



Brussels, 06 March 2019

## KBC clarifies historic relationship with Ukio Bankas

As mentioned in some media articles, KBC was indeed one of the correspondent banks for Ukio Bankas in the past. This relationship was terminated by KBC in July 2010. As a general principle, KBC cannot and may not disclose information about customer relationships or correspondent banking relationships.

For a good understanding KBC wishes to sketch the functioning of such a correspondent banking relationship. Such an agreement allows banks to access financial services in different jurisdictions and offer their customers cross-border payment services, including in support of international trade, without having to set up their own branches there. To make these services possible, the banks have so-called "vostro accounts" with other banks. This enables those banks to process their international payment transactions. All these international payments are exchanged via the S.W.I.F.T. network.

As a correspondent bank, KBC takes care of the clearing (i.e. the "technical flow-through") of payment transactions. In clearing transactions, KBC is not supposed to know the customers of its respondent banks and may rely on the knowledge of the customers' activities and the anti-money laundering procedures at that relation bank. Despite this, KBC still carries out a risk-based monitoring.

In line with European anti-money laundering legislation, KBC endorses the authorities' efforts to combat money laundering, terrorist financing and financial crime in general. In this context, KBC has made considerable efforts and investments in recent years to implement new and constantly changing regulations, including anti-money laundering directives (and the European Savings Directive, FATCA and Common Reporting Standards).

KBC applies strict procedures for customer acceptance and transaction control, enabling the bank to track unusual transactions. Possible suspicious transactions are investigated within KBC according to strict rules and in compliance with all relevant legal provisions. Alarms for potentially suspicious transactions shall be carefully investigated and, if necessary, reported to the competent authorities. However, due to its duty of confidentiality, KBC cannot and will not share details about individual customers, transactions and/or any reports.

## For more information, please contact:

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