



Brussels, 16 January 2014

KBC responds to reports on Special Tax Inspectorate investigation

A number of media articles appeared today reporting on an investigation by the Special Tax Inspectorate into transactions carried out by KBC and destined for tax havens.

KBC is surprised that this case has again been dragged up when it has communicated very openly about it several times already. For example, KBC published a press release on 30 April 2013 to clarify its presence in, for instance, the Cayman Islands, British Virgin Islands, the Isle of Man, Ireland and Luxembourg. The [press release dd 30-04-2013](#) is available at www.kbc.com and states the following:

"3 Companies in the Cayman Islands

In the past, KBC set up companies in the Cayman Islands and the British Virgin Islands purely for reasons relating to company and financial law. These companies specialise in financial transactions with US investment funds and in credit and equity derivatives. The legislation in these countries provided greater contractual freedom and flexibility for making tailored contracts for such specific financial transactions. KBC currently still has three companies in these islands.

The companies in question are trading companies that deal only with professional financial counterparties and are not authorised to hold client assets in any form whatsoever (none of these offshore companies has a banking licence and therefore cannot take client deposits). Every one of these companies pays tax in the country in which the head office of the KBC company responsible for managing the product line is established, i.e. Belgium, the US or the UK.

Each of the activities involved relates to companies from the KBC Financial Products business lines that are currently being run down, i.e. no new contracts are being concluded and the only activity remaining is the management or reduction of existing contracts. The companies will be liquidated as soon as the contractual situation so allows".

Under Belgian law (introduced a few years ago), all Belgian companies must report payment flows to companies in tax havens. KBC Bank complied properly and in full with that requirement, providing the Tax Inspectorate with detailed and transparent information on the transactions as part of the standard checks.

For more information, please contact:

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