



Annual Review 2012

**excellence
communities
innovation**

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,000 banking organisations, securities institutions and corporate customers in 212 countries.

We enable our users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies.

We also create the connections and standards that make markets work across the globe. We bring together the world's financial institutions, promoting dialogue and helping to solve common industry problems.

And we combine a uniquely informed perspective with the flexibility to respond to the individual needs of every customer.

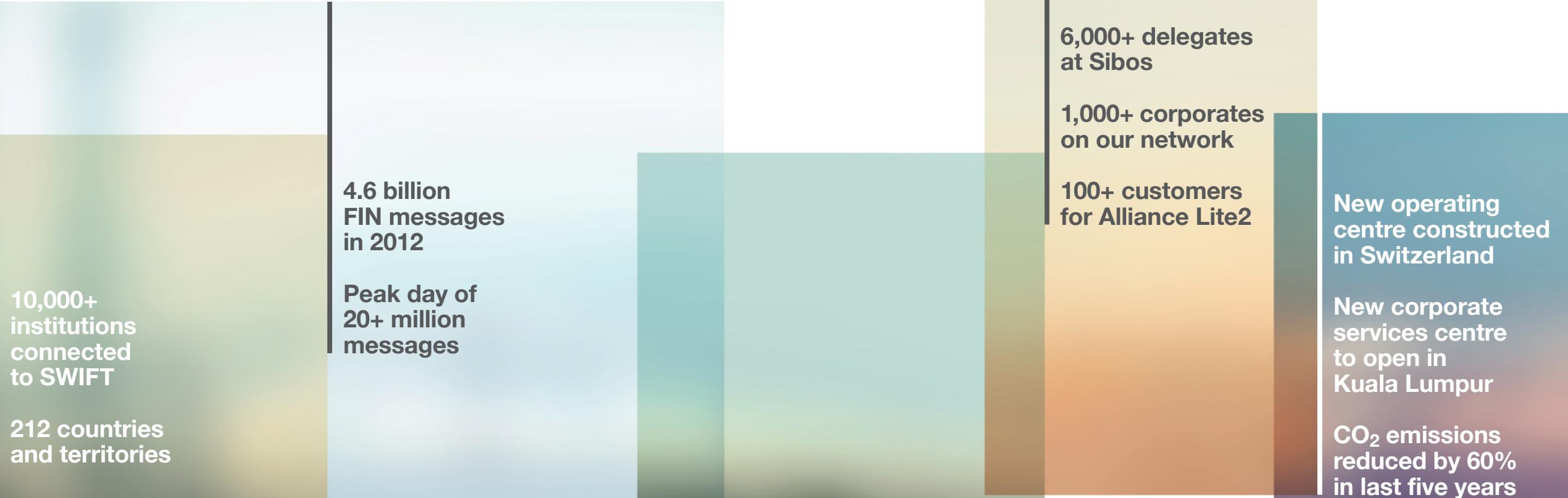
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2012 showed that the financial world is in an era characterised by challenging economic conditions, increasing regulation and rapid technological change. Our platform, products and services continue to be highly relevant in helping our community to respond and adapt to these challenges and opportunities.

As the world of our customers continues to evolve, we work to support the reduction of cost, complexity and risk for all our members – always united and guided by our core values of excellence, communities and innovation.

2012 in a snapshot



Solid performance and positive progress

Chairman's letter

Taken in isolation, 2012 was a year of solid performance for SWIFT: the healthy balance sheet, coupled with sustained operational excellence make the Board Chairman's job of reporting on progress a positive one. However, in every year since the start of the crisis, we have noted that the economic backdrop remains challenging. It is now time to acknowledge that our operational context has changed. As a cooperative owned by the banking industry, our shareholders are our customers and they are telling us that the industry should expect to see lower growth in transaction volumes for the foreseeable future.

The Executive and staff have implemented a set of initiatives to respond to these challenges. SWIFT's deliberate actions have allowed our cooperative to continue to deliver on its promises to its community. We cannot, however, expect the need for a disciplined focus to abate and must anticipate the need for further change to ensure that we remain on a sustainable path.

As a cooperative, we are expected, where appropriate, to help our members address the numerous pressures that they face in common. The banks have asked SWIFT to grow its shared services in payments and securities and these are seen as the bedrock of our value to the community. We know that there is still much to offer the community by further developing these traditional core services.

SWIFT remains focused on what is relevant to its community and is continually evolving to support the industry

Increasingly, however, as noted in last year's Annual Review, our customers are urging that SWIFT help them in areas of regulatory compliance, where pressures on their resources have been dramatically increasing.

There is growing consensus that sanctions compliance is one area that lends itself to shared service solutions and SWIFT is ready to assume a supporting role for its members in that regard. Beyond the requirement to respond to demands from authorities regarding its own activities, SWIFT has also developed a number of offerings to help our customers manage the changing world of regulatory compliance.

Discussion in the industry continues on 'Know Your Customer' (KYC) and monitoring. There is a sense of urgency now to reach consensus and move forward aggressively to meet our customers' expectations here too. SWIFT will not only need to enhance its own skill sets, but also expand the set of executives with whom it engages in its member firms to include those with compliance responsibilities.

I want to emphasise the continued value that SWIFT brings both operationally to the industry's day-to-day messaging infrastructure and financially through its established path of strategic price reductions, progressively lowering the unit cost of doing business with SWIFT. At the same time, there is no opportunity to sit back and say, "Job done."

The Board therefore continues to focus on operational excellence and remains alert to any potential threats that our franchise may face. SWIFT maintains extreme vigilance with regard to cyber-risks and their potential consequences for the franchise. Cyber-threats are no longer simply a criminal issue; they are a major global threat. As with resiliency, while we are in good shape today, we must stay well ahead of the game.

In July 2012, Gottfried Leibbrandt assumed the role of CEO of SWIFT, and as Chairman I am pleased to report that his appointment has proved a positive step forward for the organisation. Given the strong bench at SWIFT, the Board chose to look internally for a successor. Not only has the transition been exceptionally smooth, but Gottfried and his team have brought thought leadership to the task of focusing the company on its core mission, while providing a framework to think about enhancements to the franchise and in parallel deal with the external environment.

The Board welcomed seven new directors in 2012. As with the existing members, they are all leaders in their respective fields of expertise. At the same time, we value continuity and stability and are not anticipating a large turnover of board members in the year ahead. The Board continues to assume its broad governance role with diligence and discipline and, where necessary, to delve deeper into specific areas such as compliance and risk management as required.

Recognising SWIFT's role as a key infrastructure in the global financial industry, we take very seriously the fact that we are subject to a specific oversight framework involving the G-10 central banks chaired by the National Bank of Belgium. The framework was reviewed in 2012 with the establishment of the SWIFT Oversight Forum, through which information sharing on SWIFT oversight activities was expanded to a larger group of central banks*. We value the healthy, open and rigorous international cooperative dialogue we maintain with our overseers.

SWIFT remains focused on what is relevant to its community and is continually evolving to support the industry in dealing with both challenges and opportunities. The Board expects our cooperative, as a trusted, neutral third party, to continue to grow its core services, support customers in responding to the demands of the global economy, create relevant offerings in new and existing areas, and reduce cost, complexity and risk for the industry. Looking back at 2012, I believe that SWIFT has risen to the challenge. As I write this in 2013, your cooperative is in excellent shape, committed to raising our game in both managing the core services on which the community relies and remaining ever vigilant to address new challenges and opportunities.

Yawar Shah

Yawar Shah
Chairman
May 2013



*In the SWIFT Oversight Forum, the G-10 central banks are joined by other central banks from major economies: Reserve Bank of Australia, People's Bank of China, Hong Kong Monetary Authority, Reserve Bank of India, Bank of Korea, Bank of Russia, Saudi Arabian Monetary Agency, Monetary Authority of Singapore, South African Reserve Bank and the Central Bank of the Republic of Turkey.

The new normal is here to stay

CEO's statement

Our industry faced a challenging operating environment again this year, as the new normal brought slower economic growth, lower trading volumes and ever-increasing regulation. FIN traffic grew by 3.6 percent, which was significantly below budget, and while Payments traffic showed solid growth (+7.3 percent), Securities traffic was stagnant (+1.6 percent), and Treasury/FX activity decreased (-11.0 percent).

Regulation remained high on the industry agenda, as both complexity and costs increased. Regulatory changes affected us as well. As mentioned in last year's Annual Review, in early 2012 SWIFT was required to take the unprecedented step of disconnecting Iranian financial institutions subject to European sanctions, a move necessitated by multilateral governmental action to intensify financial sanctions against Iran.

The new normal also appears to bring ever faster technological change, with cloud services going mainstream, and the acceleration of mobile devices and connectivity, to name just two trends. These developments create exciting opportunities for innovators, but also bring to light new challenges around regulation, data protection and cyber-security.

If anything, these new challenges confirm the relevance of our relentless focus on operational excellence, security and reliability and the value of our products and services which reduce cost, complexity and risk.

We delivered solid operational and financial performance in 2012, enabling us to co-fund the new generation of Hardware Security Modules for our members. Overall our revenues ended the year in line with expectations, and growth of our non-traffic based revenues further balanced our portfolio.

And even in the context of a challenging year for traffic growth, we processed more than 20 million messages in one day on our network for the first time (on 31 May), with a peak day of close to 21 million messages in December 2012.

Excellence at the core

Our role as a major infrastructure provider lies at the heart of what we do: we are running a powerful network connecting financial institutions across the world, and are trusted to move trillions around the global economy every day, come what may.

Delivering that high performing infrastructure, together with great customer service, is what energises us. It is both a privilege and a responsibility, and is why 'excellence' is our number one value.

In 2012, we maintained our high standards of operational performance in terms of availability and customer service, and we continued to make significant investments in our infrastructure. During the year, we completed the construction of a new, world-class operating centre in Switzerland, which was formally inaugurated in March 2013, and made great strides in our FIN renewal programme, which ensures we have a sound technology foundation for years to come.

Customer-driven innovation

At the same time, we continued to drive innovation and selectively expand our core services and products to make it easier for customers to connect to SWIFT, and to offer new ways of reducing cost, complexity and risk.

2012 highlights include:

- Expanding our connectivity options through the launch of Alliance Lite2, a new cloud-based connection.
- Pursuing interoperability, particularly in the domain of market infrastructures where we can add value in shielding the complexity for participants and infrastructures alike.
- An acceleration in the number of Corporates joining SWIFT, reaching 1,035 by year-end.
- Strong take-up of our Sanctions Screening service, and the successful launch of Sanctions Testing.
- The launch of MyStandards, a collaborative web-based tool for the management of global financial messaging standards and related market practices.
- Growth and expansion of our Business Intelligence portfolio, including the launch of Watch Insights.
- A good year for our Consulting and Support Services driven by increasing demand for technical consulting services and support packages.

Furthermore in 2012, we undertook a rigorous review of our overall portfolio in order to rebalance and strengthen our commercial offering. This was an important step to ensure we stay relevant to our customers, not only today, but also as tomorrow's fast-paced technology-driven world unfolds.

2013 represents the midpoint in our *SWIFT2015* strategy, and I am pleased to report solid progress towards our strategic goals and objectives, although there is still more to be done. We will continue to invest in, and innovate our core; expand our commercial offering with focus; innovate our offering to market infrastructures; and work to capture growth opportunities in Asia.

Excellence. Communities. Innovation.

Our values of excellence, communities, and innovation continue to unite us and drive everything we do. We have:

- A motivated and skilled workforce and a culture of operational **excellence**;
- Clear ambitions to support our **communities**; and
- The agility and dynamism to **innovate**, while navigating the challenges and opportunities of the rapidly changing world.

Three good reasons to look forward with optimism and confidence.

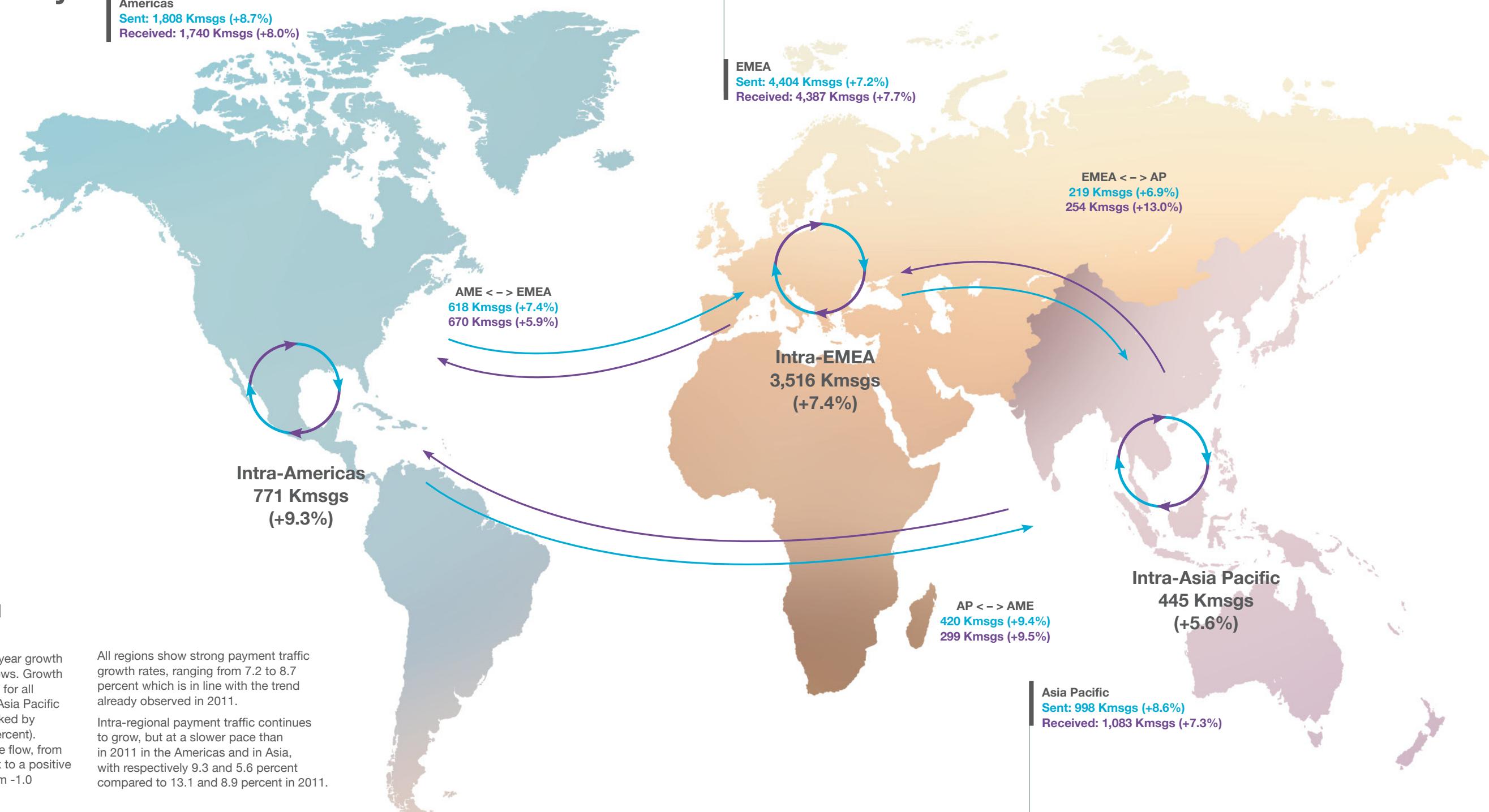


Gottfried Leibbrandt
Chief Executive Officer
May 2013



Rapid expansions in technology drive our relentless focus on operational excellence, security and reliability

Supporting the global economy



Payments regional traffic flows

This map compares year-on-year growth rates for regional payment flows. Growth is observed in all regions and for all routes. Payment traffic from Asia Pacific to EMEA is the only flow marked by double digit growth (+13.0 percent). At the same time the opposite flow, from EMEA to Asia Pacific, is back to a positive growth of 6.9 percent (up from -1.0 percent in 2011).

Average daily messages 2012
Growth is versus 2011

Sent: Total sent per Region
Received: Total received per Region

Excellence comes first

SWIFT operates unparalleled messaging services that enable financial institutions to move large amounts of money around the world every day, safely and securely, using a common language.

Our customers place their trust in us to deliver secure financial messaging 24 x 7 x 365. We play a pivotal role in the global economy, which we consider a privilege and responsibility.

As a technology and infrastructure provider, we are focused on ensuring our services work securely, efficiently and effectively. Our teams are energised by this daily challenge and work hard behind the scenes with dedication, passion, discipline and vigilance to ensure we earn and retain the trust that is placed in us.

At SWIFT, our top priority is to deliver financial messaging services with a level of quality that is second to none. Operational excellence is the means to this end. It is the very essence of who we are and what we do – the DNA of SWIFT. We aim not only to provide exceptional performance today, but also to flawlessly implement core enhancements that make our services even better tomorrow.

High performance

In 2012, we continued to deliver high standards of network security, availability and resilience, while continuing to grow the number of messages we handle.

When it comes to service availability, our aspiration is to deliver 5x9s: that is, 99.999 percent uptime for our core messaging services on an annual basis. In 2012, SWIFTNet achieved this ambitious target. FIN fell a bit short, achieving 99.992 percent availability for the year. The key issue in FIN was an approximately 30 minute outage on 11 July, resulting from a latent software defect. Although we clearly would prefer not to experience such outages, it was a remarkable effort by the technical and operational teams to identify the software defect and implement a workaround in only 30 minutes, followed by a permanent software fix just several hours later. Operational excellence is not only about preventing problems in the first place, but also about rapidly recovering from even the most unusual problems in pressure-packed situations. The technical and operational teams proved they were up to the challenge.

We managed to achieve these strong availability results while also handling significant growth in our messaging volumes during 2012. In mid-2012 we had a peak day in which we crossed the milestone of 20 million FIN messages for the first time. By the end of 2012, we had a peak day of almost 21 million FIN messages. Our core messaging platforms seamlessly handled this growth and are well-positioned to handle further growth in 2013.

Investing in our core

At SWIFT we have a long history of investing heavily in our core and 2012 was no exception. In particular, we continued to invest to ensure we have modern, cost-effective and risk-optimised technology platforms, together with state-of-the-art operating facilities.

In 2012, we continued investing in core technology in the following ways:

- Construction of our new operating centre in Switzerland (OPC-CH) was completed by the general contractor and handed over to SWIFT operations. A period of IT deployment and operational readiness testing is following, and the OPC will be live by mid-2013. When fully operational, FIN and SWIFTNet services for all customers will be running in this OPC, and will enjoy the protection of the most secure and reliable operational facility that SWIFT has ever had.
- FIN renewal is a major programme to modernise the entire technology stack of FIN for purposes of long-term risk management and cost reduction. Work for FIN renewal goes on entirely behind the scenes at SWIFT, without customers noticing a difference. In 2012, we completed most of the IT development and testing for the first phase of FIN renewal, in which we replaced the regional processors (RPs) for FIN. We plan to proceed with a gradual, risk-controlled migration of live traffic to the new RPs during the first three quarters of 2013.
- We also finalised a plan to evolve and strengthen the hardware security modules (HSMs) we use for SWIFTNet – a key element of SWIFT's overall cyber-security protections.

A simple analogy is the car that most of us drive. Cars perform the same function as they did decades ago, but inside, from a technological perspective, they have improved immeasurably. It's the same with SWIFT – we carry on doing the job we were designed for, but we are innovating, and investing in, what goes on inside.

Service excellence

At SWIFT, we view our customers as our greatest strength. That's why we define operational excellence not only in terms of the availability and security of our network, but also in terms of the service we provide to our customers.

In 2012, our customer support metrics revealed good performance. KPIs were exceeded on customer satisfaction, average call waiting time and customer ordering satisfaction.

Operational excellence will always be the foundation of SWIFT. And as the world of our customers continually changes, we are continually investing and evolving to ensure we keep on delivering for the long-term.

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We define operational excellence not only in terms of the availability and security of our network, but also in terms of the service we provide to our customers

Financial messaging in context

SWIFT traffic is closely associated with and impacted by the economic environment. Sometimes it shows a reaction to events, sometimes it is an indication of what is going to happen.

SWIFT's ecosystem is a daily barometer of the world economic performance such as GDP growth rates in major countries and regions, capital and import/export flows, FX and securities trade volatility

Monthly evolution of average daily live FIN messages (millions)

Commentary on relevant 2012 market events

Commentary on SWIFT message volume evolution

The International Monetary Fund (IMF) said that the world's economy was "deeply into the danger zone" because of risks from the eurozone. It predicted in its World Economic Outlook published on 23 January that the global economy would grow by 3.25% in 2012, down from an earlier forecast of 4%.

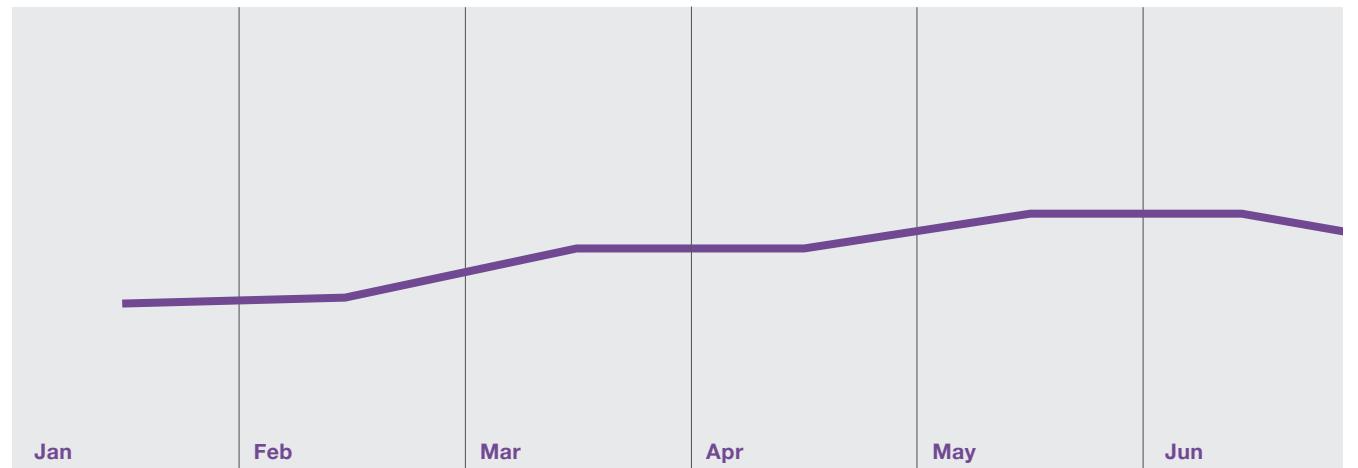
The UK returned to recession after official figures showed the economy shrank by 0.2% in the first quarter of 2012.

In its October 2012 Global Financial Stability Report, the IMF said: "The statement by the president of the European Central Bank (ECB) in July, and measures proposed by the ECB in September to increase liquidity support and safeguard an appropriate monetary policy transmission, have been essential in addressing investors' biggest fears and prompted another market recovery."

Greece predicted its economy would shrink by much more than previously estimated this year. Greece also said its economy will shrink for a sixth year in 2013.

According to the IMF, financial vulnerabilities were higher than in the spring as confidence in the global financial system remained exceptionally fragile (the euro area crisis remained the principal source of concern).

According to Eurostat, the eurozone returned to recession as the region's debt crisis continued to hurt demand. The eurozone was last in recession in 2009, when the economy contracted for five consecutive quarters.



The ongoing European debt crisis, recession and a global economic slowdown all contributed to a slower than usual start to the year.

We recorded two peak days on 1 June and on 29 June, with 20,091,329 messages for the latter.

On 31 May 2012, SWIFT traffic volumes crossed the bar of 20 million messages and reached a new peak with 20,007,371 messages. The peak was driven by high payment volumes which resulted from the ongoing moderate economic recovery in advanced economies, combined with the typical end of month payment volume increase.



After the two successive drops observed in July and August, traffic recovered strongly in September. On 28 September, we recorded the fourth FIN peak day of 2012 with 20,391,611 messages.

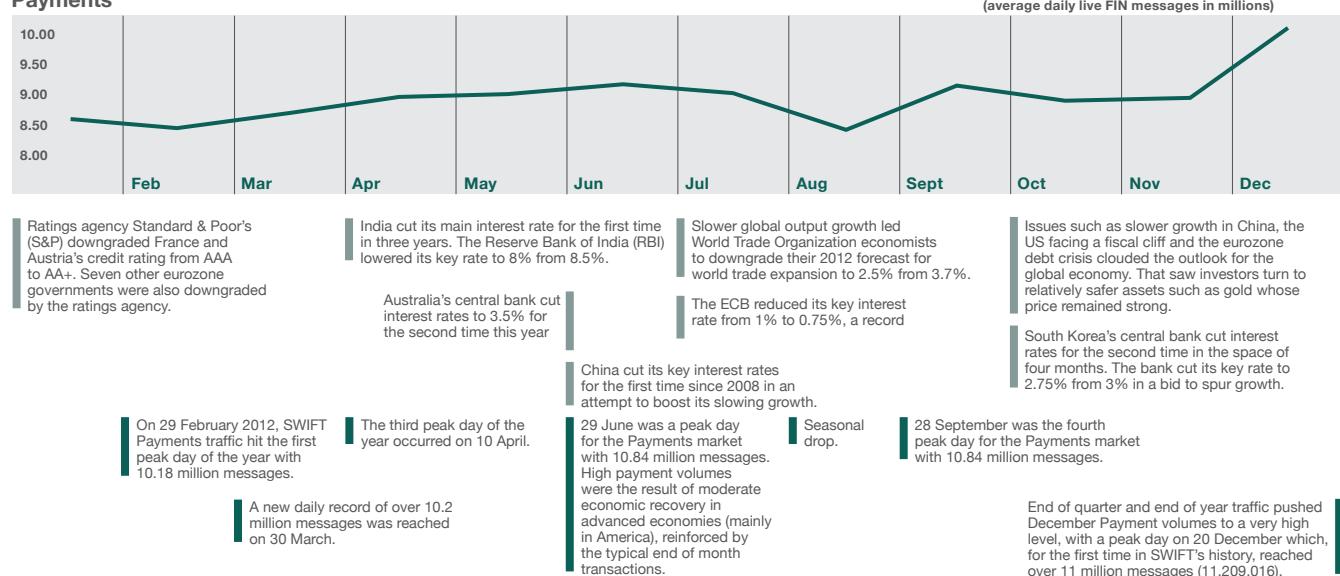
SWIFT recorded low volumes in July and August.

On 14 November 2012, total year-to-date FIN volumes passed the 4 billion mark. In 2011, we passed this mark on 25 November; in 2010, on 29 December.

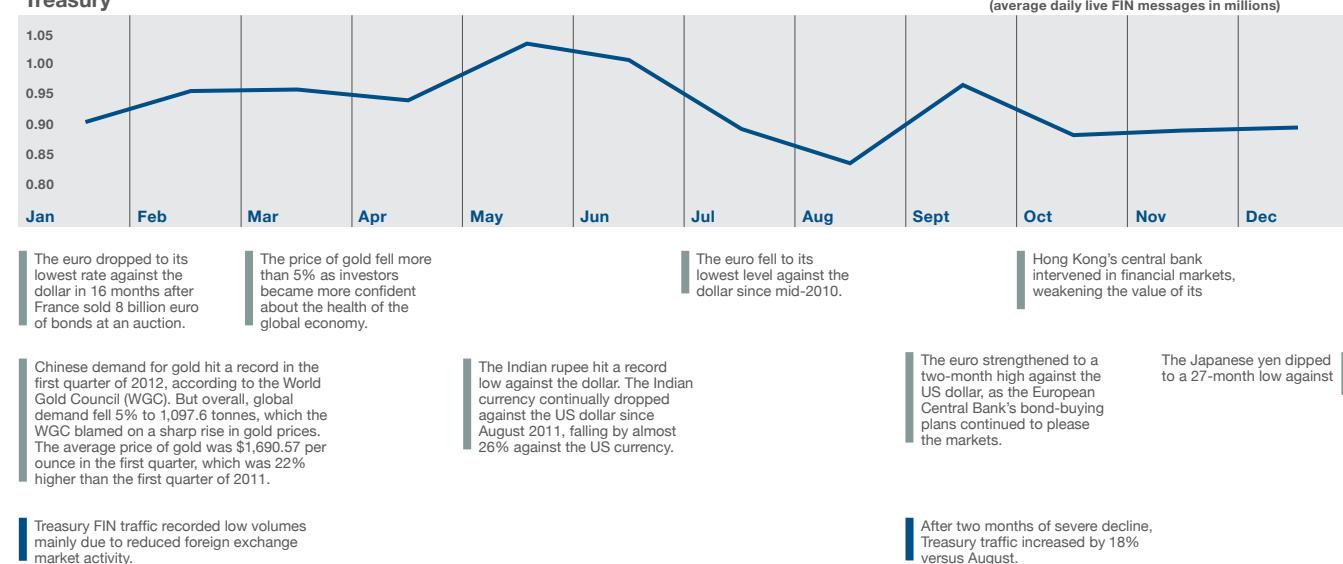
On 20 December we recorded the fifth FIN peak day of 2012 with 20,946,819 messages. This is an increase of 2.7% versus the previous peak on 28 September, a bigger increase than we observed for previous peaks this year. December 2012 was the best month ever with an average of 19.8 million messages per day (live and test messages). This was 1 million messages above the previous best month (September 2012).

Financial messaging in context (continued)

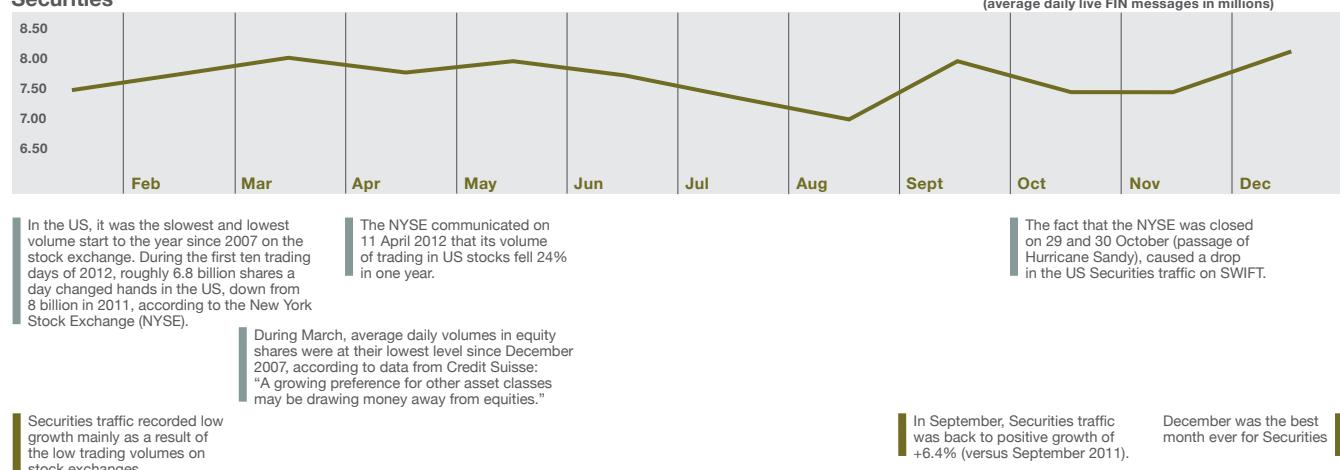
Payments



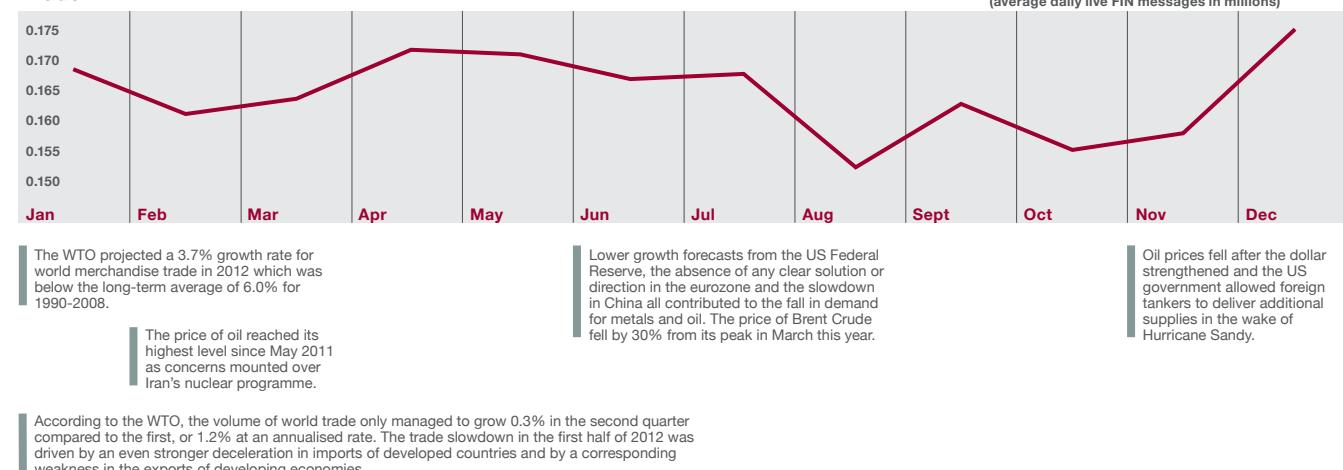
Treasury



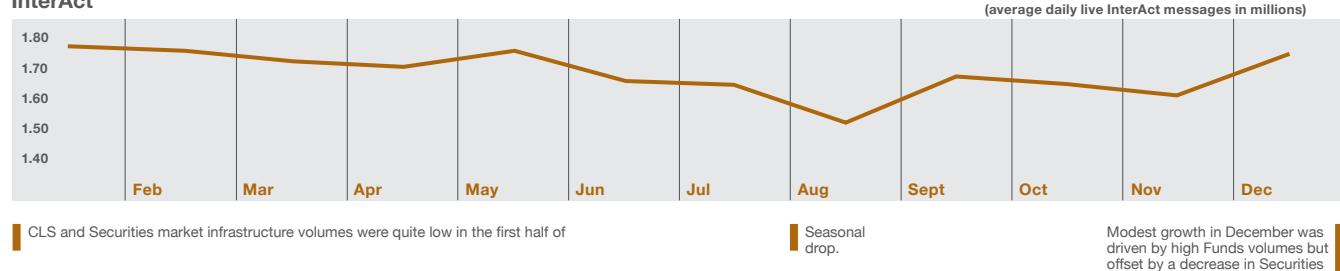
Securities



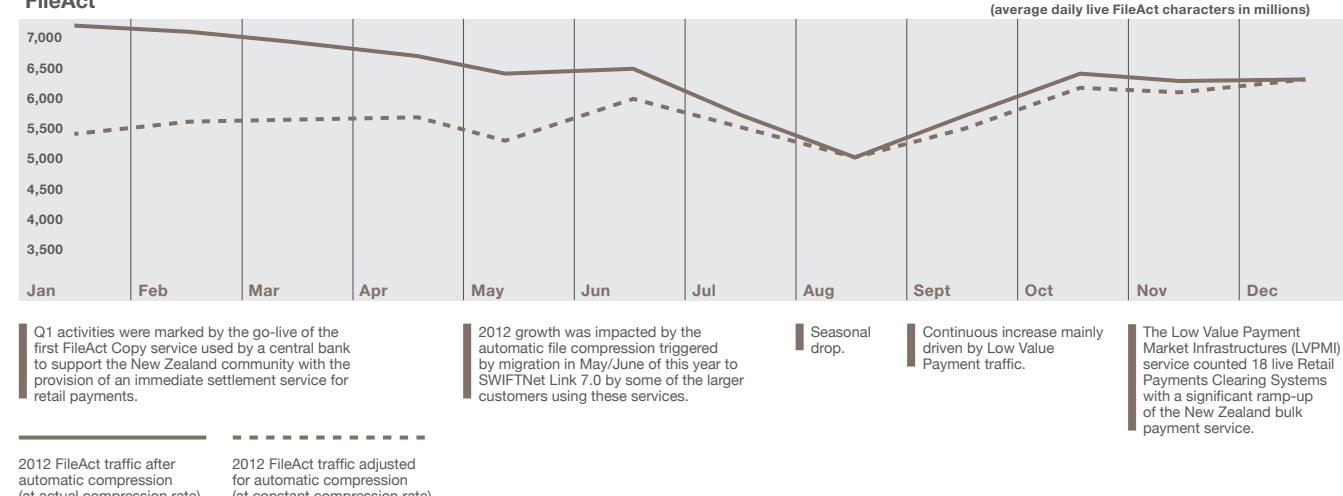
Trade



InterAct



FileAct



Relevant today and tomorrow

We want SWIFT customers to be able to ‘plug in’ new products and services without being forced to change all their existing systems

Our industry is facing unprecedented change. Technology is evolving at record speed, consumer demands are shifting and regulation is continually adapting to keep pace. These trends are creating new challenges for both SWIFT and our customers around cyber-security, data protection and regulatory compliance to name but a few.

SWIFT is actively supporting customers in addressing these challenges, and finding new ways to capture opportunities. Our goal is to continue to attract and retain customers, and benefit our community by offering new ways of reducing cost, complexity and risk.

And as a cooperative, we have a unique role to play. We operate with our eyes on the collective long-term interests of our industry, as innovators and solution providers.

SWIFT, what have you done for me lately?

Our ambition is to have a convincing answer to this question every day, by continually increasing the value of our offering.

And as we innovate, we aim to make life easier. Our vision of ‘backward compatibility’ is about ensuring that new value-added products and services are seamlessly interoperable with existing legacy systems, so our customers can take advantage of cost and risk reductions, without having to make major infrastructure changes.

LED light bulbs are an innovative product that fit directly into the sockets people already have in their homes. This is the principle of backward compatibility. We want SWIFT customers to be able to just ‘plug in’ new products and services without being forced to change all their existing systems.

Expanding our core with focus

In 2012, we performed a rigorous review of our commercial portfolio, to rebalance and strengthen our commercial offering and focus on products and services which add the most value to our customers and community. This was an important step to stay relevant not only today, but also as tomorrow’s fast-paced technology-driven world unfolds.

Throughout the year, our portfolio delivered solid results. We successfully grew our non-traffic based revenues in 2012, driven by many of the highlights outlined below.

2012 portfolio highlights

Easier access to SWIFT and increased interoperability

- We expanded our connectivity options through the launch of Alliance Lite2, a new cloud-based connection to SWIFT, which gained more than 100 customers in its first six months, and demonstrates high growth potential across all SWIFT’s regions.
- We integrated Alliance Messaging Hub (AMH), our high-end interface offer, into the Alliance portfolio. Customers benefit from more direct engagement and the application of SWIFT’s operational processes and service to the AMH product.

- We have been actively pursuing interoperability, particularly in the domain of market infrastructures where we can add value in shielding the complexity for participants and infrastructures alike. We have been progressing our offering in both mature markets and across BRIC countries.

Meeting the challenges of regulation and compliance

- 2012 saw strong take-up of our Sanctions Screening service, with close to 100 banks registered in more than 30 countries. We also successfully launched Sanctions Testing, a new service, which helps large institutions to fine-tune their compliance filters against a backdrop of daily changes in sanctions lists.

- SWIFT’s Accord for Securities and Accord for Treasury validates and matches confirmations in real-time. In 2012, SWIFT selected SmartStream Technologies to evolve its matching platform and deliver a cloud-based solution that will reduce the cost per trade, and help financial institutions meet new regulatory requirements such as T+2 settlement.

Increasing relevance to Corporates

- This year witnessed an acceleration in the number of Corporates joining SWIFT. We marked the 1,000th corporate joining SWIFT, with the total reaching 1,035 by year-end.

- Further progress was also made in the expansion of SWIFT’s personal digital identity solution 3SKey, which has now been adopted in more than 50 countries. During 2012, 3SKey was launched in Spain and made its mark in Latin America for the first time.

Managing standards effectively

- 2012 also saw the commercial launch of MyStandards, a collaborative web-based tool for the management of global financial messaging standards and related market practices. This is the first product from the SWIFT Innotribe incubator to come to market.

Generating insights through business intelligence

- Our Business Intelligence portfolio continued to expand in 2012 with the launch of Watch Insights, a new set of dynamic dashboards for the correspondent banking market. The SWIFT Index tool proved once again to be a reliable indicative tracker of GDP evolution, and we saw increased recognition of SWIFT’s expertise through the RMB Tracker, which offers monthly reporting and statistics on the Chinese renminbi as it grows in status as an international currency.

Promoting business efficiency

- Our new SWIFTRef portfolio became commercially available in 2012, providing comprehensive reference data solutions: richer data coverage, an increase in quality and scope, and flexible ways of accessing the data. This increases our support to the industry in improving the straight-through processing of payments, reducing costs and controlling operational risks.

Consulting and Support Services

- We saw increased take-up of Consulting Services in 2012, mainly driven by technical consulting services and end-to-end integration solutions. Our Consulting Services have also become a key differentiator in product launches such as Alliance Lite2.

- Support Services also grew during the year, mainly as a result of Release 6 Extended Support, as well as additional sales of a number of Premium Support and Remote Support packages.

Insights for business

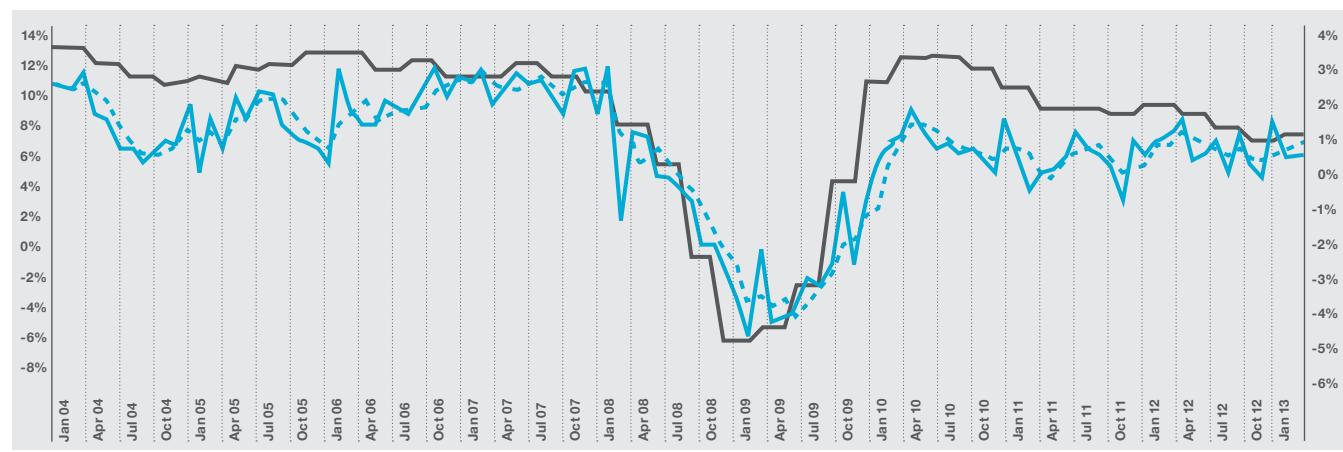
SWIFT's Business Intelligence portfolio generates insights to support decision-making in a rapidly changing world. The SWIFT Index tool is a reliable indicative tracker of GDP evolution. Our RMB Tracker offers monthly reporting and statistics on the Chinese renminbi (RMB) as it grows in status as an international currency.

SWIFT Index

The SWIFT Index is a fact-based leading indicator of the short-term evolution of GDP. Since March 2012, the SWIFT Index has been published monthly, comprising two data series: one world-level aggregate and an OECD country-level aggregate, using January 2005 as the reference month. The monthly release also provides a 'nowcast' for the relevant quarter and a forecast for growth in the quarter ahead. The Index, based on the volume of SWIFT customer payment (MT103) messages, has proved to offer a very reliable correlation with GDP growth, as subsequently confirmed by official data.

The SWIFT Index methodology has been validated by the renowned Center for Operations Research and Econometrics (CORE), part of the Université catholique de Louvain, Belgium. The Index is calculated using the header information of MT103 messages aggregated at least at country level and weighted to account for variations in business days per calendar month. This provides around two million data points per day equivalent to the number of customer payments transfers.

Building on this success, in 2013 SWIFT will launch four new indices: a regional index for the EU27 and national indices for the US, Germany and UK.



OECD SWIFT Index
year-on-year growth
(left axis)

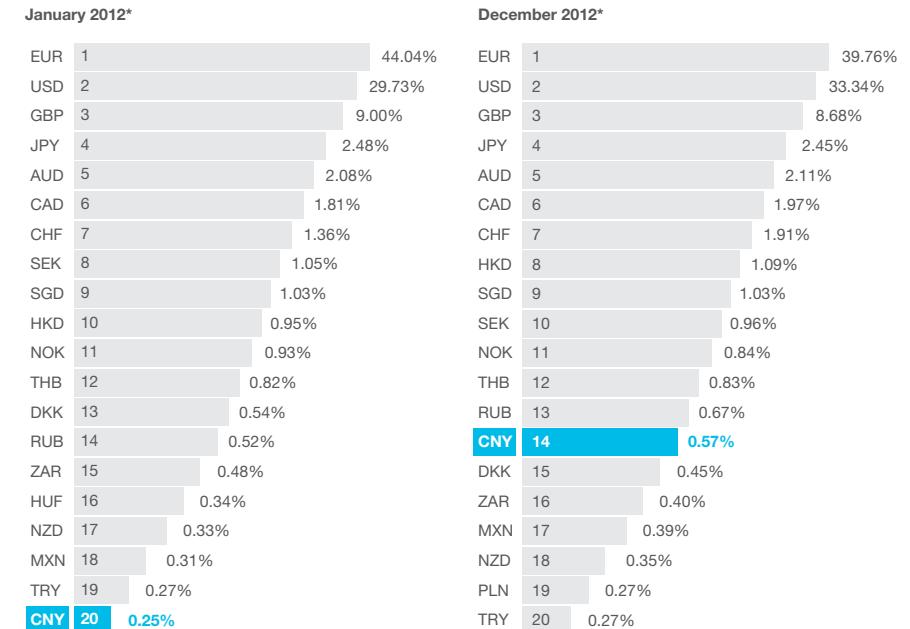
OECD SWIFT Index 3M
rolling average year-on-year
growth, 3 months rolling
average

OECD GDP
year-on-year growth rate
(right axis)

RMB payments evolution

In 2012, the Chinese renminbi continued its ascension towards becoming a major international payments currency. Positioned #20 in January 2012 as world currency for payments value with an activity share of 0.25 percent, it moved up to position #14 in December 2012 with an activity share of 0.57 percent. Over these 12 months, the payments volume grew by 64 percent and the payments value by 119 percent. More than 90 countries and 1,140 financial institutions are now handling RMB payments.

- + 119% in payments value
- + 64% in payments volume
- + 12% countries with in/out payments
- + 6 positions as world payments currency
- + 27% financial institutions



*Graph indicative only, not to scale



CNY share
evolution in 2012

Close to our customers and communities

Alongside excellence, SWIFT's core values are communities and innovation. As a cooperative we develop standards, shape market practices, and promote social responsibility. We also mobilise our community, collaborate to solve long-term problems, and create dialogue to address the business challenges of today and tomorrow.

And in everything we do, we continue to innovate: harnessing new technologies, developing new products and services to meet unmet needs, and stimulating innovation across the industry as a whole.

Year-round engagement

Across our three regions, we worked all year to engage with our communities and tackle 'top of mind' issues.

In EMEA, events such as the SWIFT Operations Forum Europe (SOFE), and the Africa, Middle East, Central and Eastern Europe, and Nordics regional conferences focused on tackling the challenges of regulation and the crisis, while looking forward with cautious optimism.

In the Americas, the SWIFT Operations Forum America (SOFA), the Latin American Regional Conference, and the Canadian Business Forum examined ways of harnessing growth in the region.

In Asia, events such as the Singapore and Sydney Executive Forums, the Asian Banker Summit, and the Payments New Zealand Conference focused on capturing opportunities of rapid economic growth in the region. The Australian and New Zealand communities also held events to celebrate their 30 year anniversaries on SWIFT.

One Week. One Place. One Sibos. Our flagship community event is Sibos – an annual conference, exhibition and networking event organised by SWIFT for the global financial industry. Sibos 2012 took place in Osaka, Japan, where the presidents of Japan's top three banks addressed the conference. In just one week, more than 6,000 decision-makers and topic experts from financial institutions, market infrastructures, multinational corporations and technology partners gathered in one place to do business and collectively shape the future of payments, securities, cash management and trade.

At Sibos 2012, PlayMoolah and Gust were announced as winners of the Start-up Challenge. The 'Top Start-up' award went to PlayMoolah, an enterprise which designs technology for children to promote financial capability and money management skills. Gust won the title of 'Top Innovator' for innovation in the sourcing and managing of seed and early stage equity investments.

Sibos closed with an inspirational keynote speech on 'The future of doing good' by Nobel Peace Prize winner and founder of the Grameen Bank, Professor Muhammad Yunus. Professor Yunus delivered a powerful message, inspiring delegates to consider the role the banking industry can play in creating a better world.

Enabling collaborative innovation

Innotribe has become synonymous with innovation in the financial industry. In 2012, Innotribe continued to foster new ways of thinking, enabling collaborative innovation.

PlayMoolah and Gust win SWIFT's Innotribe Start-up Challenge

The Innotribe Start-up Challenge introduces financial industry decision-makers and early-stage investors to emerging innovations poised to transform the financial services industry. The Challenge is a year-round programme that features three regional showcases in the US, Asia and Europe.

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Launch of SWIFT Institute

In April 2012, the SWIFT Institute was founded to facilitate thought leadership on strategic financial issues. The Institute will fund and publish independent research, bringing together academics and practitioners to inform, debate and learn.

One of the first research topics is on the theme of financial inclusion and the role of banks in reaching the unbanked.

Standards collaboration

In 2012, we continued supporting the community by developing and maintaining standards and helping to shape market practices.

In July, the Commodities Futures Trading Commission released an order designating DTCC and SWIFT as the providers of entity identifiers for OTC derivatives regulatory reporting. DTCC and SWIFT launched a new portal for registration of legal entity identifiers or LEIs (currently known as CFTC Interim Compliant Identifiers or CICIs) based on the new ISO standard – ISO 17442 – to enable the financial industry to comply with the new regulations.

ISO 20022 has proved to be an important springboard for standards growth in Asia Pacific. In 2012, a team of standards experts was established in Singapore to engage with the local industry to facilitate greater market practice harmonisation and provide support to our customers.

Expanding in Asia Pacific

With 23 offices worldwide, one of our important principles is to stay close to our customers, wherever they do business. The axis of global economic growth was very much tilting east during 2012, and our drive to reinforce our presence in Asia continued.

New Corporate Services Centre in Kuala Lumpur

In 2012, we announced plans to open a new Corporate Services Centre in Asia Pacific, located in Bangsar South, Kuala Lumpur. IT development, qualification testing, financial analysis, support and transactional functions will be operational from Kuala Lumpur by March 2013, supporting and complementing the work of our eight other offices in the region.

SWIFT for India joint venture

At the end of the year, together with Indian partner banks, we established a 'SWIFT for India Domestic Services' joint venture with the ambition of providing messaging infrastructure to support India's domestic markets.

Moving forward on the right strategic track

We expect the challenging environment for our industry to continue in 2013.

Similarly, the big trends around regulation, cyber-crime and Asia expansion appear very much here to stay.

Because of the challenging external context for our communities, SWIFT continues to 'go for growth', investing in our infrastructure and innovating our products and services for the future, while progressively reducing Total Cost of Ownership (TCO) for our customers.

2013 marks the midpoint as we work towards achieving the *SWIFT2015* strategy. This strategy represents our overall direction of travel, which we have evaluated in line with the evolving business context.

SWIFT2015 lays out 18 key initiatives aligned in four main categories:

- Deepening the core
- Expanding the core
- Enabling interoperability and TCO reduction
- Enabling transformation

We are making good progress in delivering on our commitments. However, there is still much more to be done, and our priorities for the year ahead are fully in line with this strategy.

Key themes for 2013 are a redoubled focus on investing in our core services, the roll-out of new innovative products and services to drive down TCO and risk, and our continued expansion in Asia.

We are making good progress in delivering on our commitments. However, there is still much more to be done

2013 priorities

Invest
in core
platforms

Expand
connectivity
options

Innovate
our offering
to market
infrastructures

Expand
our core

Grow
in Asia

Working towards a sustainable SWIFT

Year-on-year we work hard to contribute to sustainability goals. In line with the value we place on communities, we also engage more broadly across our spheres of influence, facilitating corporate social responsibility (CSR) across our industry and within our local communities.

Our CSR strategy focuses around four key priorities:

- A greener SWIFT
- Community well-being
- Strategy and business
- Our role as a CSR facilitator

In 2012, we continued to progress on all fronts, and hit a key target of 60 percent reduction in CO₂ emissions over the last five years under the 'Greener SWIFT' pillar.

SWIFT also became a member of the United Nations Global Compact Programme in October 2012. With this commitment, we have joined a fast-growing network of businesses and other stakeholders from around the world seeking to contribute to a more inclusive and stable global market.

Delivering on our CO₂ targets

Five years ago, we set a target to reduce our global carbon emissions by 60 percent between 2007 and 2012. We are delighted to have delivered on that commitment, and will continue to work towards a further 10 percent reduction (against our 2007 baseline) by 2015.

Key actions in 2012:

Our facilities

- We are actively working to make our data centres increasingly more energy efficient. Our new operating centre in Switzerland is not only state of the art in terms of security and resilience, it is also a flagship construction in terms of energy efficiency. It features innovative use of outside air as a cooling mechanism, along with a modified computer room temperature which will ensure the facility operates at maximum efficiency and minimum CO₂ emissions.

The way we work

- Our working from home/flex time policy introduced at the end of 2012 has enabled employees to reduce their commuting impact and has led to an increase in the energy efficiency of our office buildings. A greater impact is expected in 2013 and 2014 as take-up of these policies continues.

- Through our commuting policy, we encourage our staff to select more environmentally friendly ways of commuting to work (electric bikes, greener cars, public transport). Our commuting policy was rewarded with the Business Mobility Award from the Brussels region in May 2012.

- We have also made further investment in telecommunication tools which help reduce the overall necessity for business travel. When travel is mandatory, we are offsetting the environmental impact through carbon certificates.

- At our largest community event, Sibos, we engaged with delegates to reduce the environmental impact of bringing together more than 6,000 people from around the world. Through our partner, Climact, we offered delegates the chance to offset their own travel, as well as the emissions generated by SWIFT staff and event organisers. Contributions raised went to projects in Ghana and Kenya introducing locally-made efficient stoves and water purification filters, improving the conditions of local people in a sustainable way.

Local teams rolling up their sleeves

Across SWIFT's regions, our local teams have been involved in numerous initiatives that make a difference to their communities.

Americas

When Hurricane Sandy struck the eastern coast of the US, our local teams decided to roll up their sleeves and engage. They made a donation to the American Red Cross, collected food for the New York Food Bank and joined the Children's Fund to organise hat and mitten drives. In addition, US teams gave lots of time and energy raising funds for a wide range of projects, supporting children and families in need, serving Thanksgiving meals to underprivileged families, participating in the Earth Day project and collecting toys for children.

Asia Pacific

In the fast-changing business environment in the east, more can be done to raise the financial literacy of lower income families and to develop future leaders who are key to supporting sustainable growth in their local communities. In 2012, SWIFT APAC partnered with Enactus to support education in China and Malaysia, and with the WIMLER foundation to provide elementary education to children in the Philippines.

Europe, Middle East & Africa

For the second consecutive year, we were awarded the Solidaritest Award for Business by the Belgian Red Cross in recognition of our social and humanitarian initiatives in Belgium. We also strengthened our partnership with SOS Children's Villages by supporting local villages when holding conferences and business forums across the region. In Africa, we support educational initiatives such as the Student Sponsorship Programme in South Africa, and the Twiga Foundation in Tanzania. Our London-based staff continued to support the Little Havens Children's Hospice by raising money and dedicating time to help.

Year-on-year we work harder to ensure a sustainable future

A greener SWIFT

Proactively reduce the impact of our activities on the environment

Community well-being

Support social, cultural and environmental initiatives through employee engagement and/or financing

CSR facilitator

Open dialogue and promote change in the financial industry

Strategy and business

Embed CSR in our corporate strategy and core business

Mindset and behavioural changes

Reporting, communication and programme management

FIN in focus

Financial institutions use FIN for individual, richly featured messaging which requires the highest levels of security and resilience. Features include validation to ensure messages conform to SWIFT message standards, delivery monitoring and prioritisation, message storage and retrieval.

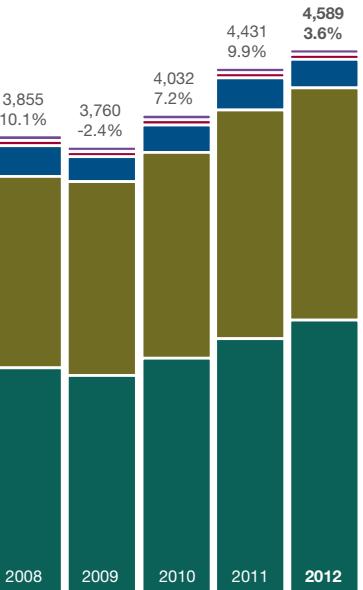
In 2012, FIN traffic demonstrated growth of 3.6 percent, reaching 4.6 billion FIN messages in total. This represents an average of 18.2 million messages per day.

In 2012, there were 20 days when FIN traffic recorded over 19 million messages (compared to only nine days in 2011), six of which had FIN volumes above 20 million messages.

As usual, SWIFT traffic was lower in July and August.

FIN messages – growth by market

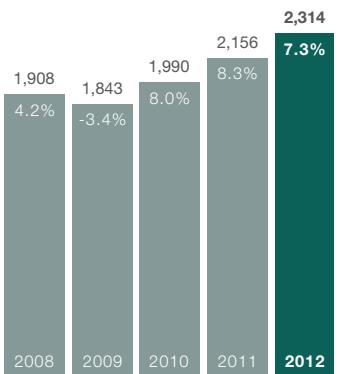
Messages (millions)
Annual growth (%)



Payments messages

Payments traffic grew again strongly in 2012 by 7.3 percent. December 2012 was the best month ever with an average of 10.3 million Payments messages per day. Payments continue to have the highest market share of the total SWIFT traffic with 50.4 percent.

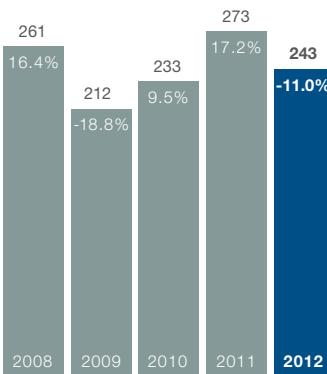
Messages (millions)
Annual growth (%)



Treasury messages

After growth of 17.2 percent in 2011, Treasury traffic declined by 11.0 percent in 2012, mainly due to reduced foreign exchange market activity. Treasury represents 5.3 percent of total SWIFT traffic.

Messages (millions)
Annual growth (%)

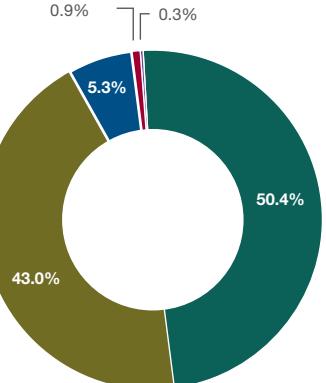


FIN share by market

2012 volume (millions)

Payments(*)	2,314
Securities	1,975
Treasury	243
Trade	42
System (including FIN Copy messages)	15

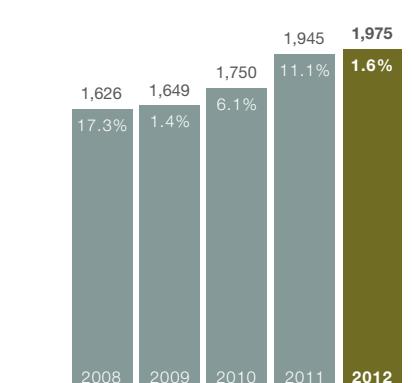
2012 share (%)



Securities messages

Securities volumes grew by 1.6 percent in 2012. Even though it continued its positive trend, Securities traffic was impacted by lower market activity. December 2012 was the best month ever with an average of 8.3 million Securities messages per day.

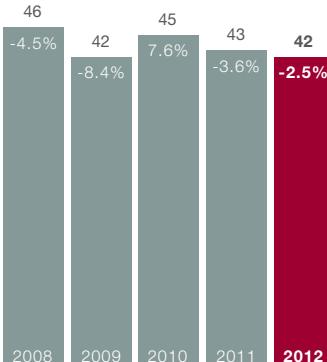
Messages (millions)
Annual growth (%)



Trade messages

In 2012, Trade traffic continued to decline by 2.5 percent. Trade represents less than 1 percent of total SWIFT traffic.

Messages (millions)
Annual growth (%)

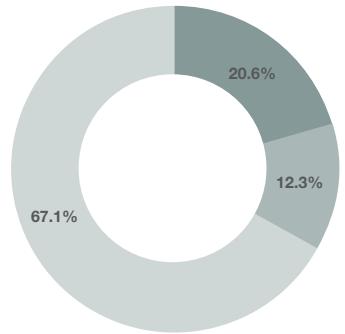


Messaging facts and figures

FIN (continued)

FIN messages by region

- Americas
- Asia Pacific
- EMEA



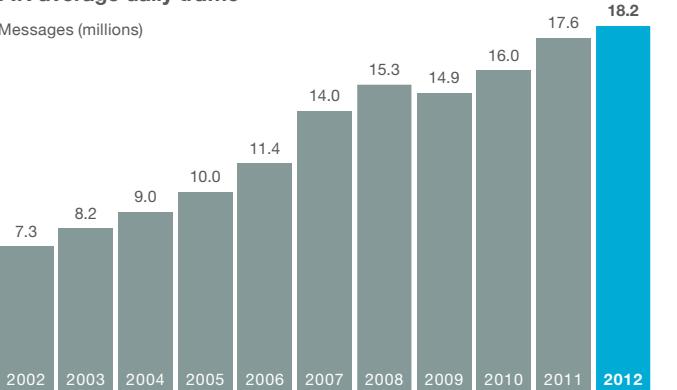
FIN Copy

Market infrastructures use the FIN Copy mechanism to provide value-added services. FIN Copy copies information from selected messages to a third party, usually before release to the receiver.

Solid growth of 9.0 percent for FIN Copy messages, reaching a volume of 340 million messages in 2012.

FIN average daily traffic

Messages (millions)

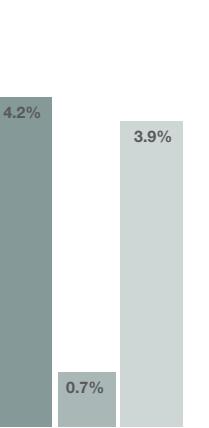


FIN messages – growth by region

2012 volume (millions)

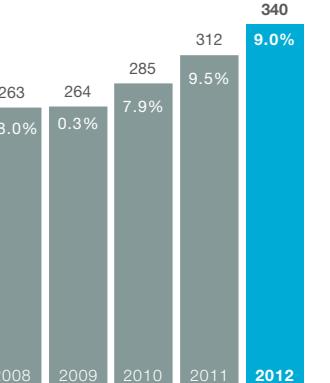
● Americas	945
● Asia Pacific	565
● EMEA	3,080

Growth (%)



FIN Copy messages

Messages (millions)
Annual growth (%)



InterAct

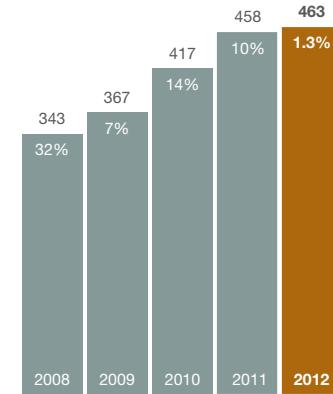
Financial institutions use InterAct to send structured financial messages and short reports. It supports real-time messaging, store-and-forward messaging and real-time query and response between two customers.

InterAct ended the year 2012 with a moderate growth of 1.3 percent. Growth was impacted by lower trading activity on the securities and foreign exchange markets.

Among the various business areas using InterAct, Funds-related messages continued to record the strongest growth at 43 percent.

InterAct traffic evolution

Messages (millions)
Annual growth (%)



InterAct messages (*)

463 million

Live and pilot users (**)

1,916

Services using InterAct (*)

53

(*) including CREST

(**) including CREST, excluding RMA

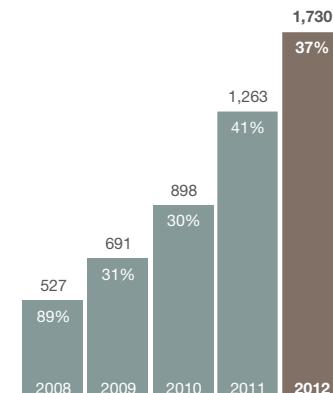
FileAct

Financial institutions use FileAct to send batches of structured financial messages and large reports. It is primarily tailored for the reliable transmission of large volumes of less critical information.

Continued growth of existing FileAct services, combined with the ramp-up of new services such as NETS in Norway, ISABEL in Belgium and Bulk Payments in New Zealand, led to a FileAct growth of 37 percent.

FileAct traffic evolution

Number of characters (billions)
Annual growth (%)



FileAct volume in billions of characters

1,730

FileAct number of files

33,810,498

Live and pilot users

2,031

Services using FileAct

183

Our Executive Team

Gottfried Leibbrandt
Chief Executive Officer
Dutch

Gottfried Leibbrandt became CEO of SWIFT in July 2012. He joined SWIFT in 2005 to focus on the development of the SWIFT2010 strategy. Upon completion of the strategy, he was appointed as Head of Standards and then in 2007, was promoted to Head of Marketing. More recently, Gottfried was a key architect behind the creation of the SWIFT2015 strategy, which is being implemented and remains a priority focus for the cooperative. Prior to joining SWIFT, Gottfried worked for McKinsey & Company for 18 years.

Chris Church
Chief Executive, Americas and
Global Head of Securities
American and British

Chris Church joined SWIFT in August 2008. Prior to joining SWIFT, Chris was Managing Director of Radianz Services, a division of BT Global Financial Services. Chris was part of the executive team that founded Radianz. In 2000, he was responsible for Global Sales and Marketing until its acquisition by BT in 2005. He has also held senior management roles at Reuters in both London and the US. Chris is a member of the Board of Directors for XBRL US and also a member of the board of the International Securities Services Association (ISSA). Chris holds an MBA from the London Business School.

Michael Fish
Chief Information Officer, Head of
Information Technology and Operations
American

Mike Fish was appointed Chief Information Officer in July 2006. He oversees the teams that build, maintain and operate the company's core messaging services. Mike joined SWIFT in 1999 from Ameritech, where he held various senior management positions in IT.

Javier Pérez-Tasso
Head of Marketing
Spanish

Javier Pérez-Tasso joined the Executive team as Head of Marketing in July 2012. He was previously Head of Products and Services, driving the evolution of SWIFT's platform and reducing total cost of ownership (TCO) for customers. Javier joined SWIFT in 1995 and has held various management positions including Head of Western Europe, Middle East and Africa.

Alain Raes
Chief Executive, EMEA and
Chief Executive, Asia Pacific*
Belgian

Alain Raes was appointed Head of the EMEA Region in September 2007 and added the role of Chief Executive Asia Pacific in January 2013. He was previously Director of the Continental Europe region, covering securities and banking sales activities. Alain joined SWIFT in 1990. Prior to SWIFT he worked at Citibank, Belgium, and Fortis Bank, Singapore.

Francis Vanbever
Chief Financial Officer
Belgian

Francis Vanbever was appointed to his current position in 1997. Francis joined SWIFT in 1988. Prior to SWIFT he held various financial responsibilities for the Belgian and European operations of Exxon Chemicals.

*Ian Johnston served as Chief Executive, Asia Pacific until the end of 2012. Alain Raes was appointed Chief Executive, Asia Pacific in January 2013.

Our Board of Directors

Yawar Shah
Chairman of the Board of Directors, SWIFT
Chief Operating Officer,
Customer Intelligence, Citi, USA

SWIFT Director since 1995
Deputy Chairman of the Board since 1996, and Chairman since June 2006

Stephan Zimmermann
Deputy Chairman of the Board of
Directors, SWIFT
COO, Global Wealth Management
and Group Managing Director, UBS AG,
Switzerland

SWIFT Director since 1998
Chair of Human Resources Committee
of the Board, SWIFT

Yves Baguet
Head of IT and Member of the Executive
Management Team, Clearstream,
Luxembourg

SWIFT Director since 2012

Udo Braun
Member of the Executive Board, Group
Compliance, Commerzbank, Germany

SWIFT Director since 2007
Chair of the Pricing Board Task
Force of the Board, SWIFT

Mark Buitenhok
Global Head Payments and Cash
Management, ING, The Netherlands

SWIFT Director since 2012

David Cyr
Senior Vice-President, Payments
and Trade, RBC, Canada

SWIFT Director since 2012

Fabrice Denèle
Head of Payments, BPCE, France

SWIFT Director since 2009

John Ellington
Director, Retail Banking Operations,
The Royal Bank of Scotland,
United Kingdom

SWIFT Director since 2005
Chair of Technology and Production
Committee of the Board, SWIFT

Giorgio Ferrero
Head of Payment Systems Strategy and
Transactional Products Corporate Division,
Intesa Sanpaolo, Italy

SWIFT Director since 2008

Göran Fors
Head of Asset Servicing, Transaction
Banking, SEB, Sweden

SWIFT Director since 2009
Chair of the SWIFT Securities Committee
of the Board, SWIFT

Wolfgang Gaertner
Managing Director and Head of GT Retail,
Deutsche Bank AG, Germany

SWIFT Director since 2001

Wolfgang Gaertner left the Board in 2013 and was replaced by Stephen Lomas, Managing Director, Head of Market Policy Global Transaction Banking, Deutsche Bank, Germany.

Alan Goldstein
Managing Director, Investor Services,
J.P. Morgan Chase, United States

SWIFT Director since 2006
Chair of the Audit and Finance
Committee of the Board, SWIFT

Rob Green
Chief Risk Officer, Global Transaction
Services, Corporate and Investment
Banking, FirstRand Bank Limited,
South Africa

SWIFT Director since 2009

Finn Otto Hansen
Chairman of the National Member
Group, Norway

SWIFT Director since 2004
Chair of the Banking and Payments
Committee of the Board, SWIFT

Yumesaku Ishigaki
General Manager, Transaction Services
Division, The Bank of Tokyo-Mitsubishi UFJ,
Japan

SWIFT Director since 2010

Marcel Jongmans
CEO, ABN AMRO Global Clearing,
The Netherlands

SWIFT Director since 2012

John Laurens
Head of Global Payments and Cash
Management Asia Pacific, HSBC,
Hong Kong

SWIFT Director since 2011

Lynn Mathews
Chairman of the Australian National
Member Group and Senior Advisor
of CLS Bank Group, Australia

SWIFT Director since 1998

Lieve Mostrey
Executive Director and Chief Technology
and Services Officer, Euroclear, Belgium

SWIFT Director since 2010

Alain Pochet
Head of Clearing, Custody and Corporate
Trust Services, BNP Paribas, Securities
Services, France

SWIFT Director since 2010

Javier Santamaría
Head of Finance Systems and Forums,
Deputy General Manager, Banco Santander,
Spain

SWIFT Director since 2009

Ulrich Stritzke
Managing Director and Head of Global
Cross Product Processing, Credit Suisse,
Switzerland

SWIFT Director since 2012

Marcus Treacher
Head of e-commerce and Client
Experience, Global Transaction Banking,
HSBC, United Kingdom

SWIFT Director since 2010

Yongli Wang
Executive Director, Bank of China, China

SWIFT Director since 2012

Bhavesh Zaveri
Country Head of Operations and Head of
Cash Management Products, HDFC Bank,
India

SWIFT Director since 2012

During the course of 2012, the following
directors left the Board:

Guy Beniada
ING Belgium, Belgium

Günther Gall
Raiffeisenbank International AG, Austria

Gerard Hartsink
ABN AMRO Bank, The Netherlands

Jee Hong Yee-Tang
ABS, Singapore

Yves Maas
Credit Suisse, Switzerland

Jeffrey Tessler
Clearstream International S.A. Luxembourg,
Luxembourg

Ingrid Versnel
Royal Bank of Canada, Canada

Governance at SWIFT

The shareholders elect a Board of 25 independent Directors, which governs the Company and oversees the management of the Company. The Executive Committee is a group of full-time employees headed by the Chief Executive Officer.

Board committees

The Board has five committees:

- The Audit and Finance Committee (AFC) is the oversight body for the audit process of SWIFT's operations and related internal controls. It commits to applying best practice for Audit Committees to ensure best governance and oversight in the following areas:

- Accounting
- Financial reporting and control
- Legal and Regulatory oversight
- Security
- Budget, finance and financial long-term planning
- Ethics programmes
- Risk management
- Audit oversight

The AFC meets at least four times per year with the CEO, CIO, CFO, CRO, General Counsel and Chief Auditor, or their pre-approved delegates.

The Committee may request the presence of any member of SWIFT staff at its discretion. External auditors are present when their annual statements/opinions are discussed and when the Committee deems appropriate.

- The Human Resources Committee oversees executive compensation. It assesses Company performance and decides on the remuneration package for members of the Executive Committee and other key executives. It monitors employee compensation and benefits programmes, including the provisioning and funding of the pension plans. It also approves appointments to the Executive Committee and assists in the development of the organisation, including succession planning. The Board Chairman and Deputy Chairman are members of the Committee which meets four to five times per year with the CEO, the Head of Human Resources, and the CFO on financial and performance measures. The Human Resources Committee has delegated powers from the Board in these matters.

The Committee also meets without the SWIFT executives several times a year.

- Two business committees: Banking and Payments, and Securities.

- One technical committee: Technology and Production.

The Committees provide strategic guidance to the Board and the Executive Committee and review project progress in their respective areas.

Remuneration of Directors

The members of the Board do not receive any remuneration from the Company. They are reimbursed for the travel costs incurred to perform their mandate. SWIFT reimburses the employer of the Chairman of the Board for the share of the Chairman's payroll and related costs representing the portion of the time dedicated by the Chairman to SWIFT.

Audit process

SWIFT's Chief Auditor has a dual reporting line, with a direct solid functional reporting line to the Chair of the AFC and also a direct solid administrative reporting line to the CEO. Given the sensitivity to external auditors performing consultancy work for management, the AFC also annually reviews the respective spending and trends. To ensure objectivity, the mandates of the external auditors, as well as their remuneration, are approved by the AFC.

SWIFT has two mandates for external audit:

Ernst & Young, Brussels has held the Financial Audit mandate since June 2000. Their mandate was renewed in June 2012, and runs to June 2015. Their financial Auditor's Report can be found in the 2012 Consolidated Financial Statements.

PwC, London has held the Security Audit mandate since September 2003. Most recently, their mandate was renewed in 2010 for three years, for third-party assurance reporting (ISAE 3402) covering 2011, 2012 and 2013.

Their opinion over SWIFT's security for FIN and SWIFTNet is included in the 2012 ISAE 3402 report, available to shareholding institutions or registered SWIFT users on request by email to ISAE_3402@swift.com. ISAE 3402 is an international standard enabling service providers, such as SWIFT, to give independent assurance on their processes and controls to their customers and their auditors. The ISAE 3402 report provides information and assurance on the security and reliability of SWIFT's core messaging services.

Oversight

SWIFT maintains an open and constructive dialogue with oversight authorities. SWIFT is overseen because of its importance to the smooth functioning of the worldwide financial system, in its role as provider of messaging services. Under an arrangement with the central banks of the G-10 countries, The National Bank of Belgium, the central bank of the country in which SWIFT's headquarters are located, acts as lead overseer of SWIFT. In 2012, this framework was reviewed and a SWIFT Oversight Forum was established, through which information sharing on SWIFT oversight activities was expanded to a larger group of central banks. The issues discussed can include all topics related to systemic risk, confidentiality, integrity, availability and company strategy.

User representation

National Member Groups and National User Groups help ensure a coherent global focus by ensuring a timely and accurate two-way flow of information between SWIFT and its users.

The National Member Group comprises all of a nation's SWIFT shareholders, and proposes candidates for election to the SWIFT Board of Directors. It serves in an advisory capacity to Board Directors and SWIFT management, and serves the interests of the shareholders by coordinating their views. The National Member Group is chaired by a Chairperson elected by the SWIFT shareholders of the nation.

The National User Group comprises all SWIFT users within a nation and acts as a forum for planning and coordinating operational activities. The user group is chaired by the User Group Chairperson who is a prime line of communication between the national user community and SWIFT.

Board nominations

A nation can propose a Board Director depending on its ranking, which is determined by the total number of shares owned by the nation's shareholders:

- a) For each of the first six nations ranked by number of shares, the shareholders of each nation may collectively propose two Directors for election. The number of Directors proposed in this way shall not exceed twelve.

SWIFT is a cooperative society under Belgian law and is owned and controlled by its shareholders

- b) For each of the ten following nations ranked by number of shares, the shareholders of each nation may collectively propose one Director for election. The number of Directors proposed in this way shall not exceed ten.

- c) The shareholders of a nation which does not qualify under a) or b) may join with the shareholders of one or more other nations to propose a Director for election. The number of Directors proposed in this way shall not exceed three.

The Directors are elected by the Annual General Meeting of shareholders for a term of three years. They are eligible for re-election. The total number of Directors cannot exceed 25.

Elections

The members of SWIFT elect a Board of 25 independent Directors, which governs the Company and oversees the management of the Company. The Directors are elected by the Annual General Meeting of shareholders for a term of three years. They are eligible for re-election. The Board elects a Chairman and a Deputy Chairman from among its members. It meets at least four times a year.

Oversight of SWIFT

Central banks have the explicit objective of fostering financial stability and promoting the soundness of payment and settlement systems.

While SWIFT is neither a payment nor a settlement system and, as such, is not regulated by central banks or bank supervisors, a large and growing number of systemically important payment systems have become dependent on SWIFT, which has thus acquired a systemic character. Because of this, the central banks of the Group of Ten countries (G-10) agreed that SWIFT should be subject to cooperative oversight by central banks. The oversight of SWIFT in its current form dates from 1998.

The arrangement was last reviewed in 2012 with the set-up of the SWIFT Oversight Forum, through which information sharing on SWIFT oversight activities was expanded to a larger group of central banks.

An open and constructive dialogue

SWIFT is committed to an open and constructive dialogue with oversight authorities. The National Bank of Belgium (NBB) acts as the lead overseer, supported by the G-10 central banks. The oversight focuses primarily on ensuring that SWIFT has effective controls and processes to avoid posing a risk to the financial stability and the soundness of financial infrastructures.

The NBB is lead overseer, as SWIFT is incorporated in Belgium. Other central banks also have a legitimate interest in, or responsibility for, the oversight of SWIFT, given SWIFT's role in their domestic systems.

As is generally the case in payments systems oversight, the major instrument for the oversight of SWIFT is moral suasion. Overseers place great importance on the constructive and open dialogues conducted on the basis of mutual trust with the SWIFT Board and senior management. During these dialogues, overseers formulate their recommendations to SWIFT.

A protocol signed between the NBB and SWIFT lays down the common understanding of overseers and SWIFT about the oversight objectives and the activities that will be undertaken to achieve those objectives. It can be revised periodically to reflect evolving oversight arrangements.

Objectives, areas of interest and limitations

The objectives of oversight of SWIFT centre on the security, operational reliability, business continuity and resilience of the SWIFT infrastructure. To review whether SWIFT is pursuing these objectives, overseers want to obtain comfort that SWIFT has put in place

appropriate governance arrangements, structures, processes, risk management procedures and controls that enable it to effectively manage the potential risks to financial stability and to the soundness of financial infrastructures. The High Level Expectations for the oversight of SWIFT set out the expectations that overseers have vis-à-vis the services SWIFT is providing to the global financial infrastructure. The five Expectations relate to Risk Identification and Assessment, Information Security, Reliability and Resilience, Technology Planning and Communication with Users. Overseers review SWIFT's identification and mitigation of operational risks, and may also review legal risks, transparency of arrangements and customer access policies. SWIFT's strategic direction may also be discussed with the Board and senior management. This list of oversight fields is indicative, not exhaustive. In short, overseers will undertake those activities that provide them comfort that SWIFT is paying proper attention to the objectives described above. Nevertheless, SWIFT continues to bear the responsibility for the security and reliability of its systems, products and services. It should be understood that the oversight of SWIFT does not grant SWIFT any certification, approval or authorisation.

International cooperative oversight

As lead overseer, the NBB conducts the oversight of SWIFT in cooperation with the other G-10 central banks, that is Bank of Canada, Deutsche Bundesbank, European Central Bank, Banque de France, Banca d'Italia, Bank of Japan, De Nederlandsche Bank, Sveriges Riksbank, Swiss National Bank, Bank of England and the Federal Reserve System (USA), represented by the Federal Reserve Bank of New York and the Board of Governors of the Federal Reserve System.

In the SWIFT Oversight Forum, these central banks are joined by other central banks from major economies: Reserve Bank of Australia, People's Bank of China, Hong Kong Monetary Authority, Reserve Bank of India, Bank of Korea, Bank of Russia, Saudi Arabian Monetary Agency, Monetary Authority of Singapore, South African Reserve Bank and the Central Bank of the Republic of Turkey. The SWIFT Oversight Forum provides a forum for the G-10 central banks to share information on SWIFT oversight activities with a wider group of central banks.

Oversight structure – oversight meetings

The NBB monitors SWIFT on an ongoing basis. It identifies relevant issues through the analysis of documents provided by SWIFT and through discussions with the management. It maintains a continuous relationship with SWIFT, with ad-hoc meetings on a regular basis, and serves as the central banks' entry point for the cooperative oversight of SWIFT. In that capacity, the NBB chairs the senior policy and technical groups that facilitate the cooperative oversight, provides the secretariat and monitors the follow-up of the decisions taken.

Access to information

In order to achieve their oversight objectives, the overseers need timely access to all information they judge relevant for the purpose of the oversight. Typical sources of information are SWIFT Board papers, security audit reports, incident reports and incident review reports.

Another important channel for gathering information is through presentations by SWIFT staff and management. Finally, SWIFT assists overseers in identifying internal SWIFT documents that might be relevant to address specific oversight questions. Provisions on the confidential treatment of non-public information are included both in the protocol between the NBB and SWIFT, and in the bilateral Memorandums of Understanding between the NBB and each of the other cooperating central banks. The official description of the NBB's oversight role can be found in the Financial Stability Review published by the National Bank of Belgium and available on its website www.nbb.be.

Central banks have the explicit objective of fostering financial stability and promoting the soundness of payment and settlement systems



Financial performance

2012 Security audit statement

The Directors and Management acknowledge their responsibility for maintaining an effective system of internal control in respect of the SWIFTNet and FIN services. SWIFT has put in place controls based on the ISO 27002 standard, to support its control objectives in relation to governance, confidentiality, integrity, availability and change management.

Management is satisfied that, for the period 1 January 2012 to 31 December 2012, the control policies and procedures relating to the SWIFTNet and FIN services were operating with sufficient effectiveness to provide reasonable assurance that appropriate governance was in place and the confidentiality, integrity, availability and change management objectives were met. The control objectives were specified by SWIFT Management.

PwC were retained by the Directors to review the control policies and controls, both manual and computer-based, related to the FIN and SWIFTNet messaging services, specified by SWIFT Management for the period 1 January 2012 to 31 December 2012. Their examination was made in accordance with the International Standard for Assurance Engagements (ISAE) 3402 standard established by the International Auditing and Assurance Standards Board (IAASB). ISAE 3402 is an international standard enabling service providers, such as SWIFT, to give independent assurance on their processes and controls to their customers and their auditors. The ISAE 3402 report provides information and assurance on the security and reliability of SWIFT's core messaging services.

Financial performance

In accordance with article 105 of the Belgian Code of Company Law, the following statements represent a condensed version of SWIFT's 2012 Consolidated Financial Statements prepared in accordance with International Financial

Reporting Standards as adopted by the European Union. The full text is available on SWIFT's website (www.swift.com) or on request from any of SWIFT's offices. The full version of the 2012 Consolidated Financial Statements will be filed with the

National Bank of Belgium no later than 30 June 2013. This condensed version does not contain all of the appendices or the report of the auditors, who expressed an unqualified opinion.

Key figures

For the year ended 31 December 2012

(in millions)	2012 EUR	2011 EUR	2010 EUR	2009 EUR	2008 EUR
Operating revenues before rebate	597	582	590	586	598
Rebate	-	(51)	(52)	-	(19)
Revenue after rebate	597	531	538	586	579
Operating expenses	(580)	(513)	(528)	(568)	(560)
Profit before taxation	20	16	21	17	31
Net profit	14	11	15	15	25
Net cash flow from operating activities	39	46	135	68	24
Capital expenditure of which:	70	64	52	46	96
– Property, plant and equipment	66	55	44	40	73
– Intangibles	4	9	9	6	23
Shareholders' equity	252	291	296	285	262
Total assets	600	548	514	497	502
Number of employees at end of year	1,928	1,882	1,807	1,991	2,138

Consolidated income statement

For the year ended 31 December 2012

(in thousands)	Note	2012 EUR	2011 EUR
Revenues			
Traffic revenue			
One-time revenue	2	338,010	275,446
Recurring revenue	3	4,956	3,821
Interface revenue and consulting revenue	4	118,517	118,375
Other operating revenue	5	133,443	132,450
		2,048	896
		596,974	530,988
Expenses			
Royalties and cost of inventory	12	(8,020)	(8,177)
Payroll and related charges	6	(282,269)	(262,296)
Network expenses	7	(11,653)	(13,596)
External services expenses	8	(200,231)	(177,689)
Depreciation of property, plant and equipment	13	(35,974)	(37,292)
Amortisation of intangible fixed assets	14	(6,253)	(9,176)
Other expenses	9	(35,784)	(4,602)
		(580,184)	(512,828)
Profit from operating activities		16,790	18,160
Financing costs		(929)	(929)
Other financial income and expenses	10	3,780	(1,633)
Share of profit of associated companies	15	(6)	48
Profit before tax		19,635	15,646
Income tax expense	11	(5,737)	(4,629)
Net profit		13,898	11,017

Consolidated statement of comprehensive income

For the year ended 31 December 2012

(in thousands)	Note	Before tax 2012 EUR	Tax (expense) benefit 2012 EUR	Net of tax 2012 EUR	Before tax 2011 EUR	Tax (expense) benefit 2011 EUR	Net of tax 2011 EUR
Profit for the year (A)							
OCI items that may be reclassified subsequently to profit or loss:							
Foreign currency translation		55	-	55	26	-	26
Cash flow hedges:							
– Current year gain/(loss) on financial instruments	31	(1,183)	402	(781)	2,195	(746)	1,449
– Prior year (gain)/loss transferred to income statement	31	(2,195)	746	(1,449)	(1,256)	426	(830)
OCI items that will not be reclassified to profit or loss:							
Recognition of actuarial gains and losses	24	(74,508)	24,305	(50,203)	(27,113)	11,145	(15,968)
Other comprehensive income (B)		(77,831)	25,453	(52,378)	(26,148)	10,825	(15,323)
Total comprehensive income for the year (A+B)		(58,196)	19,716	(38,480)	(10,502)	6,196	(4,306)



Financial performance (continued)

Consolidated statement of financial position

For the year ended 31 December 2012

(in thousands)	Note	2012 EUR	Restated* 2011 EUR
Non-current assets			
Property, plant and equipment	13	205,934	176,377
Intangible assets	14	18,879	20,692
Investments in associated companies	15	1,946	1,896
Other investments	16	—	—
Pension assets	24	—	2,139
Deferred income tax assets	17	79,660	48,524
Other long-term assets	21	6,504	10,589
Total non-current assets		312,923	260,217
Current assets			
Cash and cash equivalents	18	78,624	54,441
Other current financial assets	18	72,600	128,800
Trade receivables	19	77,417	30,694
Other receivables	20	8,832	16,911
Prepayments to suppliers	21	24,870	32,435
Inventories	22	1,022	1,835
Prepaid taxes	23	23,523	22,344
Total current assets		286,888	287,460
Total assets		599,811	547,677
Shareholders' equity			
		252,362	291,364
Non-current liabilities			
Long-term employee benefits	24	186,427	112,553
Deferred income tax liabilities	17	1,142	11
Long-term provisions	26	28,625	9,717
Other long-term liabilities	27	283	1,561
Total non-current liabilities		216,477	123,842
Current liabilities			
Amounts payable to suppliers		17,704	29,347
Short-term employee benefits	25	51,933	52,558
Short-term provisions	26	10,748	6,405
Other liabilities	27	37,296	33,286
Accrued taxes	28	13,291	10,875
Total current liabilities		130,972	132,471
Total equity and liabilities		599,811	547,677

*Further information on the restatement can be found in note 18.

Consolidated statement of cash flows

For the year ended 31 December 2012

(in thousands)	Note	2012 EUR	Restated*
Cash flow from operating activities			
Profit from operating activities		16,790	18,160
Depreciation of property, plant and equipment	13	35,974	37,292
Amortisation of intangible fixed assets	14	6,253	9,176
Net loss and write-off on sale of property, plant and equipment, and intangible assets		(42)	330
Other non-cash operating losses/(gains)		6,375	(1,857)
Changes in net working capital			
– (Increase)/decrease in trade and other receivables and prepayments		(26,994)	(18,679)
– (Increase)/decrease in inventories		813	(358)
– Increase/(decrease) in trade and other payables		7,250	7,119
Net cash flow before interest and tax		46,419	51,183
Interest received	10	1,708	2,542
Interest paid		(929)	(929)
Tax paid	11	8,504	(6,333)
Net cash flow from operating activities		38,694	46,463
Cash flow from investing activities			
Capital expenditures:			
– Property, plant and equipment	13	(65,714)	(55,200)
– Intangibles	14	(4,436)	(9,063)
Proceeds from sale of fixed assets	13–14	221	(318)
Acquisition of a subsidiary, net of cash acquired		—	—
Net cash flow used in investing activities		(69,929)	(63,945)
Cash flow from financing activities			
Investments in other financial assets	18	56,200	(78,300)
Net payments for reimbursement of capital		(522)	(676)
Net cash flow from (used in) financing activities		55,678	(78,976)
Increase/(decrease) of cash and cash equivalents		24,443	(96,458)
Movement in cash and cash equivalents			
At the beginning of the year		54,441	152,016
Increase/(decrease) of cash and cash equivalents		24,443	(96,458)
Effects of exchange rate changes		(260)	(1,117)
At end of the year		78,624	54,441
Cash and cash equivalent components are:			
Cash	18	10,692	8,149
Liquid money market products	18	67,932	46,292
At the end of the year		78,624	54,441

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