Annual Review 2012

excellence
communities
innovation
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

- 10,000+ institutions connected to SWIFT
- 212 countries and territories
- 4.6 billion FIN messages in 2012
- Peak day of 20+ million messages
- 6,000+ delegates at Sibos
- 1,000+ corporates on our network
- 100+ customers for Alliance Lite2
- New operating centre constructed in Switzerland
- New corporate services centre to open in Kuala Lumpur
- CO₂ emissions reduced by 60% in last five years
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 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 with regard to cyber-risks and their operational excellence and remains vigilant to address new challenges and opportunities.

Yawar Shah
Chairman
May 2013

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 bankers. We value the healthy, open and rigorous international cooperative dialogue we maintain with our overseers.

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.

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 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.
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 business, reaching a peak day of close to 21 million messages in December 2012.

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.
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).

All regions show strong payment traffic growth rates, ranging from 7.2 to 8.7 percent which is in line with the trend already observed in 2011. Intra-regional payment traffic continues to grow, but at a slower pace than in 2011 in the Americas and in Asia, with respectively 9.3 and 5.6 percent compared to 13.1 and 8.9 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 prevent problems in the first place, and operational teams proved they were up to the challenge.

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.
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.

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).

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%.

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’ inflated fears and prompted another market recovery.”

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SWIFT recorded low volumes in July and August. 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.

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.

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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.

We recorded two peak days on 1 June and on 22 June, with 20,001,359 messages for the latter.

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

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On 30 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 from the previous peak in July 2012. 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).

Commentary on relevant 2012 market events

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Financial messaging in context (continued)

**Payments**

- (average daily live FIN messages in millions)
  - Feb: 0.90
  - Mar: 0.95
  - Apr: 0.98
  - May: 1.00
  - Jun: 1.05
  - Jul: 1.10
  - Aug: 1.15
  - Sep: 1.20
  - Oct: 1.25
  - Nov: 1.30
  - Dec: 1.35

- (average daily live InterAct messages in millions)
  - Feb: 1.00
  - Mar: 1.05
  - Apr: 1.10
  - May: 1.15
  - Jun: 1.20
  - Jul: 1.25
  - Aug: 1.30
  - Sep: 1.35
  - Oct: 1.40
  - Nov: 1.45
  - Dec: 1.50

- (average daily live FileAct characters in millions)
  - Feb: 0.90
  - Mar: 0.95
  - Apr: 1.00
  - May: 1.05
  - Jun: 1.10
  - Jul: 1.15
  - Aug: 1.20
  - Sep: 1.25
  - Oct: 1.30
  - Nov: 1.35
  - Dec: 1.40

**Securities**

- (average daily live FIN messages in millions)
  - Feb: 0.90
  - Mar: 0.95
  - Apr: 1.00
  - May: 1.05
  - Jun: 1.10
  - Jul: 1.15
  - Aug: 1.20
  - Sep: 1.25
  - Oct: 1.30
  - Nov: 1.35
  - Dec: 1.40

**InterAct**

- (average daily live InterAct messages in millions)
  - Feb: 1.00
  - Mar: 1.05
  - Apr: 1.10
  - May: 1.15
  - Jun: 1.20
  - Jul: 1.25
  - Aug: 1.30
  - Sep: 1.35
  - Oct: 1.40
  - Nov: 1.45
  - Dec: 1.50

**Treasury**

- (average daily live FIN messages in millions)
  - Jan: 1.00
  - Feb: 1.05
  - Mar: 1.10
  - Apr: 1.15
  - May: 1.20
  - Jun: 1.25
  - Jul: 1.30
  - Aug: 1.35
  - Sep: 1.40
  - Oct: 1.45
  - Nov: 1.50
  - Dec: 1.55

**Trade**

- (average daily live FIN messages in millions)
  - Jan: 0.70
  - Feb: 0.75
  - Mar: 0.80
  - Apr: 0.85
  - May: 0.90
  - Jun: 0.95
  - Jul: 1.00
  - Aug: 1.05
  - Sep: 1.10
  - Oct: 1.15
  - Nov: 1.20
  - Dec: 1.25

**FileAct**

- (average daily live FileAct characters in millions)
  - Jan: 0.90
  - Feb: 0.95
  - Mar: 1.00
  - Apr: 1.05
  - May: 1.10
  - Jun: 1.15
  - Jul: 1.20
  - Aug: 1.25
  - Sep: 1.30
  - Oct: 1.35
  - Nov: 1.40
  - Dec: 1.45

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**Commentary on relevant 2012 market events**

- **Securities**
  - In the US, it was the slowest and lowest volume start to the year since 2007 on the stock exchange. During the first ten trading days the stock exchange was closed for one day due to Hurricane Sandy. The NYSE communicated on 11 April 2012 that its volume of trading in US stocks fell 24% compared to the first, or 1.2% at an annualised rate. The trade slowdown in the first half of 2012 was mainly due to reduced foreign exchange activity. In September, Securities traffic fell 16.4% (versus September 2011). December was the best month ever for Securities traffic in the US.

- **Treasury**
  - The euro strengthened to its highest level against the dollar since mid-2010, with repo funding in France and a below average level of bond maturing at auction.
  - The pound fell to its lowest level against the dollar since mid-2010.
  - The yen strengthened to a two-month high against the US dollar, as the European Central Bank’s plan to continue to purchase assets was welcomed by migration in May/June of this year to the US.

- **Trade**
  - The ITOC projected a 3.7% growth rate for world merchandise trade in 2012, which was below the long-term average of 6.6% for 1990-2008.
  - Lower growth forecasts from the US Federal Reserve, the decision of Japan’s central bank to intervene in financial markets, and the yuan strengthening to a two-month high against the US dollar since mid-2010, contributed to the fall in demand for metals and oil. The price of Brent Crude fell by 20% from its peak in March this year. According to the ITOC, the volume of world trade only managed to grow 0.3% in the second quarter compared to the first, or 1.3% at an annualised rate. The main trade balances, in fact the one of China was driven by an even stronger depreciation in imports of developed countries and by a corresponding weakness in the exports of developing economies.

- **FileAct**
  - Oil prices fell after the dollar strengthened and the US government allowed foreign airlines to deliver additional supplies in the wake of Hurricane Sandy.

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**Commentary on relevant SWIFT message volume evolution**

- **Payments**
  - SWIFT Annual Review 2012
Relevant today and tomorrow

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 pursing 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 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.

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

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. 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.

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
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 Business Forum, 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.

**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 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.
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.

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 Solidarfest 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.

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

Strategy and business
- Embed CSR in our corporate strategy and core business

Mindset and behavioural changes
- Reporting, communication and programme management

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

## 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.

## 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.

## 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.

## Trade messages
In 2012, Trade traffic continued to decline by 2.5 percent. Trade represents less than 1 percent of total SWIFT traffic.
Messaging facts and figures

Fin (continued)

FIN messages by region

2012 share (%)

- Americas
- Asia Pacific
- EMEA

FIN messages – growth by region

2012 volume (millions)

- Americas: 945
- Asia Pacific: 565
- EMEA: 3,000

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.

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.

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.
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

Michael 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 for 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.

Our Board of Directors

Yayar Shah
Chairman of the Board of Directors, SWIFT

Yayar Shah served as Chief Executive, Asia Pacific until the end of 2012. He joined SWIFT in 1988. Prior to SWIFT he held various senior management positions in IT.

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

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Stephan Zimmermann
Deputy Chairman of the Board of Directors, SWIFT

Stephan Zimmermann was appointed as Deputy Chairman of the Board of Directors, SWIFT in 2005.

Fabrice Denêle
Head of Payments, BPCE, France

SWIFT Director since 2009

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

SWIFT Director since 2012

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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)
- The Human Resources Committee
- The Executive Committee
- The Compensation Committee
- The Corporate Governance Committee

The AFC meets at least four times per year with the CEO, CFO, CIO, CRD, 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.

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 oversight**

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:

- 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.

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.

The members of SWIFT 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.
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, it has 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 (US), 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. They judge the NBB to be the central banks’ entry point for the cooperative oversight of 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.
# 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.

## 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

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</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues before rebate</td>
<td>597</td>
<td>582</td>
<td>590</td>
<td>586</td>
<td>598</td>
</tr>
<tr>
<td>Net profit</td>
<td>14</td>
<td>11</td>
<td>15</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Share of profit of associated companies</td>
<td>15</td>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>19,635</td>
<td>15,646</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>11</td>
<td>(5,737)</td>
<td>(4,629)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>18,790</td>
<td>16,168</td>
<td>(1,256)</td>
<td></td>
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</tr>
</tbody>
</table>

### Consolidated income statement

For the year ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2012 EUR</th>
<th>2011 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic revenue</td>
<td>2</td>
<td>338,010</td>
<td>275,446</td>
</tr>
<tr>
<td>One-time revenue</td>
<td>3</td>
<td>4,956</td>
<td>3,821</td>
</tr>
<tr>
<td>Recurring revenue</td>
<td>4</td>
<td>118,517</td>
<td>118,375</td>
</tr>
<tr>
<td>Interface revenue and consulting revenue</td>
<td>5</td>
<td>133,443</td>
<td>132,450</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>6</td>
<td>2,048</td>
<td>996</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties and cost of inventory</td>
<td>12</td>
<td>(8,020)</td>
<td>(8,177)</td>
</tr>
<tr>
<td>Payroll and related charges</td>
<td>6</td>
<td>(282,269)</td>
<td>(262,296)</td>
</tr>
<tr>
<td>Network expenses</td>
<td>7</td>
<td>(11,653)</td>
<td>(13,596)</td>
</tr>
<tr>
<td>External services expenses</td>
<td>8</td>
<td>(200,331)</td>
<td>(177,689)</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>13</td>
<td>(35,974)</td>
<td>(37,292)</td>
</tr>
<tr>
<td>Amortisation of intangible fixed assets</td>
<td>14</td>
<td>(6,253)</td>
<td>(9,176)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>9</td>
<td>(35,784)</td>
<td>(4,602)</td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>(550,164)</td>
<td>(312,828)</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>(541,464)</td>
<td>11,017</td>
<td></td>
</tr>
</tbody>
</table>

### Consolidated statement of comprehensive income

For the year ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2012 EUR</th>
<th>2011 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year (A)</td>
<td></td>
<td>19,635</td>
<td>(5,737)</td>
</tr>
<tr>
<td>OCI items that may be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>55</td>
<td>55</td>
<td>26</td>
</tr>
<tr>
<td>Cash flow hedges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Current year gain/(loss) on financial instruments</td>
<td>31</td>
<td>(1,183)</td>
<td>402</td>
</tr>
<tr>
<td>– Prior year (gain)/loss transferred to income statement</td>
<td>31</td>
<td>(2,195)</td>
<td>746</td>
</tr>
<tr>
<td>OCI items that will not be reclassified to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognition of actuarial gains and losses</td>
<td>24</td>
<td>(74,508)</td>
<td>24,305</td>
</tr>
<tr>
<td>Other comprehensive income (B)</td>
<td>(77,331)</td>
<td>25,453</td>
<td>(52,378)</td>
</tr>
<tr>
<td>Total comprehensive income for the year (A+B)</td>
<td>(82,564)</td>
<td>(21,944)</td>
<td>(83,608)</td>
</tr>
</tbody>
</table>

To download the full set of financial statements, including the accompanying notes referred to below, please visit: www.swift.com/annualreview2012
### Consolidated statement of financial position

**For the year ended 31 December 2012**

<table>
<thead>
<tr>
<th>In thousands</th>
<th>Note</th>
<th>2012 EUR</th>
<th>Restated*</th>
<th>2011 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13</td>
<td>205,934</td>
<td>176,377</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>14</td>
<td>18,879</td>
<td>20,692</td>
<td></td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>15</td>
<td>1,946</td>
<td>1,896</td>
<td></td>
</tr>
<tr>
<td>Other investments</td>
<td>16</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Pension assets</td>
<td>24</td>
<td>–</td>
<td>2,139</td>
<td></td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>17</td>
<td>79,660</td>
<td>48,524</td>
<td></td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>21</td>
<td>6,504</td>
<td>10,589</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>312,923</td>
<td>260,217</td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>18</td>
<td>78,624</td>
<td>54,441</td>
<td></td>
</tr>
<tr>
<td>Other current financial assets</td>
<td>18</td>
<td>72,600</td>
<td>128,800</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>19</td>
<td>77,417</td>
<td>30,694</td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td>20</td>
<td>8,832</td>
<td>16,911</td>
<td></td>
</tr>
<tr>
<td>Prepayments to suppliers</td>
<td>21</td>
<td>24,870</td>
<td>32,435</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>22</td>
<td>1,022</td>
<td>1,835</td>
<td></td>
</tr>
<tr>
<td>Prepaid taxes</td>
<td>23</td>
<td>23,523</td>
<td>22,344</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>286,888</td>
<td>287,460</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>599,811</td>
<td>547,677</td>
<td></td>
</tr>
</tbody>
</table>

| 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 | 52,542 | |
| 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**

<table>
<thead>
<tr>
<th>In thousands</th>
<th>Note</th>
<th>2012 EUR</th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td></td>
<td>16,790</td>
<td>18,160</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>13</td>
<td>18,879</td>
<td>20,692</td>
</tr>
<tr>
<td>Amortisation of intangible fixed assets</td>
<td>14</td>
<td>1,946</td>
<td>1,896</td>
</tr>
<tr>
<td>Net loss and write-off on sale of property, plant and equipment, and intangible assets</td>
<td></td>
<td>–</td>
<td>(42)</td>
</tr>
<tr>
<td>Other non-cash operating losses/(gains)</td>
<td></td>
<td>–</td>
<td>(358)</td>
</tr>
<tr>
<td>Changes in net working capital</td>
<td></td>
<td>–</td>
<td>(26,994)</td>
</tr>
<tr>
<td>– (Increase)/decrease in trade and other receivables and prepayments</td>
<td></td>
<td>–</td>
<td>(18,679)</td>
</tr>
<tr>
<td>– (Increase)/decrease in inventories</td>
<td></td>
<td>–</td>
<td>813</td>
</tr>
<tr>
<td>– (Increase)/decrease in trade and other payables</td>
<td></td>
<td>–</td>
<td>7,250</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Cash flow from investing activities** | | | | |
| Capital expenditures: | | | | |
| – Property, plant and equipment | | (65,714) | (55,200) |
| – Intangibles | 14 | (4,436) | (9,063) | |
| **Property, plant and equipment** | | (60,248) | (54,163) | |
| **Proceeds from sale of fixed assets** | | 221 | 221 | |
| **Acquisition of a subsidiary, net of cash acquired** | | (69,929) | (63,945) | |
| **Net cash flow used in investing activities** | | | | |

| **Cash flow from financing activities** | | | | |
| Investments in other financial assets | 18 | 56,200 | 78,300 | |
| Net payments for reimbursement of capital | | (222) | (876) | |
| **Net cash flow from (used in) financing activities** | | 55,978 | (78,976) | |

| **Increase/(decrease) of cash and cash equivalents** | | | | |
| **Cash and cash equivalent components are:** | | | | |
| Cash | | 24,443 | (96,458) | |
| Liquid money market products | | 18 | 10,692 | 8,149 | |
| **At the end of the year** | | 78,624 | 54,441 | |

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