



## YEAR OVERVIEW 2014



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# Consolidated Key Figures <sup>1</sup>



Ratios	2014
Mc Donough ratio	19,26%
Cost income ratio	60,87%
Return on equity	14,11%
NPS <sup>3</sup>	53,00%

<sup>1</sup> | The consolidated figures (expressed according to IFRS standards) include the data of Keytrade Bank N.V./S.A., Keytrade Bank Luxembourg N.V./S.A. and RealLease N.V./S.A.

<sup>2</sup> | Regulatory qualified own funds for solvency requirements (pillar of Basel II).

<sup>3</sup> | The Net Promoter® Score (NPS) measures the percentage of promoters and detractors of a company. The company asks this simple question to customers (or employees): "Would you recommend this product or company to your friends or colleagues?". Customers in response attribute a score of 10 which can be classified into three categories: *promoters* who are excited about the brand, they talk about it, buy more and stay longer (9-10), *passives* (7-8) and *detractors* who criticize thoroughly the mark (6 and lower). The NPS is the ratio of "promoters" minus "detractors."

# Message from the Chairmen

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The financial markets were marked by four major themes in 2014: the world economy's unconvincing recovery, the continued fall in interest rates, a stronger US dollar and a more than 50% drop in the price of oil.

The growth in the world economy was divided and was adjusted downwards on several occasions. The economic recovery in America was strong, while the European and Japanese recovery lagged behind. In the euro zone deflation was a fact due to the plummeting price of oil.

The year got off to a difficult start with the harsh winter in the United States, concerns about the massive bond purchase programme being abandoned by the Federal Reserve (Fed) and unrest in Ukraine and the Middle East. However, following targeted action by the Fed and the flexible monetary policy of the European Central Bank (ECB), the Bank of Japan and the Central Bank of China, the optimism returned. The year closed with an end-of-year rally.

The aggressive monetary policy of the ECB ensured strong equity market performance, but also saddled the financial community with a new paradigm: negative interest rates.

This unprecedented interest structure is a true challenge for all the professional market parties. Banks are facing massive refinancing of mortgage loans that puts firm pressure on the intermediation margins. Insurers can no longer find safe fixed-income investments with adequate returns to cover their technical reserves.

For Keytrade Bank too, the extremely low interest rates are a real challenge in the long term. Our prudent investment policy is making it increasingly difficult to find profitable investments that meet our strict quality requirements.

Despite these difficult external factors Keytrade Bank experienced a more than excellent year in 2014. The commercial activities booked a significant increase and we could welcome more than 16,000 new customers.

Because of the significantly changed competitive environment in the Netherlands, we decided to close our branch in Rotterdam at the end of 2014.

Our operating results had risen by 11% (to 20.1 million) and were fed by both a rising interest margin (8.9%) and higher commissions (14.5%). Current pro-

**"In the future too, we will continue our focus on developing superior products and services with an outstanding customer experience. Our ambition is to be the preferred partner for all savers and investors, regardless of their level of financial literacy."**



fit before tax rose by 9.2% on the previous year to EUR 18.64 million. Net profit came in at EUR 13.5 million, 13% lower than last year. As a result the ROE (return on equity) is 14.1%.

In addition to this very excellent profitability, Keytrade Bank, with a tier-one ratio of 16.7% is also a very solvent bank (regulatory minimum is 8%).

For several years our profitability has been significantly affected by unreasonably high banking fees: these amounted to no less than 5.09 million in 2014 (Which means a tenfold increase in 10 years). It is lamentable that a very healthy and conservative bank such as Keytrade is being so severely penalized and forced to pay for the speculative conduct of a few large banks that were at the root of the 2008 financial crisis.

The "look & feel" of our company was given a new look with a new logo, new colours and a completely redesigned website that convey the values of Keytrade Bank even better: professionalism, transparency, innovation, simplicity and performance.

To respond to the growing demand for alternatives to the traditional savings account we developed KEYPLAN, a simple and free investment plan in leading investment funds. KEYPLAN was hailed in the press as the best investment solution of its kind.

BankShopper.be, an independent comparison site for financial products, proclaimed Keytrade Bank to be the best Belgian internet bank for the second time in 2014.

And the excellent customer services of Keytrade Bank was, after an extensive survey of more than 400 companies, praised by The House of Contact Centers as a role model for contact centres.

In the future too, we will continue to focus on developing superior products and services with an outstanding customer experience. Our ambition is to be the preferred partner for all savers and investors, regardless of their level of financial literacy.

We would also like to thank our 136 employees for the good results and the wonderful work they provide every day to serve our more than 196,000 customers.



Thierry Ternier

*Chairman of the  
Management Committee*



Luc Versele

*Chairman of the Board of  
Directors*

# Management & administration and audit bodies

## > Management committee

### Thierry Ternier



Thierry Ternier is Chairman of the Management Committee, and Managing Director responsible for the commercial and financial operations of Keytrade Bank since January 2007. Thierry Ternier is the CEO of Keytrade Bank.

Born in Veurne in 1965, Thierry Ternier holds a master's degree in economics from the University of Gent and a master's degree in accountancy from the Vlekho in Brussels. Thierry started his career with Unilever as a portfolio manager. In 1991 he joined the JOSI insurance group as the ALM and investment manager.

In 1993 he was appointed as Chief Financial Officer and member of the Management Committee of RealBank, the former Banque Commerciale de Bruxelles. Since the merger of Keytrade Bank with RealBank in 2002, he has been a member of the Keytrade Bank's Management Committee. With the advent of Crelan as the majority shareholder, Thierry Ternier has moved up to become the Chairman of the Management Committee and Chief Executive Officer of Keytrade Bank.

### Patrick Boulin



Member of the Management Committee and has been Managing Director of Keytrade Bank since the company was acquired by the Crelan group. Patrick Boulin is in charge of the Human Resources, Risk Department and Accounting.

Born in Binche in 1958, Patrick Boulin holds a Bachelor of Law degree from the Catholic University of Louvain and a master's degree in Fiscal Management from the Solvay Business School. This lawyer started his career as a TV and press journalist. He extended his experience within various ministerial posts and the private sector.

In 1989, he moved to Crelan in Belgium and became Secretary-General for more than 15 years, with responsibility for Communications, Strategy and acquisitions policy of the Group, until his nomination within Keytrade Bank. In addition, Patrick Boulin coordinated the successful bid by Crelan for the takeover of Keytrade Bank in the autumn of 2005

### Marie-Ange Marx



Marie-Ange Marx is a member of the Management Committee and the Managing Director who has been responsible for Keytrade Bank's operational activities since January 2007 (Chief Operating Officer).

Marie-Ange, born in Maastricht in 1969, holds a Law Degree from the Free University of Brussels (VUB) and a Master's degree in European Community Law (LLM) from the Europa College in Bruges. Marie-Ange Marx started her career as a lawyer at De Backer & Associates' chambers and then became a member of the Bar in Brussels. In 1999, Keytrade Bank founders hired her to take charge of setting up Keytrade Bank Luxembourg N.V./S.A. as Delegated Manager. She performed this job until she joined Keytrade Bank's Head Office as Compliance Officer in 2003, followed by her appointment as Chief Operating Officer at the start of 2007.

## Olivier Debehogne



Member of the Management Committee since 2011, as director for Sales and Marketing he is responsible for Keytrade Bank's commercial activities.

Born in Namen in 1974, Olivier Debehogne graduated as a Commercial Engineer at the Solvay Business School in 1997. He started his career as CRM consultant at Accenture before crossing to the financial sector in 2002. As Programme Manager at Fortis he managed sales and marketing projects both within Belgium and abroad.

His career took a new path in 2007 as Marketing Director of mass retails market and member of the Bank's Extended Management Team. He furthered his career at BNP Paribas Fortis as Director of Strategic Marketing (Retail Banking). Olivier Debehogne joined the Management Committee in 2011, as Sales and Marketing Director.

## Vincent Questiaux



Vincent Questiaux is a member of the Management Committee and has been Chief Information at Keytrade Bank since 2014.

Vincent, born in Nivelles in 1974, graduated as a Civil Electrical Engineer at the UCL. He started his career in 1997 at Accenture. In 2007 he stepped over to SWIFT where he worked as Senior Product Manager for 3 years. In 2010 he started at Head of Sales and Marketing at Gambit Financial Solutions and has been Chief Operation Officer there since 2012.

In 2014 Vincent Questiaux joined Keytrade Bank and became a member of the Management Committee as Chief Information Officer.

## > Board of directors

### Chairman

- > Luc Versele, *CEO of Crelan Belgium*

### Vice-Chairmen

- > Jean-Pierre Dubois, *Chairman of the Board of Directors of Agricaïsse*

### Directors

- > Fernand George, *Chairman of the Federation of the Belgian cooperatives of Crédit Agricole*
- > Yvan Hayez, *Vice-Chairman of the Board of Directors of Agricaïsse*
- > Patrick Lewahert, *Member of Management Committee of Crelan*
- > François Pinchon, *International Retail Banking Division, Crédit Agricole SA France*
- > Jan Annaert, *Independent Director*
- > Robert Joly, *Director of Agricaïsse*

### Chairman of the Management Committee

- > Thierry Ternier

### Members of the Management Committee

- > Patrick Boulin
- > Marie-Ange Marx

### Chairman of the Executive committee

- > Thierry Ternier

### Members of the Executive committee

- > Patrick Boulin
- > Marie-Ange Marx
- > Olivier Debehogne
- > Vincent Questiaux

### General manager Keytrade Bank Luxembourg NV/SA

- > Thibault de Barsy

### General manager Strateo (branch)

- > Patrick Soetens

## > Auditors

- > DELOITTE audit represented by Philip Maeyaert
- > KPMG audit represented by Eric Clink

## > Audit committee

- > Jan Annaert, *President*
- > Fernand George
- > Patrick Lewahert

## > Remuneration committee

- > Jan Annaert, *President*
- > Luc Versele
- > Fernand George

# A cooperative bank as shareholder

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Keytrade Bank is a 100% Belgian bank with its head office in Brussels. Together with Crelan, Europabank and Crelan Insurance, Keytrade Bank forms part of the Crelan Group. This means that Keytrade Bank can rely on the support of a strong shareholder: Crelan.

The name Crelan is relatively new on the banking scene. This is the new bank that was created from the merger of Landbouwkrediet and Centea in April 2013. However, the roots of Crelan go back to 1937, when the Belgian government founded the NILK (National Institute for Agricultural Credit), whose task was to provide loans to the agricultural sector.

Since then the bank has grown from a public government body to a universal and private bank insurer with banking offices nationwide and an extensive financial portfolio for families, the self-employed and entrepreneurs. With its specialist financial products and services Crelan is still the favoured partner of the agricultural and horticultural sectors.

Crelan is a cooperative bank with which clients feel they have a personal relationship. On a human scale, this is its trademark and this is expressed every day in the relationship of trust that the bank enjoys with its clients. Crelan operates a sustainable business model and demonstrates genuine social commitment. Common sense prevails: no complex constructions and incomprehensible models, but transparent banking.

Crelan also offers long-term support to cyclocross and athletics. The bank is the main sponsor of the Crelan AA Drink Team led by Sven Nys, the Premium partner of the Borlée family, the principal partner of the Belgian Athletics Federation, and chief partner of the Belgian Tornados (the men's 4x400m relay team).

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Crelan offers long-term support to cyclocross and athletics





# Keytrade Bank's mission is to be the best bank for independent people

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Keytrade Bank does not indulge in storytelling but in storydoing. To be the best bank for independent people: that is what Keytrade Bank strives for, every single day. Every action the bank undertakes is a part of this. Keytrade Bank invests continuously in the development of products that offer the best solution for its target group, people who prefer to keep control of their own finances. Keytrade Bank seeks to give its clients every opportunity to take control of their finances at any time whatsoever and to extract the maximum return from their money at the lowest possible cost.

Last year Keytrade Bank therefore underwent a thorough rebranding with a new and contemporary logo and updated website. Both underline the ambition of Keytrade Bank to offer simple and accessible solutions to its customers, on PC and smartphone and tablet.

Keytrade Bank takes the level of the client's experience into account in this process. For example, the bank offers its clients the opportunity to interact with specialists if they so wish. At Keytrade Bank everybody sings from the same hymn sheet. The bank considers it crucial to carry its Mission Statement – to be the best bank for independent people – through in actions rather than in slogans. That is why just telling stories is not enough for Keytrade Bank. We do stories.

## > Concrete actions for independent clients

Keytrade Bank carefully monitors the quality of its online services and ensures that these are always available. "Keytrade Bank attaches great importance to informing its clients correctly about financial products and the associated costs and risks. Keytrade Bank strictly monitors compliance with the regulations and the transparency of its operations.

The security of online transactions is something to which Keytrade Bank pays a great deal of attention. It continues to invest in this aspect and seeks to offer its clients guaranteed security without compromising the efficiency of the transactions or the user-friendliness of the platform," explains Chief Operating Officer Marie-Ange Marx. Not only does Keytrade Bank offer highly competitive rates, it also distinguishes itself by its no-nonsense approach and the quality of its online services.

By focussing on empowering and providing the right products and tools for its clients, Keytrade Bank aims to be the best bank for independent people. Keytrade Bank has the ambition to grow and expand its client base by means of innovation and investment in a constantly improving user experience. By delivering outstanding quality on a daily basis so the financial consumer can quickly and easily find the financial product that best matches his or her investment profile and experience, Keytrade Bank was able to gain the confidence of 16,000 new customers in 2014. Our client base has increased by 8% net in the past year. By now 196,000 customers have joined Keytrade Bank.

"The story of Keytrade Bank is written in the first place by our clients. It is only because of their loyalty that we can continue our organic growth. The relationship with our clients is the strength of our business model, which helps us to distinguish ourselves and consolidate our leading position, year on year."

# KEYPACK, the best solution for day-to-day internet banking

The conventional big banks often charge customers extra for additional products and services. On top of that there are often hidden costs. Anyone who loses their bank card, for example, is faced with the cost of blocking it via CardStop and paying for the activation of the new card and the pin code. We have come up with a practical solution to that problem with the introduction of KEYPACK.

KEYPACK is a unique, transparent, total and efficient banking package which is entirely free. Because it has no hidden costs, clients will never be confronted with any unwelcome surprises. The fact that our clients take their financial affairs into their own hands should be rewarded in our view. We pay our customers 5 cents per transaction: a pat on the back for the self-reliance of its clients. Last year our clients received some EUR 330,000 in this way.

## > Keytrade Bank is growing by word of mouth

'Because we have the best offering on the market, we strongly believe in word of mouth advertising', says Stephanie Debaillie, Specialist Banking at Keytrade Bank. 'KEYPACK offers our clients a unique package that is transparent and efficient and also offers the freedom to take one's day-to-day banking activities into one's own hands in a user-friendly way. Because of this we also have a strong belief in personal recommendation by our clients, which we translate into specific 'member-gets-member' campaigns. Thanks to these campaigns 9,000 new clients joined us.'

With the launch of KEYPACK, Keytrade Bank has become a leading bank not only in terms of pricing (transparency), but also as regards user-friendliness (efficiency) in the choice of day-to-day banking. Needless to say, Keytrade Bank is working hard to retain this leading position in the years to come as well.

## > Consumer organisations crown KEYPACK as the best banking solution

Both Test-Aankoop and Spaargids.be crowned KEYPACK as the best banking solution on the market. The independent surveys conducted by these consumer organisations showed that users can hardly find a better solution for their day-to-day banking.

The benefits cited by the consumer organisations include free transactions and a free VISA Classic debit and credit card. The additional advantages, such as the 5 cent bonus for every completed transaction were also praised by the consumer organisations Test-Aankoop and Spaargids.be.

The cherry on the cake is that Keytrade Bank goes the extra mile in getting rid of any possible (hidden) costs.



Debet



VISA Classic



VISA Gold

# Keytrade Bank takes the initiative in encouraging private individuals to invest

The stock market is seeing a revival in interest in the banking market, which translates in concrete terms into a strong demand for products that offer better prospects of returns. 'Keytrade Bank is the market leader in the online fund segment, and we also expect to see very strong growth in this segment in the course of the coming years. This is an additional reason for our clients to invest in new products with us', according to Olivier Debehogne.

Keytrade Bank seeks to encourage independence in all of its clients. Thanks to the KEYPLAN this vision could be perfectly applied to clients who are taking their first steps in the investment world.

Keytrade Bank offers a flexible, diversified and advantageous solution, intended to facilitate access to funds for new investors, while at the same time guaranteeing their independence: the KEYPLAN 'The KEYPLAN is an ideal formula for those who want to start investing', explains Olivier Debehogne, Director of Sales & Marketing at Keytrade Bank. Clients are free to choose the composition, regularity and amount of their investments (starting from EUR 25). Depending on their needs and their profile, investors can choose between four predefined plans which reflect the risk level that the investor is willing to take, or constitute their own plan starting from 40 funds that have been carefully chosen by Keytrade Bank. Back testing is also available, which will allow clients to

consult the real past performances of their investment based on historical data. While investments in funds grew by 20% in 2014, investments in the KEYPLAN grew by 60%.



"Since saving rates have fallen, more and more people are interested in other investment products that can offer them a higher potential return", says Nick De Mey, Specialist Investing at Keytrade Bank. 'Regularly investing part of one's money in funds means one can expect better returns without capital guarantees. Keytrade Bank's essential objective is to support its clients in their financial plans, while offering them a large degree of independence.'

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## ✓ You choose from three investment styles



Cautious



Balanced



Audacious

# Keytrade Bank, the benchmark solution for traders

Keytrade Bank also offers a wide range of investment products at advantageous rates on a modern platform. 'What traders want', explains Olivier Debehogne, 'is to be able to manage their investment products with complete autonomy, speed and user-friendliness, while being certain that, if need be, they can count on the support of a trading specialist. We have also been developing a trading platform for the past 15 years which is the benchmark on the market.'

Keytrade Bank's trading account offers several advantages in terms not only of investments but also support for traders: advantageous rates (starting from EUR 7.50 per transaction), access to 18 stock markets, as well as analytical tools which traders can use to make their selections.

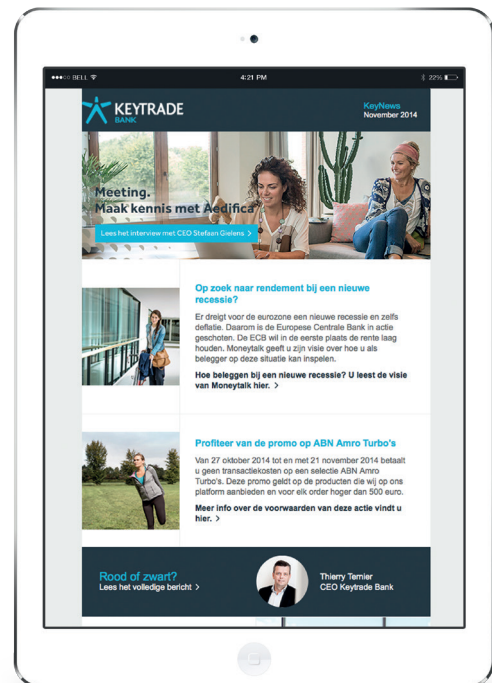
## > A reference platform

The Keytrade Bank platform allows investors to manage and trade thousands of products in real time using a single interface on 18 different stock markets. This platform, which is accessible on the web, also has a mobile version in the form of the iOS application (for iPads and iPhones) and Android.

Keytrade Bank also makes the professional platform Keytrade Pro available to traders active in Forex, CFDs and Futures. This platform is easy to download and can be personalised. It offers access to professional trading tools, while equally offering a goldmine of up-to-date information on the financial markets.

## > Wide variety of products

Keytrade Bank offers investors and private traders a large portfolio of investment products they can purchase directly on suitable stock markets. This diversified range includes: shares, options, warrants, turbos, funds, trackers, bonds, the Forex market, CFDs and Futures, as well as structured products.





## > High-quality support

In order to allow traders to take investment decisions, Keytrade Bank offers its clients professional tools and makes specialists available who are ready to answer their questions.

Each year, together with Trends/Tendances, Keytrade Bank makes an effort towards people who want to discover the stock markets during the Investors Competition, in 2014 no fewer than 30,000 enthusiastic investors subscribed.

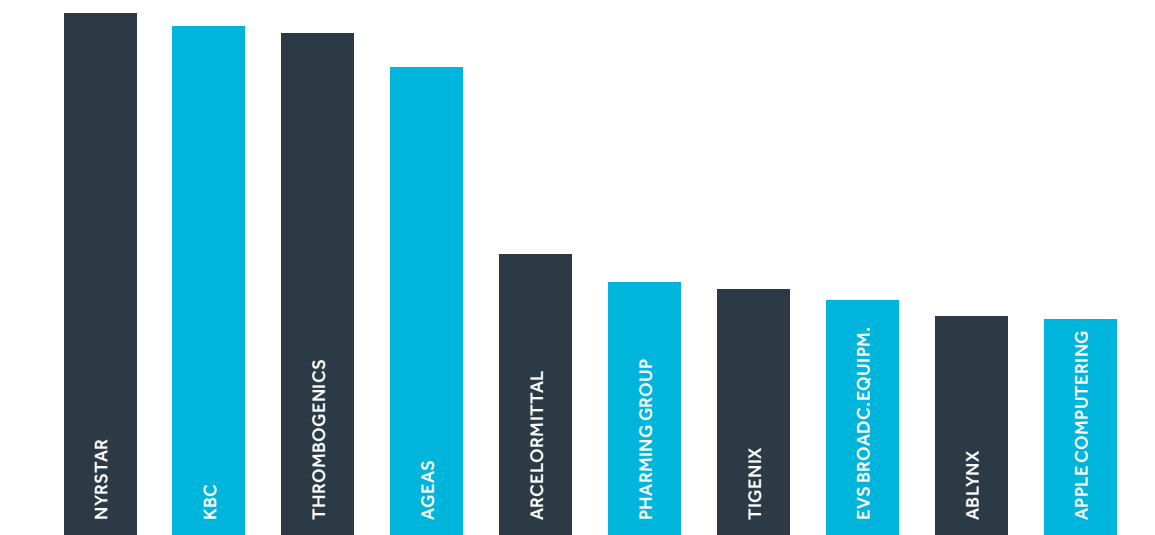
In terms of tools, Keytrade Bank offers investors a virtual portfolio, real-time stock market rates and depth of market, access to their account using their electronic identity card, an idea centre allowing them to find the best shares, a clear and immediate diagnostic tool for listed shares (Global Analyzer), technical analyses for specific shares, dynamic representations of market movements (HeatMaps), and also a fundamental diagnostic module which analyses the financial health of listed companies in intelligible language. Besides, the bank publishes a 'Top 10 most traded at Keytrade Bank', which informs every investor of other traders' most popular stock market choices.

'Trading is an activity that requires up-to-date financial information', explains Dirk Cranshof, Specialist Trading. 'We therefore offer access to real-time stock market information with a few mouse clicks, as well as professional analyses.'

At Keytrade Bank, we work continuously to optimize the quality and user-friendliness of our service. For example the renewed image of our portfolio makes investing and trading even more straightforward. You can now, for example determine yourself, through the layout, what information you want to access quickly and give your accounts a recognizable 'face' by adding your own photos. In addition, it is easier to manage your portfolio: you can quickly buy and sell, a running order now immediately appears in your list, and you can change your breakeven price yourself.

We also put another publicly traded company in the spotlight in our monthly newsletter with an in-depth interview.'

### ✓ Most traded in 2014



Because experienced investors may also need additional advice, Keytrade Bank is not satisfied with just providing a simple range of tools, but also offers support services: for example 100 information sessions took place in 2014, and online tutorials were also published. Assistance is also given by telephone, Skype and via chat, and Keytrade Bank team is always available to help its clients.

The Keytrade Bank team is always ready to help its clients. In fact, our client services are made up of genuine, easily contactable specialists. Keytrade Bank invests heavily in training its helpdesk staff. Each staff member undertakes progressive training with the aim of learning all investment subjects stage by stage and in detail. Furthermore, Keytrade Bank attaches great importance to accessibility.

In 2014, the number of calls rose with 20% compared to 2013 while the number of calls answered rose from 2% to 91%, which represents one of the best service levels in the industry. Alongside telephone, Skype and mail the service is also fully accessible via Twitter and Facebook. 'I have relied on the services of Keytrade Bank for my financial management for the last three years now and I can only praise the quality

of their platform and its contents, as well as the responsiveness of their staff if there is a problem', a client testifies.

'The diversity and quality of its products, as well as the user-friendliness of its trading platform made Keytrade Bank the leader in the online trading field for the year 2014', explains Olivier Debehogne. 'We fully expect to maintain this leadership in the years to come, he concludes.

## > Crowdfunding and learning to invest

By partnering with MyMicroInvest Keytrade Bank is the first Belgian bank to bring its clients in contact with local entrepreneurs and start-ups that are looking for investment but have no luck with the conventional big banks.

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# Keytrade Bank lives its values on the inside by creating a motivational work culture with the emphasis on the empowerment of the employees

Keytrade Bank not only promotes its mission and values externally. Within the company, too, autonomy is highly respected. Employees themselves describe the culture as *empowering*. Because the online bank strongly believes in the power and the abilities of its employees, the Keytrade Bank team is given a high degree of responsibility and autonomy.

'Our employees are given numerous opportunities to optimise their talents so they can develop in their job', says Mieke Marx, HR Manager at Keytrade Bank. 'By giving our employees freedom and responsibility as well as guidance, we create a motivational work environment'.

Keytrade Bank achieved solid growth in 2014. Our recruitment policy was oriented towards recruiting people with strong profiles who could take on the role of expert in their specialism, such as Marketing Product Owner, User Experience Manager and Trading Specialist. When Keytrade Bank recruits staff, it looks specifically for people who are happy with such values as responsibility and autonomy and who are also committed to the bank's mission.

In addition, Keytrade Bank uses an informal, pragmatic and efficient work method. Various specialties (such as IT development, design, user experience, marketing and product management) have also been physically brought together in order to keep delivering top solutions every time. Keytrade Bank's agile work method proved its efficacy once again in 2014.

The result of this HR policy is a Keytrade Bank team of 136 motivated professionals. Compared to the previous year, staffing levels rose by 3.6%. 'Keytrade Bank is a specialist in the marketplace, but this is only possible because of the expertise of its employees. Because we have succeeded in adding strong profiles to our existing team, we are able to retain our leading position in online trading and expertise', says Mieke Marx.

Keytrade Bank's customer service named as a role model





# Keytrade Bank stays ahead of the market by constantly seeking out the most innovative mobile solutions

Keytrade Bank's clients prefer to deal with things themselves and therefore consider it important to have access to their financial affairs anywhere and anytime – obviously using the most user-friendly apps. Keytrade Bank responded to this by being the first to launch a single all-in-one mobile app in Belgium with which one can bank, invest and trade.

This represented the next step in the expansion of its mobile services for the online bank and confirmed its position as a pioneer in efficiency and user-friendliness. 'We want to take full advantage of the technical potential offered by smartphones and tablets', says Vincent Questiaux, Chief Information Officer at Keytrade Bank. 'So that we can take convenience and user comfort up to the next level'.

## > The first mobile app enabled for stock exchange orders

Thanks to the Keytrade Bank application, private traders can now place their stock exchange orders directly via their smartphones or tablets. It gives Keytrade Bank clients access to the 18 global markets in the bank's online package.

What is more, a range of additional services supports clients in their investment decisions. There are, for example, interactive HeatMaps (also available to non-clients), which give an accurate picture of the situation on several global markets. They turn our mobile app into the ideal investment tool.

Investors have a clear evaluation of each share at their fingertips via the Global Analyzer function, based on a fundamental technical analysis. A clear and



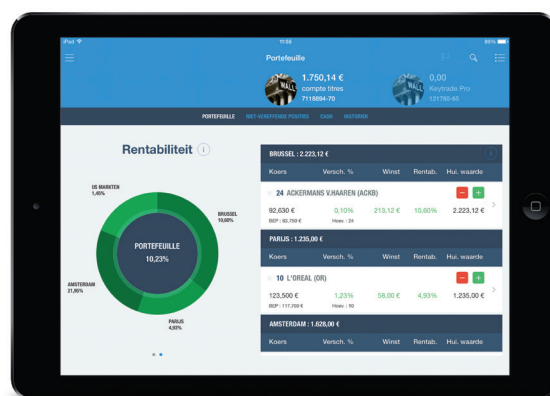
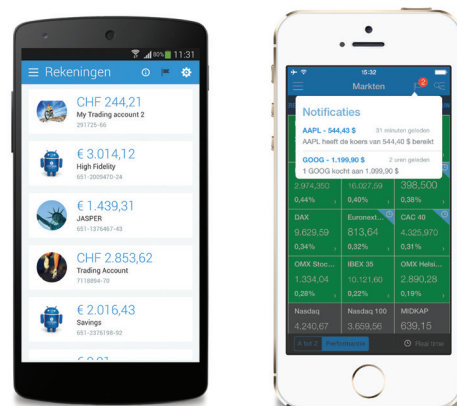


convenient graph explains the spread and profitability of the entire investment portfolio. A different and handy functionality of the Keytrade Bank app is the alarm which users can set for specific price developments. The alarm automatically tells the client when a share reaches a specific price level. So he or she can immediately take the appropriate action.

## ➤ Banking, wherever and whenever

Obviously the mobile Keytrade Bank app allows you to do your day-to-day banking as well: you can view your account balance quickly and easily, transfer funds between internal accounts and send funds to known beneficiaries. Mobile banking is extremely user-friendly for executing daily transactions at any time, wherever you are.

Keytrade Bank makes a habit of paying exceptional attention to ergonomics and design. Our mobile app is an extension of the strengths of our iPad application.



"Users gave both the Android and iOS mobile app a score of more than 4 out of 5 stars."



# Both Keytrade Bank's clients and employees are **loyal ambassadors**

## > Client satisfaction makes the client base grow

The Keytrade Bank customer satisfaction survey shows that no less than 92% of our clients are satisfied or very satisfied. Thanks to this excellent client satisfaction rate, Keytrade Bank succeeds in making ambassadors of its clients. More than half of the new customers were recommended by an existing client.

The fact that client satisfaction is so high at Keytrade Bank is a direct consequence of continuous investment in the user experience and the quality of the online and mobile services. 'These investments are translated into a Net Promoter Score (NPS) of 53%, which is quite unique in the banking sector', according to Thierry Ternier.

The NPS is calculated by asking clients whether they are prepared to recommend Keytrade Bank, to which they can then respond with a score from zero to ten. Promoters are clients who are willing to recommend Keytrade Bank. They have given a score of 9 out of 10. Detractors are clients who have stated that they do not wish to do this. They score between 0 and 6. No less than 55% of Keytrade Bank clients are promoters, the highest score among all Belgian banks. The consequence is that half of new customers who come to Keytrade Bank do so at the recommendation of the current client base. Since 2008 some 40,000 clients have been added in this way.

Because Keytrade Bank attaches great importance to these recommendations, it gives EUR 30 to the new client and EUR 30 to the existing client who recruited the new one. Keytrade Bank has directly paid out EUR 2 million like this since 2008.

## > Our employees are ambassadors for Keytrade Bank

Not only the clients but also the employees of Keytrade Bank are ambassadors for the online bank. This comes about mainly because Keytrade Bank is a bank with a lot of room for new initiatives. It is not only highly motivating to work in a growing bank which is different from other banks, but also to be able to contribute continually to innovations and improvements.

Thanks to these internal and external ambassadors, Keytrade Bank succeeded in 2014 in booking good results again though the context was difficult for bankers, investors and savers.

'Our results in 2014 are an even bigger motivation for our employees and the management to make 2015 a better year still', concludes Thierry Ternier.

**"Thanks to this excellent client satisfaction rate, Keytrade Bank succeeds in making ambassadors of its clients. More than half of the new customers were recommended by existing clients."**

# Compared with the rest of the sector, Keytrade Bank achieved **outstanding** **operating results**

In spite of an adverse banking environment, Keytrade Bank has proven that it has a sustainable business model. In 2014 Keytrade Bank reached the milestone of 196,000 clients (+8%), who have deposited in total more than EUR 8.2 billion (+12%) with Keytrade Bank. The bank achieved a net profit of EUR 13.5 million.

The good trading results and the attraction of the business model are the best evidence that Keytrade Bank has got its hands on a winning formula. Keytrade Bank strengthened its leading position in online banking and investment in 2014 and challenged the market with the attractive KEYPACK current account and an extensive range of funds and investment products in KEYPLAN.

## > **Good results in an adverse market**

The financial crisis which erupted in 2008 has damaged investor confidence. 'Trading activities in 2014 were therefore lower than usual', says CEO Thierry Ternier. However, following targeted action by the Fed and the flexible monetary policy of the European Central Bank (ECB), the Bank of Japan and the Central Bank of China, the optimism returned.

2014 was a good year for the stock market: the indexes went up. Still, investors stayed on the sidelines at first, Thierry Ternier notes: 'But the change in sentiments that began in late 2013 continued and we recorded significantly increased transaction volumes amongst our clients.'

2014 was less favourable for savings accounts. The substantial fall in market interest rates depressed the return on Belgian savings accounts, an important activity for Keytrade Bank. In addition banking activities were also battered by constantly rising bank levies: these amounted to no less than EUR 5.09 million in 2014, 10 times as much as 10 years ago.

'Nevertheless, 2014 was once again a year of strong growth for our business. We were able to welcome more than 16,000 new clients, which means that more than 196,000 savers and investors chose to bank with Keytrade Bank and entrusted us with a total capital of EUR 8.2 billion', says Thierry Ternier.

## > **Harvesting what has been sown over many years**

In 2014 Keytrade Bank harvested the fruits of years of investments in new products and innovative solutions for its clients. For example, Keytrade Bank put great effort into research and development around making mobile payments and investments.

This is the reason why Keytrade Bank has a full range of mobile products on offer today on iPad, iPhone and Android. Strateo clients in Switzerland can also carry out transactions via iPhone and iPad apps. Keytrade Bank's mobile offering gives its clients user-friendly, mobile and innovative solutions for their financial management and banking affairs.

According to Thierry Ternier: 'Our net profit of EUR 13.5 million means double digit returns (14.1%) on our equity. This is a result that not many players in the banking market can boast of. Now that online and mobile banking is really breaking through to the general public, we are profiting from the pioneering work we have been doing in this area for many years'.

'Keytrade Bank is a very solvent institution with a tier one capital ratio of 16.7%. Its liquidity ratios are among the highest in the sector and easily comply with future Basel III requirements.'



# Keytrade Bank efficiently manages the risks with regard to its financial activities.

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## > A safe reinvestment strategy pays off

These are turbulent times in the financial world, but thanks to its cautious banking strategy Keytrade Bank has nevertheless followed a stable course. In contrast to other banks it did not have to call upon public funds for its survival. During its entire existence Keytrade Bank has never gone into the red. To keep the risks for the business itself as well as for clients to a minimum, Keytrade Bank does not carry out any speculative activities, either with its own capital or with its clients' money.

In addition Keytrade Bank does not engage in any proprietary trading. The Board of Directors has quite deliberately opted for a conservative re-investment policy.

## > Risk Management

The Risk Management Department (RMD) monitors the risks of all of Keytrade Bank's activities. This department collects all relevant information, monitors the risks to which the bank is exposed and advises the management by proposing action plans for risk management. There are three active committees within the RMD that manage risks. The financial management committee monitors all the risks associated with financial activities. The risk committee monitors the operational risks and the risks in the IT field. Finally, the credit committee approves the credits that are granted and monitors these. These three committees inform and advise the management committee on the following risks:

### Interest rate risk

The strict limits which the Board of Directors has defined with regard to the re-investment of the funds entrusted to the Keytrade Bank restrict the exposure of the bank to fluctuations in the market interest rate.

### Credit risk

The bond portfolio consists of 95% of securities with at least an A rating. Exposure to the highest ratings has been expanded. As regards the geographical spread, the portfolio is invested with issuers in the OECD A zone, and more particularly within the European Union and North America (excluding Mexico). Keytrade Bank is not exposed to developing countries. As regards the exposure to peripheral Eurozone countries, the pure sovereign risk is limited to EUR 10 million in the State of Italy.





## Liquidity risk

Keytrade Bank maintains an interbank function which is sufficient to meet its short-term commitments. The bank has even introduced minimum liquidity limits that are permanently monitored. The bank's liquidity position can be termed outstanding.

## Currency risks

Checks are performed daily and the necessary changes are implemented every day on the money markets.

## Operational risk

The risk committee monitors risks on the basis of reports and probability calculations. Keytrade Bank has also set up an independent internal control function which will come into effect in the course of 2014. The Business Continuity Plan takes disaster scenarios as well as less critical problems into account.

## Reputation risk

The Keytrade Bank compliance officer is on his guard and closely monitors all the prevention measures the bank has introduced. He guarantees that the measures are compliant with the current legal requirements. Keytrade Bank has also set up a special cell which monitors client transactions every day by means of an automatic tool for monitoring transactions. Our staff regularly attend internal and external training courses on the prevention of fraud and money laundering practices.

"Keytrade Bank's prudent and non-speculative management style allowed us to pass unharmed through the terrible financial crisis that damaged the big banks", explains Patrick Boulin, Chief Financial Officer at Keytrade Bank. "Thanks to its excellent liquidity, Keytrade Bank offers a safe haven for savers."

# Foreign entities

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Keytrade Bank has been active in Luxembourg (subsidiary Keytrade Bank Luxembourg) since 1999 and in Switzerland (branch under the name Strateo) since 2009. The activities of the branch in the Netherlands were discontinued in 2014 following the strategic review by the board of directors. The two foreign entities have a banking licence. Keytrade Bank Luxembourg has long been a highly profitable Internet bank. Strateo is still in the development stage, but can already count on retail clients who are very active in the field of stock exchange transactions, and independent asset managers.

## > Switzerland

In 2014 Strateo celebrated its fifth anniversary in the Swiss market with a rise in the number of client of 25%, deposits increased by more than 50%. In August, the bank moved into new larger office spaces (same address), and the management was strengthened by a board of 3 persons.

Strateo focusses primarily on local investors with an international perspective. It also offers services for independent asset managers.

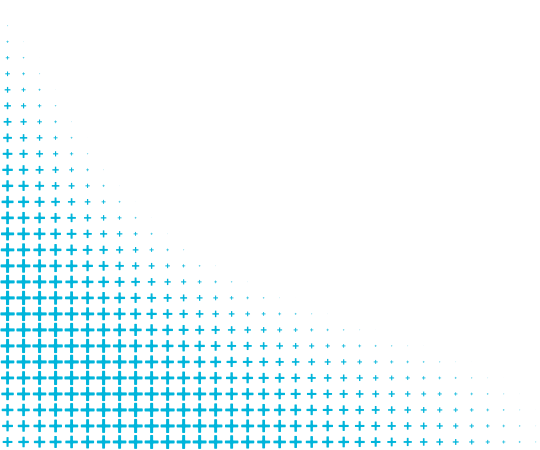
In contrast to elsewhere in Europe, the brokers margins were not eroded in Switzerland. Quite the contrary, traditional banks charge customers more and more costs. Strateo is therefore positioned to differentiate itself from its competitors with razor-sharp rates. Additionally Strateo makes the difference with quality customer service and professionalism.

Strateo fully benefits from the ICT developments of the parent company in Belgium and therefore can also offer mobile solutions on iPad and iPhone.

## > Luxembourg

Despite measures for fiscal transparency is the number of customers of Keytrade Bank Luxembourg remained almost unchanged, and the bank has nearly 6,000 customers. In 2014 they entrusted EUR 967 million to the bank, a growth of 24% in 1 year.

Cash deposits increased by 34% in one year to EUR 226 million of which EUR 40 million is in savings accounts. The securities portfolios of clients grew by 24% annually to clock off at EUR 741 million.







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RPR/RPM Brussel  
FSMA 14 357

Responsible publisher: Patrick Boulin – Vorstlaan 100 Bd. du Souverain – 1170 Brussels

