest payable	110,201,659	206,315,575
Accounts payable	36,958	69,035
VAT and payroll tax payable	27,683	29,608
Corporation tax payable	-	4,773
	<u><u>110,266,300</u></u>	<u><u>206,418,991</u></u>

Accounts payable includes € 0 for social premiums payable in relation to payroll costs (2008: 0).

## 10 Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

The assets and liabilities of the company mainly consist of financial instruments. For most of the financial instruments fair values, such as market values, are not available and can only be estimated using certain calculation models. The proceeds of the bonds issued are used for intercompany financing of the KBC group, in particular of KBC Bank NV, KBC Group N.V and another company within the group. The contracts for intercompany financing do not differ other than an interest margin, where applicable, from the structuring of the bonds in terms of maturity, currency, interest terms and fixings.

The fair value of the financial instruments at December, 31<sup>st</sup> is as follows:

	2009	2008
	€	€
Financial assets	23,823,040,993	25,102,390,538
Financial liabilities	23,292,043,102	24,839,007,046

## NOTES TO THE PROFIT AND LOSS ACCOUNT

### 11 Interest income and expense

Interest on fixed income investments relates to interest income in 2008 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.

### 12 Gain on financial transactions

The gain on financial transactions in 2008 resulted from the disposal of Belgian Government Bonds.

### 13 Income from participating interests

	2009	2008
	€	€
KBC International Finance N.V., Curaçao	199,065	23,061
	199,065	23,061

### 14 General and administrative expenses

The General and administrative expenses are as follows:

	2009	2008
	€	€
Salaries	236,594	268,590
Social security costs	7,992	10,425
Pension costs	79,180	58,500
Other staff costs	189,646	72,708
Staff cost	513,412	410,223
Bank charges	18,278	39,582
Office and IT expenses	178,591	174,349
Legal and tax fees	32,834	16,328
Audit fee	54,861	39,272
Administration expenses	3,269	1,124
Management fees	( 5,113)	(9,474)
	796,132	671,404

The company has three employees, two of whom are members of the Board of Directors. The remuneration of the Directors amounted to € 202,668 (2008: € 211,209). The members of the Supervisory Board did not receive any remuneration.

## **15 Corporation tax**

Corporation tax is calculated based on the profit before taxation taking into account the income from participating interest falling under the participation exempt at the applicable tax rate in the Netherlands (2009: 25.5%). KBC Internationale Financieringsmaatschappij N.V. forms a fiscal unity together with its subsidiary company, KBC International Finance N.V.

## **16 Commitments**

The company entered into a rental contract in 2003 with a duration period of 5 years, extended to 2013, amounting to € 15,476 per annum,

## **17 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.

## **18 Related Parties**

The loans of the company are extended exclusively to group companies and interest income on loans is earned entirely from group companies. A management fee amounting to € 5,113 (2008: € 9,474) has been charged to the company's subsidiary, KBC International Finance N.V. in relation to administration costs.

## NOTES TO THE CASH FLOW STATEMENT

### 19 Cash flow statement

The Cash Flow Statement is compiled according to the indirect method. Net cash flow from operational activities includes Interest Received amounting to € 858,795,472 (2008: € 1,307,398,205) and Interest Paid amounting to € 626,998,979 (2008: € 1,302,555,407).

The cash balances of the company are free of encumbrance.

Rotterdam, March 26th, 2010

Board of Directors:

J.G. Heffernan

Supervisory Board:

P. Roppe

L. Gijssens

## **OTHER INFORMATION**

### **Statutory rules concerning appropriation of profit**

The net profit has been added to retained earnings.

In accordance with Article 14 of the company's Articles of Association, the net profit is at the disposal of the annual General Meeting of Shareholders.

### **Dividend 2008**

An interim dividend amounting to € 5,250,000 was paid on January 2<sup>nd</sup>, 2009

### **Dividend 2009**

An interim dividend amounting to € 5,200,000 was paid on January 4<sup>th</sup>, 2010.

To: Board of Directors of KBC Internationale Financieringsmaatschappij N.V.

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements for the year ended December 31, 2009 of KBC Internationale Financieringsmaatschappij N.V., Rotterdam, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of KBC Internationale Financieringsmaatschappij N.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, March 26, 2010

Ernst & Young Accountants LLP

signed by P.J.A.J. Nijssen