

Press release

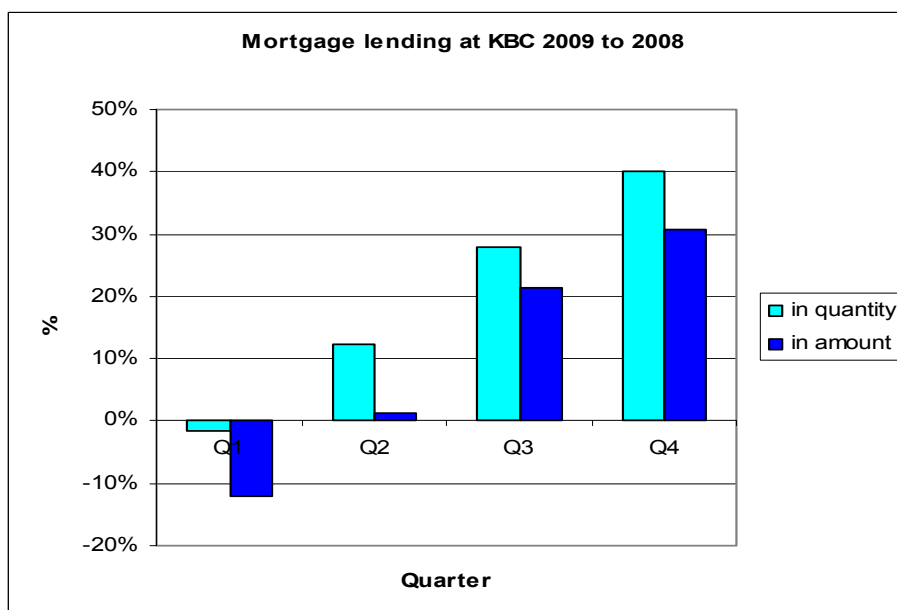
23-02-2010 (during trading hours)

Home loans at KBC in 2009 greener and more variable

1. KBC granted more mortgage loans in 2009 than in 2008, with the quantity up 27% and amount granted up 13%.
2. In 2009, far more borrowers opted for variable instead of fixed interest rates than in the previous year.
3. The average term of new home loans with fixed rates fell for the first time in five years.
4. The average amount borrowed was down more than 10% on 2008 levels, due in part to the popularity of green loans for home improvements.
5. More than 50% of borrowers were younger than 35, with some 8% under 25 and around 20% over 45.
6. Green loans with reduced interest rates were highly popular.

1. KBC grants considerably more home loans in 2009 than in 2008

In 2009, KBC granted **27%** more home loans in terms of **quantity** and **13%** more in terms of the **amount** than a year earlier, despite the economic crisis. In the first half of 2009, loan applications and loan production remained at a low level. Although the number of contracts concluded in the first quarter of 2009 was down 7.64% year-on-year, the market started to recover in July and was even up by more than a third year-on-year in the last quarter.



* Deeds executed, excluding own refinancing.

2. Variable formulas gain significantly in popularity

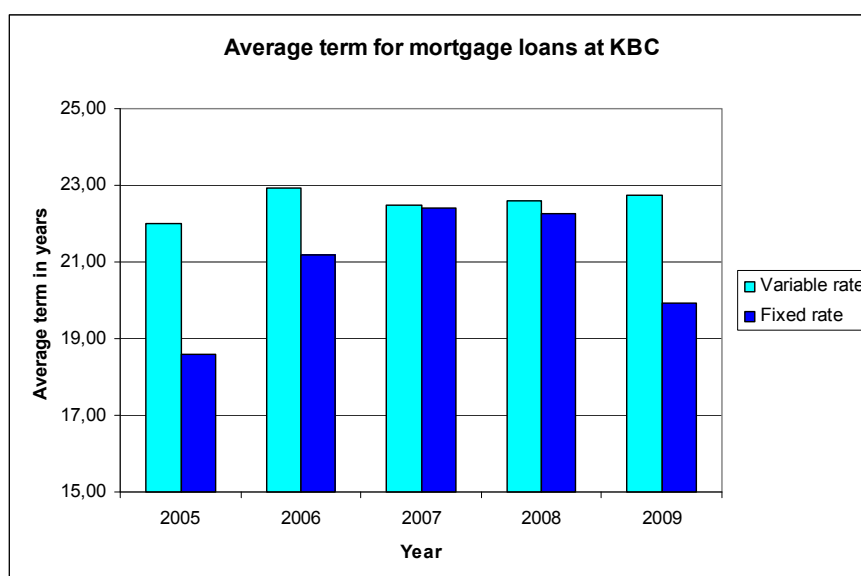
	2008		2009	
	by quantity	by amount	by quantity	by amount
Variable rate	17,0%	19,0%	52,0%	65,0%
Fixed rate	83,0%	81,0%	48,0%	35,0%

Whereas most loans sold in 2008 had a fixed interest rate, the **situation changed radically in 2009** on account of the modified yield curve. In 2008, the yield curve was extremely flat and the difference between a variable and fixed rate sometimes negligible (e.g., on 30 July 2008, the 20-year fixed rate was 6.76% and the annually reviewable 20-year rate 6.92%). However, it is now steeper and the gap between fixed and variable rates is at *more normal levels*.

Looking at variable rate loans with monthly instalments, we notice a clear preference for annually reviewable formulas, representing 87% of all variable loans granted in December 2009. **48%** of all monthly-instalment loans with payment of interest and capital granted in **2009** had annually adjustable rates, compared to only **0.32%** in **2008**.

3. Sharp drop in average term of home loans

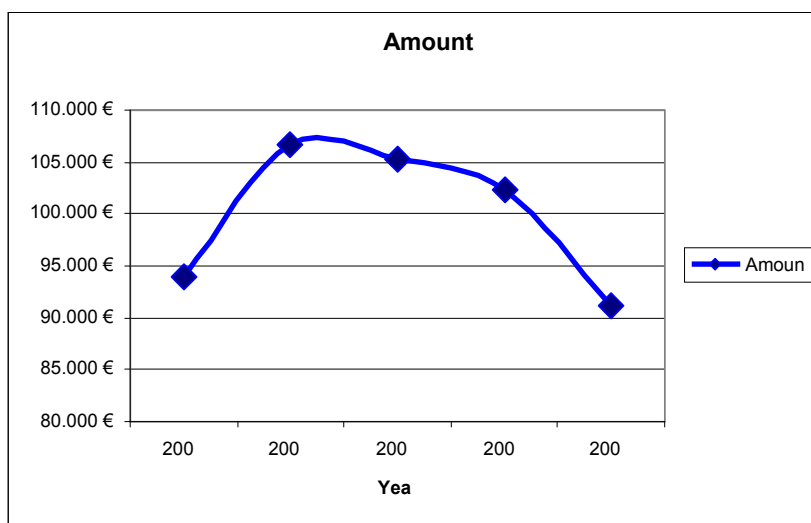
Between 2005 and 2007, the average term of home loans continued to rise. In 2008, however, this trend stopped, and in 2009, KBC noted a sharp year-on-year decrease (**10.49%**, or more than two years) in the average term of home loans with fixed rates.



This decline is due primarily to the successful launch of green home loans offering fixed rates, because they are smaller investments that are repaid over a shorter period. **The average term of a green home loan with fixed rates amounts to 129 months, whereas that of a non-green loan averages 250 months.**

4. Average amount borrowed falls further

2009 saw a **12%** year-on-year decrease in the average amount borrowed, which is also attributable to the launch of reduced-rate green loans. The average amount borrowed for this type of green loan was 19 850 euros (for information: a married couple is entitled to take out a green loan of 30 000 euros per home per calendar year).



If reduced-rate green loans are excluded from the graph, the decrease in the average amount borrowed in 2009 would be much less marked, with the average being around 100 000 euros. And that is simply a continuation of the downward trend of recent years.

5. More than 50% of borrowers are younger than 35

Figures from 2008 show that it was mainly people under 35 who took out a home loan and that almost 13% of borrowers were younger than 25. In 2009, however, KBC has found that there has been a shift away from younger (<25) and older (>45) borrowers towards the 26-45 year-old group.

	2008	2009
18 to 25	12.80	8.27
26 to 35	40.53	44.31
36 to 45	25.99	28.29
45+	20.68	19.13

If we look specifically at reduced-rate **green loans**, we note that the **average age is much higher** than in the non-green category.

Age Group	Green loans	Non-green loans
18 to 25	0.51	8.47
26 to 35	13.42	45.10
36 to 45	36.81	28.08
45+	49.26	18.35

This is because most green loans are taken out for home improvements, an activity carried out mainly by somewhat older people.

Overall, the average age of borrowers has remained constant at 38.

6. KBC aims to contribute to a better environment by actively promoting green loans

Since August 2009, KBC has been offering reduced-rate green loans in the form of both home loans (fixed rate for up to 20 years) and instalment loans. These are loans to private customers, taken out purely for energy-saving purposes. Not only owners, but also tenants, usufructuaries, bare owners, leaseholders and holders of building rights can take out a green loan. Those who do so are entitled to an interest reduction of 1.50% from the government, which settles this directly with the bank. The amount for such loans is capped at 15 000 euros per person, per home, per calendar year.

KBC has been vigorously promoting these loans and as early as September 2009 it was already rewarding its 1000th 'green' customer by sending them off on a free balloon trip.

Between starting to sell these loans on 1 August 2009 and the end of January 2010, KBC had already originated 6 874 green loans with reduced interest rates, 5 872 in the form of home loans and 1 002 in instalment loans. 84% of all green loans are for home improvements.

In addition, KBC granted more than 1 billion euros in 'green' loans to SME's and large companies in 2009.

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The production data in this press release relate only to KBC Bank (active in Flanders and Brussels) and not to CBC Banque (active in Wallonia and Brussels) or to Centea (present throughout Belgium).