

2002

KEYTRADE BANK ANNUAL REPORT



KEYTRADE
BANK



LETTER TO THE SHAREHOLDERS

Dear Madam, Sir and Shareholder,

Less than five years ago we sent you a mail relating the first fiscal year of our company; only several months later you were noticed of our IPO and today we are very proud to present to you the first online Belgian bank known as Keytrade Bank.

The merger of VMS-Keytrade and RealBank has enabled to gather on a unique platform, the banking functionalities and the stock exchange products and services that made the strength and reputation of both entities. By that, we have created in Belgium an online bank with a unique profile by giving the most complete offer of financial products and services available via internet.

Today, at Keytrade Bank, it's more than 40.000 clients that have chosen to execute and manage their banking and stock exchange transactions by themselves. Their online account is available 24 hours a day, 7 days out of 7, they benefit from one of the most attractive tariff structure of the market and our Client Service is available every working day until 10.00 pm.

2002 was marked by an uncertain global socio-economic situation and consequently reduced activity in the markets, which naturally led to a fall in the company's profitability. Nevertheless, this situation led us to increase our organizational efficiency substantially, which has also allowed us to complete our merger on operational schedule in a very short time.

The 2002 results show a negative balance, largely due to the costs associated with the merger. Prudently we decided to include them in this financial year to avoid their penalizing future financial years. Consequently the company presents you a healthy and sound financial situation.

We are looking to the future with confidence and the certainty of having an efficient organization. The quality of our products, the performance of our services and an enthusiastic and determined team are our best assets. Together, we will continue to gear all our efforts to building up the leading online financial institution in Belgium.

For the Board of Directors of Keytrade Bank,

Jean-Guillaume Zurstrassen
President of the Management Committee

Grégoire de Streeel
Managing Director

Thierry Ternier
Managing Director

José Zurstrassen
Managing Director

Jean-Marie Laurent Josi
President of the Board of Directors



KEYTRADE BANK, THE ONLINE BANK AND TRADING PLATFORM

The unique concept introduced by Keytrade Bank

Keytrade Bank is the new bank stemming from the merger in April 2002 of RealBank and VMS-Keytrade. The prevailing idea during this reorganization was the wish to offer the public a complete range of both banking and stock exchange services via the Internet. In short, to establish the basis of the leading Belgian online investment platform.

Once the merger was approved by the Financial and Banking Commission, the first challenge was to reorganize all the functionalities of the two entities on a single electronic platform.

This was both a technical and a commercial challenge because it was necessary to provide the stock exchange activities of VMS-Keytrade and the banking activities of RealBank without interruption while allowing customers of both organizations to perform both types of operation.

This challenge was met successfully since all the customers of Keytrade Bank were able to view all their balances on a single screen immediately, even in 2002: both their cash balances and their portfolios.

Today, being a client of Keytrade Bank allows you to benefit immediately from:

● **3 accounts online free of charge, available 24 hours a day, 7 days a week.**

- a current account
- a savings account
- a trading account.

The basic concept is to offer a single platform integrating tools that allow everyone to manage their finances optimally and independently, applying the principles of real time, free banking services and fixed discount price per transaction.

Customer support and service are available at all times at Keytrade Bank. On the site, this is achieved by means of explanations ranging from how the stock exchanges work to the use of the platform, as well as by providing analysis and decision-making tools.

This support is also manifested by listening closely to customers and providing a personalized service. The Helpdesk is available to answer any question by e-mail or telephone every working day between 9.00 and 22.00. Customer Service offers free training to increase knowledge about banking products and mastering the stock exchanges. This customer support service also offers demonstrations on how to make best use of the transaction platform **www.keytradebank.com**.

Company profile



COMPANY PROFILE

1. HISTORY

José Zurstrassen, Grégoire de Streel and Jean Zurstrassen founded the company in August 1998 in partnership with the stockbrokerage firm Van Moer Santerre & Cie (est. 1895). The name chosen for the company was VMS-Keytrade. The idea of the three founders was to adapt the American 'discount brokers' model to European specifics, by offering private investors direct, fast, crystal clear and cost efficient direct access to the main financial markets worldwide.

The concept developed and maintained since the beginning has become the reason for the success of the Belgian broker:

- Fixed and 'discount' price per transaction
- Transparency in the execution of the transactions
- Direct access to the markets without an intermediary
- Multi-products, multi-currency and multi-markets platform
- Financial information and help tools
- Secured operations
- Follow-up and customer support

Helped in the beginning by outstanding market circumstances, the concept introduced by VMS-Keytrade was immediately adopted by a large number of investors. The success was immediate, making the young company the largest, by far, investment site in Belgium.

Facing this rapid growth, it had become apparent by the three founders that the company was in need of structured means whereby enabling and insuring its future. The solution was to raise additional capital through an IPO in December 1999 (Brussels Euro/NM market) which

gave the company the financial means to implement its vision. The IPO offered 21% (or 540.000 shares) of the company's stock to the public, at a price of € 12,5 per share. The year 1999 ended with 4.445 clients, and a turnover of € 3.050.000 with a slight loss of € 478.000 caused by the IPO expenses.

Year 2001 was a year of effectiveness and profitability. All year round, the company has reinforced its cost-cutting policy at all levels. The acquisition of its new stockbrokerage statute at the beginning of the year has enabled the company to fully detain the clients assets and to fully integrate the trading process.

The 2001 fiscal year ends on a consolidated result of € 2.203.248, a rise of more than 66% compared to 2000's fiscal year.

Turnover amounts to € 14.485.000 and the financial results amount to € 2.851.000. The company ended year 2001 with more than 25.000 clients. The company shared out a dividend of € 0,43 gross per stock.



COMPANY PROFILE

2. KEY FIGURES FOR 2002

Consolidated figures (€ 000)	12/02
Banking margin	4,786
Brokerage fees and other revenues	12,308
Total turnover Keytrade Bank	17,094
Operational income RealLease	2,958
Operational income Keytrade Luxembourg	911
Revenues from subsidiaries	587
Total Operating Income	21,550
Operating costs	-20,463
Operating profit	1,087
Extraordinary result	- 4,549
Taxes	- 38
Consolidated Net Result	- 3,500

Results from merged entities (Real Bank and VMS-Keytrade) are consolidated since Jan 1st 2002.

As the consolidation perimeter has changed, a comparison with previous' year results proves to be irrelevant.

The operating income amounts to € 21,550,000 for year 2002. The mother company's share represents € 17,094,000 (€ 4,786,000 from banking margin and € 12,308,000 from brokerage and various revenues). The banking activity met the company's expectations and has remained stable throughout the year thanks to relatively unchanged interest rates. The brokerage activity remained low during the period and is about 30% lower than for year 2001. This decrease is explained by the unfavorable financial markets conditions, and is similar to the decrease the entire online brokerage sector has suffered. Keytrade Bank remains leader of its sector in Belgium.

RealLease's operational income amounts to € 2,958,000. The car leasing company had a satisfying activity during 2002 and the figures are mainly similar to those of year 2001. Keytrade Luxembourg has also

seen its activity impacted by the negative financial markets conditions, and sees its operating income drop to € 911,000 a difference of 20% compared to 2001. Other subsidiaries' contribution to the consolidated operational income is marginal.

Operating costs amount to € 20,463,000 for year 2002. Expected synergies from the merged entities became effective only towards the end of the year, therefore not representing the effectiveness seen since the beginning of this year. During 2002, Keytrade Bank has initiated a complete review of its internal structure in order to start year 2003 on a 'healthy' basis.

Operating profit amounts to € 1,087,000. The relatively weak activity level at the end of year 2002 led to an operational profit slightly lower



COMPANY PROFILE

than expected. It remains nevertheless satisfying given the bad financial market conditions and the weak economic climate, and shows Keytrade Bank's ability to generate profit. RealLease contributes for € 150,000 and Keytrade Luxembourg contributes for € 131,000 to the consolidated operational income.

The extraordinary result amounts to € 4,549,000. In order to avoid penalizing following fiscal years, the company has decided to take in charge all costs related to the merger on year 2002's accounts. Extraordinary costs linked to the merger amount to € 2,849,000.

The company has also decided to take € 1,700,000 in charge. This amount consists of various asset depreciations, a decrease of the financial and credit portfolios' value as well as a provision for the reduction of value of the participation held in Viewtrade Holding Corp. Taking into account these exceptional costs, year 2002 ends with a net loss of € 3,500,000.

The group's shareholder's equity amount to € 16,419,000. The Cooke ratio is higher than 11 %, which is well above national average and largely satisfies to the legislation. These figures demonstrate the solidity of the bank's financial situation with respect to its activities and allow foreseeing the future with serenity. The risk profile of the bank remains low thanks to its well-controlled and targeted credit activities.

The bank's investment portfolio is mainly constituted of high-grade state bonds and euro bonds, and doesn't contain equities. Thanks to the careful policy adopted, the bank had an unrealized gain of € 4,000,000 on this portfolio as of December 31st, 2002.



COMPANY PROFILE

3. STOCK INFORMATION

Quotation on the Euronext Brussels continuous market (ticker: keyt)

Since the merger between VMS-Keytrade and RealBank, the Board of Directors of the new banking entity has made the choice of a unique name: KEYTRADE BANK. As the company is quoted on EURONEXT Brussels, the name modification causes a ticker change of VMS into KEYT. This change on the markets was effective since August 15th 2002 and this with no operational impact on the shares.

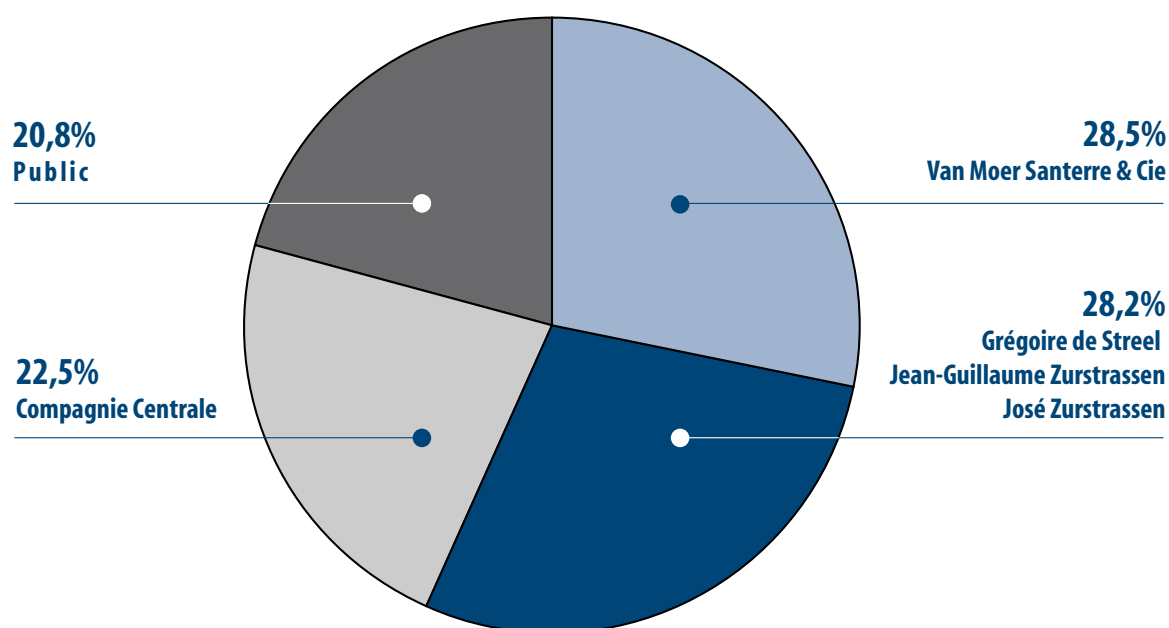
■ Price on 02/01/2002	€ 14,40
■ Price on 31/12/2002	€ 12,63
■ Highest closing price	€ 15,50
■ Lowest closing price	€ 8
■ Introduction price on 11/12/1999	€ 12,5
■ Market capitalization on 31/12/02	€ 44.331.300
■ Total number of shares on the IPO (13/12/1999)	2.540.000
■ Total number of shares on 31/12/02	3.510.000
■ Float as of 31/12/02	721.000





COMPANY PROFILE

Ownership



Shareholder's calendar

- Annual General Meeting of the company at 14.30 p.m. on May 7th 2003.
- Quarterly press release Q1 during the fourth week of May 2003.
- Half year press release H1 during the fourth week of September 2003.
- Quarterly press release Q3 during the fourth week of November 2003.
- Annual Results 2002 during the fourth week of March 2004.

Contacts

The section 'Investor Relations' of www.keytradebank.com offers permanent and current information of the company.

For more info, the contact person for investors, analysts and the press is:

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1170 Brussels - Belgium

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Tel. + 32 / (0)2 679 90 00

Fax. + 32 / (0)2 679 90 01



COMPANY PROFILE

Comments on 2002

- In April 2002, the Belgian leader in online trading announced its intention to merge with the Internet bank RealBank, in order to create the main online financial institution in Belgium.
- At the end of June, VMS-Keytrade received the banking license as well as the agreement from the Banking and Finance Commission (CBF) regarding the merger of both entities. Shareholders voted unanimously for the merger by absorption of RealBank during the Extraordinary General Assembly that followed.
- On an operational level, the first concrete step has been implemented only three months after the merger was announced. Since early July, former RealBank clients place their stock exchange transactions via VMS-Keytrade's transactional platform.
- In August, the Board of Directors of the newly formed bank decided of a new legal company name: Keytrade Bank. The company being listed on Euronext, it has seen its symbol changed from VMS to KEYT.
- Within the same month, employees from RealBank moved into VMS-Keytrade's office, located 100 Bld du Souverain-Vorstlaan, B-1170 Brussels.
- In September, the company launched access to the US options market.
- Begin December, Keytrade Bank achieved the merger of both groups by launching its unique banking and trading site **www.keytradebank.com**.

Perspectives

The company will continue to develop the range of financial products tradable on its banking and trading platform.

Beginning of the year, the company gave online access to bonds of the primary market, a fundamental analysis module as well as the opening of Milan stock exchange. Two important developments will be achieved before the end of the year; short-selling of options as well as on line margin accounts. The company also plans to give access to Monep and Liffe, which will meet the client's request for having derivative products.

Given the numerous political disruptions and economical uncertainties, it is very difficult to make any written predictions. By having cleaned up drastically its balance sheet and by having largely reduced its structure during year 2002, the company starts 2003 with confidence.

If the activity levels of begin 2003 continue at the same rate, the company should shortly recover benefit, helped also by an operational result that should be higher than 2002.

In addition, the aim of the merger is more than ever applicable. The company will continue undertaking in order to build the financial institution of the future.

The fact that the business has been build around the complementarities of both banking and trading functionalities is an asset for the coming years.

group presentation



GROUP PRESENTATION

1. Keytrade Bank s.a.-n.v.

Head office :

Vorstlaan - Boulevard du Souverain, 100 – 1170 Brussels– Belgium - Tel: +32 (0)2/679 90 00 - Fax: +32 (0)2/679 90 01

E-mail: info@keytradebank.com - <http://www.keytradebank.com>

A. List of the Directors

■ Jean-Marie Laurent-Josi	President of the Board of Directors
■ Jean Zurstrassen	Managing Director President of the Management Committee
■ Thierry Ternier	Managing Director Member of the Management Committee
■ Grégoire de Streeel	Managing Director Member of the Management Committee
■ José Zurstrassen	Managing Director Member of the Management Committee
■ Eric De Keuleneer	Director
■ Jean-Louis Laurent-Josi	Director
■ Bernard Paqui	Director
■ André Van Moer	Director
■ Cédric Van Moer	Director
■ Christian Varin	Director

B. Internal Audit

Mr. Paolo Condotta assures the function (ad interim) of Compliance Officer of the company. Mr. Paolo Condotta assures the function of Internal Audit.

C. Company Revisor

The Revisors of our company are; Mr. André Clybouw of Bedrijfsrevisoren Clybouw and Mr. Philippe Maeyaert of the company Deloitte & Touche.

D. Purpose and status of the company

Keytrade Bank aims to provide, as well in Belgium as abroad, the establishment of credit operations, including brokerage and commission operations as well as transactions on financial derivative instruments.

The company is listed on Euronext Brussels – segment Next Economy



GROUP PRESENTATION

2. Keytrade Luxembourg s.a.

Head Office : rue Charles Martel, 52 – L-2134 Luxembourg - Tel: +352 45 04 39 - Fax: +352 45 04 49

E-mail: info@keytrade.lu - <http://www.keytrade.lu>

A. List of the Directors

■ André Van Moer	President
■ Marie-Ange Marx	Managing Director
■ Charles Santerre	Managing Director
■ Jean-Christophe Van Moer	Director
■ José Zurstrassen	Director
■ Grégoire de Streel	Director
■ Thierry Matthyssens	Director
■ Jean Zurstrassen	Director

B. Internal Audit

Mr. Philippe Voortman assures the function of Internal Audit.

C. Company Revisor

The mandate of Company Revisor is assured by Grant Thornton Révision et Conseils s.a., recognized auditor by the Institut des Réviseurs d'Entreprises.

D. Purpose and status of the company

Since March 24th 2003, the company has the statute of "commissionnaire, courtier et conseiller en opérations financières."



GROUP PRESENTATION

3. RealLease s.a. - n.v.

Head Office: Vorstlaan - Boulevard du Souverain, 100 – 1170 Brussels – Belgium - Tel: +32 (0)2/679 90 52 - Fax: +32 (0)2/679 90 80

A. List of the Directors

■ Jean Zurstrassen	President of the Board of Directors (since October 28 th 2002)
■ Thierry Ternier	Director
■ José Zurstrassen	Director (since October 28 th 2002)

B. Internal Audit

Mr. Paolo Condotta assures the function of Internal Audit.

C. Company Revisor

The company revisor is Mr. Philippe Maeyaert of the company Deloitte & Touche.

D. Purpose and status of the company

RealLease aims to provide, as well in Belgium as abroad, all operations related to credit and financing granting, investment realization and/or study, analysis, engineering towards companies.



GROUP PRESENTATION

4. Keytrade Insurance s.a – n.v.

Head Office (Since September 2nd 2002): Vorstlaan - Boulevard du Souverain, 100 – 1170 Brussels– Belgium -
Tel: +32 (0)2/679 90 00 - Fax: +32 (0)2/679 90 01

A. List of the Directors

■ Jean Zurstrassen	President of the Board of Directors
■ Thierry Ternier	Director

D. Purpose of the company

Keytrade Insurance (formerly Inbrosys) aims to provide any commercial activity and any service relating to the administrative organisation of companies, in particular insurance brokers, both in Belgium and abroad, on its own account or on behalf of or in conjunction with third parties.

Balance sheet & accounts



BALANCE SHEET AND CONSOLIDATED RESULTS (€ 000)

1. CONSOLIDATED BALANCE SHEET AFTER DISTRIBUTION	2002	2001
ASSETS		
Cash, assets lodged at central banks and post office and giro accounts	1 373	
Treasury bills that can be refinanced at the central bank	946	
Receivables from credit institutions	75 662	93 459
Loans and advances to customers	41 872	
Bonds and other fixed-income securities	229 893	
Financial fixed assets	485	860
Formation costs and intangible assets	1 026	398
Consolidation discrepancies	63	1 439
Tangible assets	3 181	
Other assets	1 615	1 905
Deferrals and accruals	7 877	159
TOTAL ASSETS	363 993	98 220



1. CONSOLIDATED BALANCE SHEET AFTER DISTRIBUTION	2002	2001
LIABILITIES		
Debts to banks	55 867	
■ Payable on demand	17 053	
■ Other debts with fixed terms or periods of notice	38 814	
Debts to customers	260 934	86 447
■ Savings accounts	135 719	86 447
■ Other debts	125 215	
Liabilities represented by a security	13 137	
■ Bonds and fixed-interest securities in circulation	13 137	
Other debts	3 879	2 472
Deferrals and accruals	9 905	229
Reserves, deferred taxes and deferred tax balances	2 000	50
Subordinated liabilities	1 487	
CAPITAL AND RESERVES	16 419	9 022
Capital	15 288	7 370
■ Subscribed capital	15 288	7 370
Reserves and result brought forward	1 131	1 652
MINORITY INTERESTS		
Minority interests	365	
TOTAL LIABILITIES	363 993	98 220

**OFF-BALANCE-SHEET ITEMS****Potential liabilities**

- Guarantees instead of loans
- Other guarantees

2002**2001****886****0**

544

342

Commitments that may give rise to a risk

- Commitments due to cash purchases of securities or other values
- Available margin on confirmed credit

39 499**10 324**

6 314

10 324

33 185

Values assigned to companies included in the consolidation

- Safe-custody accounts and similar deposits

639 008**0**

639 008



2. CONSOLIDATED INCOME STATEMENT	2002	2001
Interest received and similar income	12 760	3 959
including: from fixed-income securities	8 936	
Interest paid and similar charges (-)	-7 974	-1 131
Income from variable-income securities	10	23
■ From participations and shares forming part of the fixed assets	10	23
Commissions received	10 461	13 518
Commissions paid (-)	-4 144	0
Operating profit (loss (-))	1 270	
■ From exchange and trade in securities and other financial instruments	957	
■ From exercising investment securities	313	
General administrative costs (-)	-9 847	-12 924
■ Remuneration, social security and pensions	4 806	3 007
■ Other administrative costs	5 041	9 917
Depreciation and reductions in value (-)	-2 404	-1000
on formation costs, on tangible and intangible fixed assets		
Writebacks on reductions in value (reductions in value (-))	-222	-57
on receivables and writebacks on reserves (reserves(-))		
for items "I. Potential liabilities" and "II. Commitments		
that can give rise to a credit risk" off-balance-sheet		
Uses and writebacks on reserves for risks	74	
and other costs than those envisaged by the items		
"I. Potential liabilities" and "II. Commitments that may		
give rise to a credit risk" off-balance-sheet		
Reserves for risks and costs other than those envisaged by the items	-18	
"I. Potential liabilities" and "II. Commitments that can give rise to a		
credit risk" off-balance-sheet(-)		
Other operating income	4 203	967
Other operating costs (-)	-3 080	-213
Profit (loss (-) on ordinary activities before tax	1 089	3 142
for the consolidated companies		



	2002	2001
Extraordinary income	101	749
■ Added value on the realisation of fixed assets	4	749
■ Other extraordinary income	97	
Extraordinary costs (-)	- 4688	- 473
■ Depreciation and reductions in value on formation costs, and on intangible and tangible fixed assets	1363	
■ Reductions in value on financial fixed assets	383	200
■ Reserves for risks and extraordinary costs	1755	
■ Losses on realisation of fixed assets		273
■ Other extraordinary costs	1187	
Profit (Loss(-)) for the financial year before taxes for the consolidated companies	- 3 498	3 418
Profit (Loss(-)) for the financial year before taxes for the consolidated companies. Bis.		
■ Transfer to deferred taxes and deferred tax balances(-)		-1 214
■ Deductions on deferred taxes and deferred tax balances	36	
Taxes on result	38	
■ Taxes(-)	-38	
Profit (Loss(-))for the consolidated companies	-3 500	2 204
Consolidated profit (Consolidated loss (-))	-3 500	2 204
Minority interest in result (+/-)	-4	
Group interest in result (+/-)	-3496	



ANNUAL ACCOUNTS OF KEYTRADE BANK (€ 000)

1. BALANCE SHEET AFTER DISTRIBUTION	2002	2001
ASSETS		
Cash, balances with central banks and post and giro accounts	1372	0
Treasury bill that can be refinanced at the central bank	946	0
Receivables from credit institutions	73 979	92 429
■ Payable on demand	42 904	18 428
■ Other receivables (fixed-term or with notice)	31 075	74 001
Loans and advances to customers	40 327	1 965
Bonds and other fixed-income securities	229 893	0
■ Issued by the treasury	86 850	
■ Other issuers	143 043	
Financial assets	1 885	1 234
■ Participating interests in associated companies	1 400	374
■ Participating interests in other companies with which there is an association	154	537
■ Other shares and financial assets	8	
■ Subordinated receivables from associated companies and other companies with which there is an association	323	323
Formation costs and intangible fixed assets	931	398
Tangible assets	1 254	1 302
Other assets	1 612	
Deferrals and accruals	6 970	159
TOTAL ASSETS	359 169	97 487



1. BALANCE SHEET AFTER DISTRIBUTION	2002	2001
LIABILITIES		
Debts to banks	55 867	0
■ Payable on demand	17 053	
■ Other debts with fixed terms or periods of notice	38 814	
Debts to customers	258 831	86 375
■ Savings accounts	135 719	86 375
■ Other debts	123 112	
Liabilities represented by a security	13 137	0
Other debts	2 451	1 168
Deferrals and accruals	9 651	229
Reserves for risks and costs	1 968	1 110
Subordinated liabilities	1 487	
CAPITAL AND RESERVES	15 777	8 605
Capital	15 288	7 370
■ Subscribed capital	15 288	7 370
Reserves	2 937	452
■ Statutory reserves	538	452
■ Unavailable reserves	2 065	0
■ Tax-free reserves	51	
■ Available reserves	283	
Profit (Loss (-)) brought forward	-2 448	783
TOTAL LIABILITIES	359 169	97 487

**OFF-BALANCE-SHEET ITEMS****Potential liabilities**

- Guarantees instead of loans
- Other guarantees

2002**2001****886**

544

342

Commitments that may give rise to a credit risk

- Commitments due to cash purchases of securities or other values
- Available margin on confirmed credit lines

39 499

6 314

33 185

10 324

10 324

Securities at bank

- Safe-custody accounts and similar deposits

639 008

639 008



2. PROFIT AND LOSS ACCOUNT	2002	2001
Interest received and similar income	12 760	2 690
including: fixed-income securities	8 936	
Interest paid and similar charges (-)	-7 974	-1 114
Income from variable-income securities	130	0
■ From participating interests in associated companies	0	0
■ From other shares and company participations constituting financial assets	130	0
Commissions received	9 458	9 958
Commissions paid (-)	-4 000	0
Profit (Loss(-)) deriving from financial operations	1 246	3 693
■ From exchange and trade in securities and other financial instruments	933	3 693
■ From the realisation of securities	313	0
General administrative costs (-)	-8 284	-12 313
■ Remuneration, social security and pensions	4 296	2 766
■ Other administrative costs	3 988	9 547
Depreciation and reductions in value (-) on formation costs, on tangible and intangible fixed assets	-1 358	-946
Writebacks on reductions in value (reductions in value (-)) on receivables and writebacks on reserves (reserves (-)) for the items "I. Potential liabilities" and "II. Commitments that may give rise to an off-balance-sheet credit risk"	-33	-57
Uses and writebacks on reserves for risks and other costs than those envisaged by the items "I. Potential liabilities" and "II. Commitments that may give rise to an off-balance-sheet credit risk"	74	
Other operating income	1 027	1 037
Other operating costs (-)	-2 075	-168
Profit (loss (-)) on ordinary activities before tax	971	2 780



2. PROFIT AND LOSS ACCOUNT

Extraordinary income

- Added value on the realisation of fixed assets
- Other extraordinary income

Extraordinary costs (-)

- Extraordinary depreciation and reductions in value on formation costs, on intangible and tangible fixed assets
- Reductions in value on financial fixed assets
- Reserves for risks and extraordinary costs
- Other extraordinary costs

Profit (Loss(-))for the financial year before taxes

Taxes on result

- Taxes (-)
- Regularization of taxes and fiscal writebacks on reserves

Profit (Loss(-)) for the financial year

Profit (Loss(-)) for the financial year to be appropriated

2002

2001

63

748

4

59

748

-4 923

-466

1 303

776

200

1 755

1 089

266

-3889

3 062

0

-1 079

-1 144

65

-3889

1 983

-3889

1 983



APPROPRIATIONS AND DEDUCTIONS	2002	2001
Profit (Loss(-)) to be appropriated	-2448	1983
■ Profit (Loss(-)) for the financial year to be appropriated	-3889	1983
■ Profit (Loss (-)) brought forward from previous financial year	1441	
Appropriations to capital and reserves (-)	0	-99
■ to the legal reserve		99
Profit and loss account carried forwards	2448	783
■ Profit to be carried forward (-)		-783
■ Loss to be carried forward	2448	
Profit to be distributed (-)	0	-1101
■ 1. Cash dividend to be paid (a)		1101

Commissioner's reports



1. STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 TO THE SHAREHOLDERS' MEETING OF KEYTRADE BANK S.A-N.V.

In conformity with the terms of the law and the articles of association, we have the honour of presenting our report relating to fulfilment of the auditing assignment with which we were entrusted.

We proceeded with an audit of the consolidated accounts drawn up on the responsibility of the Executive Board of the company for the financial period closed on 31 December 2002, the balance sheet total of which amounted to 363,993 (000) EUR, as well as the profit and loss account, the total of which closed on a consolidated loss of 3,500 (000) EUR for the financial period. We also proceeded with an audit of the consolidated management report.

Unreserved attestation of the consolidated accounts

Our controls were performed in conformity with Belgian auditing standards as published in by the Institute of Company Auditors. These professional standards require that the audit be organised and performed in such a way as to obtain a reasonable assurance that the consolidated accounts contain no significant inaccuracies compared to the legislative and regulatory provisions applicable in Belgium.

In conformity with the above standards, we took due account of the organisation of the consolidated total entity in administrative and accounting matters, as well as related internal control devices. We obtained explanatory information required for our controls. We performed random sample examinations of the justification for the figures in the consolidated accounts. We evaluated the validity of the rules of appraisal and all significant accounting estimates drawn up by the company, as well as for the presentation of the consolidated accounts as a whole. We are of the opinion that the work performed constitutes a reasonable basis for the expression of our opinion.

In our view, the consolidated accounts closed on 31 December 2002 provide an accurate picture of the capital, financial situation, and results of the consolidated entity, in conformity with the legal and regulatory provisions applicable in Belgium; the information provided in annex is adequate.

Supplementary attestation

We complete our report by means of the following supplementary attestation, which is not of such a nature as to modify the scope of the attestation of the consolidated accounts:

- The consolidated management report contains the information required by law and is in accordance with the consolidated accounts.

29 April 2003

The Board of Auditors,

Deloitte & Touche

Reviseur d'Entreprises SC s.f.d. SCRL

Represented by Philip Maeyaert & André Clybouw



2. STATUTORY AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 TO THE SHAREHOLDER'S MEETING OF THE COMPANY KEYTRADE BANK S.A.-N.V.

In conformity with the terms of the law and the articles of association, we have the honour of presenting our report relating to fulfilment of the auditing assignment with which we were entrusted.

We proceeded with an audit of the consolidated accounts drawn up on the responsibility of the Executive Board of the company for the financial period closed on 31 December 2002, the balance sheet total of which amounted to 359,169 (000) EUR, as well as the profit and loss account, the total of which closed on a consolidated loss of 3,889 (000) EUR for the financial period. We also proceeded with an audit of the consolidated management report.

Unreserved attestation of the consolidated accounts

Our controls were performed in conformity with Belgian auditing standards as published in by the Institute of Company Auditors. These professional standards require that the audit be organised and performed in such a way as to obtain a reasonable assurance that the consolidated accounts contain no significant inaccuracies compared to the legislative and regulatory provisions applicable in Belgium.

In conformity with the above standards, we took due account of the organisation of the consolidated total entity in administrative and accounting matters, as well as related internal control devices. We obtained explanatory information required for our controls. We performed random sample examinations of the justification for the figures in the consolidated accounts. We evaluated the validity of the rules of appraisal and all significant accounting estimates drawn up by the company, as well as for the presentation of the consolidated accounts as a whole. We are of the opinion that the work performed constitutes a reasonable basis for the expression of our opinion.

In our view, the consolidated accounts closed on 31 December 2002 provide an accurate picture of the capital, financial situation, and results of the consolidated entity, in conformity with the legal and regulatory provisions applicable in Belgium; the information provided in annex is adequate.

Supplementary attestation

We complete our report by means of the following supplementary attestation, which is not of such a nature as to modify the scope of the attestation of the consolidated accounts:

- The consolidated management report contains the information required by law and is in accordance with the annual accounts.
- Without prejudice to formal matters of minor importance, the accounting is maintained, and the annual accounts established, in conformity with the legal and regulatory provisions applicable in Belgium.
- No transaction were concluded or decisions taken in violation of the articles of association or the Companies Code.
- The allocation of the results proposed at the General Meeting is in conformity with the provisions of the law and the articles of association.



■ In application of article 523 of the Companies Code, we are required to inform you of the following transactions, finalised since the last Ordinary General Meeting, i.e.:

- The proposal to issue subscription rights, not accompanied by any preferential right, in favour of certain persons other than staff members. This proposal, intended to implement a incentives plan in favour of the members of the Management Committee, was presented to the Extraordinary General Meeting on 28 June 2002 and approved by the same;
- Approval of the management agreement between the members of the Management Committee and the company. This agreement is intended to establish the methods of cooperation between the company and each member of the management committee and to establish their remuneration for the duties fulfilled in the capacity of members of said Committee;

- Approval of the agreement reached between the company and Van Moer Santerre & Cie relating to sell-downs and the organisation between the parties.

The above transactions are described in greater detail in the management report of the Executive Board.

29 April 2003

The Board of Auditors,

Deloitte & Touche

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Management Report



VI. MANAGEMENT REPORT PROPOSED BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS ON 14 MAY 2002.

We are pleased to present the Management Report for the financial period closed on 31 December 2002, in conformity with Article 95 of the Companies Code, as well as the Consolidated Management Report, in conformity with Article 119 of the Companies Code.

1. Management Report relating to the Annual Accounts

The 2002 financial period was marked by merger by absorption by the corporation RealBank.

The object of the transaction was twofold : The object of the transaction was twofold : first, to acquire the banking license required to meet the growing client for increasingly more extensive banking services; and, second, to acquire the banking skills required to carry on our activities. The merger intention was announced in April 2002, the legal merger being finalised, effective retroactively, on 1 January 2002, by the Extraordinary General Meeting, held before a notary, on 28 June 2002. In July 2002, all staff was centralised in our offices on the Boulevard du Souverain, the activities of the agencies in the Rue des Colonies being transferred as well. The integration process was highly demanding in terms of data processing, commercial, administrative and operations. The data processing teams worked on the integration of the Internet site, carried out in several phases: the first phase ended in October, with the installation on-line of an entirely new trading site, while the second phase ended in December, with the integration of the banking and stock market functionalities into one and the same Internet platform. Parallel to the above, we continue to innovate, creating a new transactional platform for warrants trading, and providing access to the US options market; many of the applications have now been reprogrammed to run on open architectures. The company is continuing its development strategy and therefore remains the owner of its own applications, in terms of stock market and banking back office, as well as all front office applications and the network in general. These data processing developments constituted the company's [principal] research and development activities during the year 2002.

Parallel with these technological advances, client satisfaction remains high: the company experienced only an insignificant number of account closures, while the increasing number of clients remained stable. With regards to human resources, certain positions were eliminated

due essentially to the need to avoid duplication of effort. Staff member status has now been harmonised. The integration of mentalities and persons within the various departments was difficult to predict, raising various questions of a managerial nature. This was a "first" for the company; we are convinced that we have met the challenge in the best possible manner.

It should be noted that a banking merger is usually a long and complex process; in this case, the transaction was completed very quickly. 2002 is therefore the company's first year of operation as a bank, a fact reflected in a completely restructured balance sheet.

With regards to the profit and loss account, the principal striking fact is the new level of exceptional charges. The management, wishing to take charge of all the merger costs for the 2002 financial period, made various value reductions in such a way as to begin the 2003 financial period on a sound basis. The costs of the merger amounted to EUR 2,849(000), while the various reductions in value amounted to EUR 2,010(000); these reductions in value related, in particular, to the financial and credit portfolio and the participation in Viewtrade Holding Corporation.

The banking margin was established at EUR 4,786(000), a result reflecting the stability of client deposits throughout the year. Stock market brokerage commissions and miscellaneous revenues amounted to EUR 12,308(000), corresponding to a drop of +/- 30% in brokerage activity, in line with the sector.

Current pre-tax profits amounted to EUR 970(000).

The financial period closed with a loss of EUR 3,889(000), explained by the exceptional loss of EUR 4,859(000).

No events occurring subsequent to the closure of accounts were of such a nature as have a significant negative influence on the accounts closed on 31 December 2002.



MANAGEMENT REPORT PRESENTED BY THE EXECUTIVE BOARD TO THE GENERAL MEETING OF THE SHAREHOLDERS

Moreover, no additional compensation was received by the Company Auditors.

Conflicting interest proceedings

In conformity with Article 523 of the Companies Code, the present report contains the statements from the Minutes relating to the conflicting interest proceedings followed by the Executive Board during the year 2002.

1. Minutes of the meeting of the Executive Board held on 28 June 2002:

"AGENDA"

1. Decision to propose to the General Meeting of the Shareholders the issue of subscription rights with elimination of the preferential right in favour of certain persons other than staff members, and to convene an Extraordinary General Meeting to that effect;

2. Approval of the two special reports of the Executive Board referred to in Articles 583 and 596 and 598 of the Companies Code relating to the issue of subscriptions rights and the elimination of the preferential right; (...)

RESOLUTIONS

Before beginning deliberation on the points on the Agenda, Messrs Jean-Guillaume Zurstrassen, José Zurstrassen and Grégoire de Streel, in conformity with Article 523 of the Companies Code, wished to inform the other Directors of their conflict of financial interest with regards to the resolutions included in the Agenda of the present Board Meeting. The said Directors in fact have a vested interest in a decision by the Board to propose a vote to the General Meeting in favour of the issue of subscription rights in favour of certain persons with elimination of the preferential right, and to convene a General Meeting to that effect, in view of the fact that the said Directors, in their capacity as future members of the company management committee, are the beneficiaries of part of the subscription rights to be issued. The issue of subscription rights is intended to permit the implementation of a stock options plan in favour of members of the future company management committee.

In conformity with Article 523 of the Companies Code, the auditor was

informed of the above mentioned conflict of interest.

Messrs Jean-Guillaume Zurstrassen, José Zurstrassen and Grégoire de Streel, in conformity with Article 523 of the Companies Code, withdrew from the Meeting of the Executive Board and did not participate in the vote.

The Directors with a vested interest opposed to the resolutions of the present Board meeting having withdrawn, the Board was then validly empowered to deliberate on the various points on the Agenda.

1. The Board took due note of the fact that Messrs. Jean-Guillaume Zurstrassen, José Zurstrassen and Grégoire de Streel have a conflicting financial interest with regards to the resolutions included in the Agenda of the present Board Meeting, in view of the fact that, in their capacity as future members of the management committee, they will benefit from the issue of the subscription rights which are the object of the present Board resolution.

The issue of subscription rights is intended to permit the implementation of an incentives plan in favour of members of the future company management committee as a guarantee of loyalty and efficiency. The company is therefore interested in implementing an incentives plan for its new management, intended to bring about a direct association between the management and the company development and evolution. The subscription rights to be issued may be exercised at the price equal to the share value of VMS-Keytrade.com at the time of the offer, at the election of the management, based on the average share price during the thirty days preceding the offer, or according to the last closing price preceding the day of the offer, but not less than the intrinsic value of the share, as stated in Article 598 of the Companies Code. In view of the rules of subscription price determination, the elimination of the preferential subscription right will in no way prejudice the interests of the present shareholders. Furthermore, following the merger by absorption of RealBank, the company capital will be increased to EUR 15,288,132.27, represented by 3,510,000 shares. The issue of new shares following the exercise of the subscription rights will therefore imply a negligible dilution of present stock ownership. If all subscription rights are exercised, the result will be a dilution of the existing rights to the company profits of between 1/3,510,000 and 1/3,660,000th.

In view of the above, i.e., the company's interest in the issue of the stock option plan and the negligible influence of the transaction on the capital situation of the shareholders, the Board unanimously decided to convene



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an Extraordinary General Meeting, to be held on 28 June 2002 at 17h30 at the company headquarters. The Agenda of the above mentioned meeting was included in the convocation of the shareholders, a copy of which is annexed to the present document. The Executive Board unanimously approved said Agenda

2. The Board unanimously adopted the two reports of the Executive Board referred to in Articles 583 and 596 and 598 of the Companies Code, relating to the issue of subscription rights and the elimination of the preferential right, a copy of which is annexed to the present (...) "

2. Minutes of the Executive Board Meeting of 28 June 2002:

"AGENDA"

(...)

6. Approval of the draft management agreement between the members of the management committee and the company;

7. Allocation of subscription rights to the members of the management committee;

8. Approval of the agreement reached between VMS-Keytrade and Van Moer Santerre;

RESOLUTIONS

Before beginning deliberation on the points on the Agenda, Messrs Jean-Guillaume Zurstrassen, José Zurstrassen, Grégoire de Streel, Jean-Louis Laurent Josi and Thierry Ternier, in conformity with Article 523 of the Companies Code, informed the other Directors of their financial conflict of interest with regards to certain resolutions included on the Agenda of the present Board Meeting, more particularly, points 6 and 7. The above mentioned Directors in fact have a vested interest in approval by the Executive Board of the draft management agreement between the members of the management committee and the company, which agreement confers upon themselves compensation and other advantages for duties to be performed by themselves in their capacity of members of the management committee. They also have a vested interest in a decision by the Executive Board to grant them the subscription rights issued by the second Extraordinary Meeting held on 28 June 2002.

The management agreement is intended to establish the methods of cooperation between the company and each member of the management committee, while establishing their compensation for the duties to be performed in their capacity as members of the management committee. The issue of the subscription rights is intended to permit the implementation of a stock option plan in favour of the members of the management committee.

Messrs André Van Moer, Cédric Van Moer and Bernard Pacqui, in conformity with Article 523 of the Companies Code, informed the other Directors of their possible financial conflict of interest to the latter decision included in the Agenda of the present Board meeting, more particularly, point 8. They might, in fact, have a vested interest in approval, by the Executive Board, of the agreement between Van Moer Santerre & Cie and the company, relating to sell-downs and the organisation between parties.

The auditors, in conformity with Article 523 of the Companies Code, were informed of the above mentioned conflicts of interest.

(...)

Messrs. Jean-Guillaume Zurstrassen, José Zurstrassen, Grégoire de Streel, Jean-Louis Laurent Josi and Thierry Ternier, in conformity with Article 523 of the Companies Code, withdrew from the Board Meeting to permit the other Directors present to deliberate on the following points on the Agenda.

These Directors with a vested interest opposed to the following deliberations of the present meeting having withdrawn, the Board was then validly empowered to deliberate on the following points.

The Board took due note of the fact that Messrs. Jean-Guillaume Zurstrassen, José Zurstrassen, Grégoire de Streel, Jean-Louis Laurent Josi and Thierry Ternier have a conflicting financial interest with regards to the decisions included in points 6 and 7 of the Agenda of the present Board Meeting, in view of the fact that, in their capacity of members of the management committee, they will benefit from compensation and other advantages foreseen in the management agreement, as well as from allocation of the issued subscription rights. The management agreement is intended to establish the methods of cooperation between the company and each member of the management committee, while establishing the compensation of the members of the management committee. The proposed compensation is deemed justified and adequate by the Board.

The allocation of the subscription rights to the members of the



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management committee is intended to permit the implementation of an incentives plan in favour of the members of the management committee, as a pledge of loyalty and efficiency. The company is therefore interested in creating an incentives plan for the management, intended to bring about a direct association between the management and company development and evolution. The subscription rights may be exercised in conformity with the offer of allocation of the subscription rights included in annex. In view of the rules of determination of the subscription price contained therein, the elimination of the preferential subscription right will in no way prejudice present shareholders. In addition, in view of the capital increase occurring as a result of the merger, the company capital now amounts to EUR 15,288,132.27, represented by 3,510,000 shares. The issue of new shares as a result of the exercise of the subscription rights will therefore imply a limited dilution of the present body of company shareholders. If all subscription rights are exercised, the result will be a dilution of the existing shares in the profits of the company of between 1/3,510,000th and 1/3,660,000th.

In view of the above, i.e., the reasonable and justified character of the compensation of the members of the management committee and the company's interest in the issue of a stock options plan, as well as the limited influence of this transaction on the capital situation of the shareholders, the Board decided to vote as follows on the following resolutions:

6. The Board, by unanimous vote of the members present, following the withdrawal of the five members mentioned above, approved the draft management agreement between the members of the management committee and the company, which agreement shall remain annexed to the present document, as well as the amount of compensation granted to the members of the management committee.

7. The Board, by unanimous vote of the members present, following the withdrawal of the five members mentioned above, decided to allocate the 150,000 subscription rights issued during the second Extraordinary

General Meeting of the Company held on 28 June 2002 to the following persons, members of the management committee, distributed as follows:

- Mr. Jean-Guillaume Zurstrassen : 30,000 subscription rights
- Mr. José Zurstrassen : 30,000 subscription rights
- Mr. Grégoire de Streel : 30,000 subscription rights
- Mr. Jean-Louis Laurent Josi : 30,000 subscription rights
- Mr. Thierry Ternier : 30,000 subscription rights

The methods and conditions of the subscription rights thus allocated are listed in the subscription right allocation offer, to be annexed to the present document.

The five Directors having previously withdrawn to permit the Executive Board to deliberate on the two preceding points, then rejoined the Board. Messrs. André Van Moer, Cédric Van Moer and Bernard Pacqui, in conformity with Article 523 of the Companies Code, then withdrew from the Board Meeting in turn, to permit the other Directors present to deliberate on the last point on the Agenda. The latter Directors with a conflict of interest in opposition to the last deliberation of the present meeting having withdrawn, the Board was then validly empowered to deliberate on the last point.

8. The Board took note of the fact that Messrs. André Van Moer, Cédric Van Moer and Bernard Pacqui might have a vested interest in approval by the Board of the agreement between Van Moer Santerre & Cie and the company. The agreement between Van Moer Santerre & Cie and the company is intended to organise the collaboration between the parties and to fix the price of the sell-downs. The Board is of the opinion that this agreement, which is annexed to the present document, is quite reasonable and well justified, and therefore decided to approve the same by unanimous vote of the members present following withdrawal of the three Directors mentioned above.



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2. Management report relating to the consolidated accounts

Total group operating results amounted to € 21,550(000) for the 2002 financial period. The parent company contributed to the above figure to the amount of € 17,094(000), consisting of € 4,786(000) in banking margins and € 12,308(000) in brokerage commissions and miscellaneous revenues.

The RealLease operating results amounted to € 2,958(000). The automobile leasing company experienced a satisfactory year in terms of activity, the results being comparable to results for the year 2001. Keytrade Luxembourg also experienced a year in keeping with market performance. The Luxembourgish subsidiary finished the financial period with operating results of € 911(000), or a drop of +/- 20% compared to 2001.

The subsidiaries Inbrosys and Iris Securities made only a marginal contribution to establishment of the above turnover.

Operating charges for the 2002 financial period amounted to € 20,463(000). The anticipated cost synergies arising from the company merger with Realbank SA by absorption of the latter, as mentioned above, were only fully realised towards the end of the year. Charges were thus maintained at a level not yet reflecting the new normative level achieved since the beginning of 2003.

Operating profits amounted to s€ 1,087(000). RealLease S.A. contributed to the above amount to the extent of € 150(000), while Keytrade Luxembourg contributed € 131(000).

Exceptional results amounted to € 4,549(000). Not wishing to penalize the future financial periods, the company decided to take charge of all merger-related costs during the 2002 financial period. Non-recurrent merger charges amounted to € 2,849(000).

According to the same logic, the company decided to take charge of an amount of € 1,700(000), including depreciation on various assets, reductions in value on financial portfolios and credits, and a reduction in value on the participation in Viewtrade Holding Corporation.

As a result of the taking in charge of the above provisional amounts for the year 2002, the financial year closed with a consolidated net loss of € 3,500(000).

Group equity was established at € 16,419(000). The Cooke ratio exceeded 11%, i.e., a percentage greatly exceeding average Belgian prudential requirements. This data reflects a particularly solid state of company health in view of its activities, permitting us to view the coming years with confidence. The bank has a targeted credit activity, and thus maintains a low risk profile.

The bank investment portfolio consists chiefly of government shares and high-quality Euro-bonds. The Bank has no share positions. Thanks to prudent management in reemployment policy, the bank disposed of a latent plus-value of € 4,000(000) on its investment portfolio on 31.12.2002.

The year 2002 was marked by the merger by absorption, by the company, of the Realbank corporation, which was decided by the Extraordinary General Meeting held before a notary on 28 June 2002. The object of the merger was twofold: first, to acquire the banking licence required to meet the growing client demand for increasingly extensive financial services, and, second, to acquire the banking skills to carry on the company activities. The merger, and the status of the credit establishment resulting for the company, are anticipated to have a major influence on the development of the company as well as the consolidated overall entity.

The integration process in the two merged entities represented a very demanding task for the company in terms of data processing, commercial, administrative and operations. The data processing teams worked on the integration of the Internet site, carried out in several phases: the first phase ended in October, with the installation on-line of an entirely new trading site, while the second phase ended in December, with the integration of the banking and stock market functionalities into one and the same Internet platform. Parallel to the above, we continue to innovate, creating a new transactional platform for warrants trading, and providing access to the US options market; many of the applications have now been reprogrammed to run on open architectures.



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Since the results of the merged entities, RealBank and VMS-Keytrade, have been consolidated in the accounts of Keytrade Bank since 1 January 2002, the consolidation perimeter has therefore changed; a comparison with the figures of the preceding years would be irrelevant.

No significant events occurred subsequent to the closure of the 2002 financial period

There was no litigation to report.

The Board of Directors



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