

Press Release



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The Brussels Criminal Court will begin examining the KBC/KBL case on 19 October 2009.

In this case, which began some 15 years ago, the Belgian judicial authorities allege that six KBL and five KBC current or former managers or senior managers participated in or facilitated tax fraud committed by Belgian customers.

The KBL individuals are accused of two types of operations:

- Loans involving the pledging of depositary receipts (so-called "back-to-back loans"). These transactions, perfectly legal under Luxembourg law, allowed customers to obtain financing guaranteed by deposits held in Luxembourg. Some thirty of these transactions are involved, some going back more than twenty years.
- Transfers from Luxembourg to Belgium or *vice versa* on the KBL Nostro account with its Belgian correspondent bank, KBC Bank. The Public Prosecutor's Office accuses the banks of having operated via the Nostro account of KBC Bank rather than via transfers from customers' account to account. These transactions took place between 1992 and 1996.

The KBC individuals (and one KBL individual) stand accused of having advised certain of their customers to use foreign managing companies.

The persons concerned vehemently reject the accusations that these transactions are illegal. To the contrary, they maintain that they always respected the laws in force at the time of the facts. The KBC and KBL banks are also convinced that their managers and senior managers always operated within the law and they support them in their defence.

A key aspect of this case are the questions raised at the outset regarding the suspicious origin of certain pieces of evidence and the questionable manner in which the enquiry had been led. After many years of protests, the opportunity now exists for those concerned to initiate a thorough debate into this critical question. It actually touches on the essential point of respect for the rights of defence which is of the greatest importance to every citizen and severely affects the confidence each of us may have in our institutions. In addition, a number of present or former employees of KBC Bank decided in January 2006 to submit an application to the European Court of Human Rights. Due to the exceptionally long time the criminal investigation is taking, those involved believe that their right to a fair hearing within a reasonable time as enshrined in the European Convention on Human Rights (ECHR) of 4 November 1950 has been violated.

The banks are convinced that the court will succeed in revealing the whole truth in the course of this debate, and that it will assess in an independent, balanced and just manner both the question of the legality of the enquiry methods and the ground of the case.

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