Efficiency without compromise

Annual Review 2009
SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 9,000 banking organisations, securities institutions and corporate customers in 209 countries. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

As the whole financial industry came to terms with continued uncertainty, the need for efficiency was paramount. But determination to take out cost cannot be at the price of quality or reliability. SWIFT has worked for the community to make its operations more efficient and set the framework for future growth.

This year we have produced an Annual Review rather than an Annual Report. This slimmer document is consistent with our corporate social responsibility commitment to respect the environment by reducing the number and size of printed documents we produce and distribute. The change in format has also allowed us to focus more effectively on our business performance and achievements for 2009. We have still met our obligation to publish a full set of financial accounts which can be downloaded at www.swift.com. It is also available from any of our offices.
Achievements and highlights

3.76 billion
FIN messages exchanged

209
countries and territories

99.999%
availability of FIN and SWIFTNet in 2009

451
new institutions connected to SWIFT during 2009, making a total of 9,281

3rd
operating centre opened

5,782
attendees at Sibos in Hong Kong, the biggest ever Sibos in Asia

20,000+
laptops funded so far for the One Laptop Per Child organisation

23
offices worldwide – Seoul office opened in 2009

13,531
members of swiftcommunity.net, 221 communities

400+
organisations have ordered Alliance Lite
Looking back at last year’s Annual Report, it is easy to recapture the sombre mood that prevailed at the height of the worst financial crisis in recent decades.

We belong to a resilient industry, however. The combined efforts of our executives, staff, regulators and supervisors have seen us through the worst.

As the financial industry’s shared services cooperative, SWIFT is used to double-digit growth but its traffic volumes in 2009 reflected the decreased levels of activity within our community. FIN traffic was down by 2.4 percent for the year as a whole. Despite that, SWIFT focused on reducing its expense base and was able to achieve costs by EUR 90 million, representing 17 percent of SWIFT’s total cost base, without compromising security or resilience.

SWIFT’s approach to operational risk management is evidenced by the comprehensiveness of the SAS 70 report and its ‘High Level Expectations’ documents. Given the open and transparent nature of the relationship and the thorough reviews, the overseers have acknowledged that the HLE document should be made compulsory and that other systematically important messaging providers within the financial industry should be subject to similar oversight principles.

Inherent strengths

From a Chairman’s perspective, my stakeholders are the financial institutions that own and govern SWIFT, the G-10 central banks that oversee the cooperative and the employees who work for the organisation. To all of you, I can say with confidence that SWIFT has entered 2010 in a strong position to deliver on its promises. Its finances, in terms of both cash and cost structure, are fundamentally sound. The SWIFT franchise within the financial community remains both solid and enviable: its customers want SWIFT to do more as their shared service partner.

I encourage this. As shareholders, every member institution should think of SWIFT as an integral part of its own eco-system and make the best use of its capabilities and services.

The task of the Board is to provide guidance on priorities that demonstrate a more commercially relevant and nimble organisation – a process which is underway as I write, with the full engagement of the Board and the Executive. The Board is well placed to do this. It is both diversified and representative of its community. It contains a broad range of expertise and provides well-structured and organised governance for the cooperative.

The SWIFT Executive has been executing the SWIFT2010 strategy, that your Board agreed to with competence, commitment and initiative. For these reasons I am confident that it will deliver the next strategic plan, that it can adapt to changing market conditions and that it will execute well. Crucially, SWIFT’s 1,920 employees remain admirably dedicated to the spirit of SWIFT and its core values.

As Board chairman, I believe we can, and should, expect great things from your cooperative in the year ahead.

Yawar Shah
Chairman
April 2010

Reinforcing core values

A few words from our Chairman

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Oversight

As our industry emerges from a period of severe crisis, regulation and supervision will continue to be crucial elements in ensuring the stability of the financial ecosystem. Given SWIFT’s systemic importance, the central banks of the Group of Ten countries (G-10) agreed in 1998 that SWIFT should be subject to cooperative oversight by central banks. SWIFT takes its responsibilities extremely seriously in this regard, meeting with its overseers on a quarterly basis to review strategy, resilience, architecture and other related matters.

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Yawar Shah
Chairman
April 2010
Efficiency without compromise

Perspectives from the CEO

2009 will be remembered as the most challenging business year in SWIFT’s history. Yet, despite the continuing tough global economic environment, SWIFT’s performance throughout the year was remarkable.

We continued to deliver value and excellent service to our customers, and established the new zonal architecture for our messaging services. We launched a fundamental review of our structural cost base, evolved towards a more efficient and robust organisation ready for the future and commenced the definition of our SWIFT 2015 strategy. Significant and fundamental changes achieved without compromising our core strengths of security, reliability and resilience.

Our financial performance was impressive given the adverse market conditions. While year-on-year revenues fell, our efficiency programme, Lean, meant that we were able to reduce our operating expenses, absorb the one-time costs of the restructuring, and still deliver an operating profit.

On a regional basis, our EMEA organisation delivered excellent results in spite of the economic climate, becoming the real engine of our 2009 financial performance. Asia and the Americas suffered more, reflecting the specific challenges associated with our business activities there. Sibos 2009 in Hong Kong demonstrated the progress we are making in the region – with 42 percent of the 5,782 attendees coming from Asia. It attracted the largest Asian attendance in the history of Sibos.

2009 was also a year where we continued to roll out important operational programmes on time and on budget. Most significantly, we completed Phase 1 of our Distributed Architecture programme, giving us additional capacity and improved resilience whilst addressing data protection concerns.

The ongoing Lean programme is critical to SWIFT. Not just in creating a healthier company that can weather the financial crisis, but also in creating a more efficient organisation that is ready for growth.

The dimensions of the programme are truly impressive: a two year programme to deliver 30 percent efficiency gains across SWIFT, consisting of 20 percent structural cost reductions and 10 percent efficiency gains for reinvestment. All based upon customer centrality and a culture shift towards a continuous improvement mindset. And although more than a third of our organisation went through Lean in 2009, careful planning, precautions, and control mechanisms ensured zero impact on reliability, security, and availability of our systems to our users. In fact, satisfaction with the quality of our customer support services actually increased in 2009, and we delivered 99.999 percent availability for FIN and SWIFTNet.

We want ‘efficiency without compromise’ to become synonymous with SWIFT and a recognised core competence. A growing number of our customers have already acknowledged exactly that and are coming to SWIFT to learn about the programme and our implementation; for us there is no higher praise.

Our efficiency programme has given us the right to look ahead to future growth. In 2009 we embarked on the journey to define our strategic direction for the next five years. We started by consulting with the community, conducting 120 consultations with more than 500 individuals worldwide, to establish the foundations for our 2015 strategy. You told us how SWIFT should evolve, and how to use our unique capabilities to add more value to the financial industry. Your responses demonstrated a loyalty, passion, and commitment to our future success that we were pleased to see. The 2015 strategy – to be launched later this year – will demonstrate that we were listening. Your feedback told us two key things: to “protect the core”, as you believe that there is much mileage still left in our core business, and to “reduce the total cost of ownership (TCO)” of SWIFT for customers.

Focusing on our core is natural to SWIFT. 82 percent of our time and resources go into our core activities. And we have recognised that reducing the total cost of ownership of SWIFT to our customers is an important part of that core focus. Interoperability of systems is another clearly identified area, as we look to help our customers reduce risk and cost. Beyond cost and efficiency, the future challenge in our evolution will be how to “feed” the core of SWIFT, or innovate around it. The community has responded positively to the SWIFT perspectives around innovation. Our Innovation Labs (under the Innobrite banner), for example, were considered one of the highlights of Sibos 2009. The community consultation clearly indicates that innovation should increasingly become an applied strength of SWIFT, and one of the primary drivers of growth from our core. We intend to utilise the momentum as an enabler of our 2015 strategy, as well as a point of differentiation to appeal to a new generation of leaders emerging in the community.

Finally, I want to say a few words about our Corporate Social Responsibility activities. SWIFT continues to take its role as a corporate citizen extremely seriously. We remain an active supporter of the Arts, and our engagement with the One Laptop Per Child organisation has seen the deployment of 20,000 laptops across five countries in the developing world.

From an environmental perspective, we have established a partnership with the International Polar Foundation with the purpose of creating a healthier organisation and a bright future, with a future. Nevertheless, we demonstrated that in applying ‘efficiency without compromise’ across our operations, we have created a healthier organisation with a bright future, for the benefit of all the community. Thank you for your continued trust and support.

Lázaro Campos
Chief Executive Officer
April 2010

Operating expenses reduced, restructuring costs absorbed, operating profit delivered

Largest Asian attendance ever at Sibos in Hong Kong

Reducing total cost of ownership part of our core focus

Dedicated CSR section included in this Annual Review
2009 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 number of FIN messages (millions)

The Global Economy is beginning to pull out of a recession unprecedented in the post-World War II era, but stabilization is uneven and the recovery is expected to be sluggish.

The IMF publishes an improved economic forecast. "After a deep global recession, economic growth has turned positive, as wide-ranging public intervention has supported demand and lowered uncertainty and systemic risk in financial markets".

According to the IMF, "The global economy is growing again, according to the governor of the Bank of England."

The IMF projects the World growth to fall to 0.5 percent in 2009, its lowest rate since the Second World War.

The World Trade Organisation forecasts exports to be down by roughly 5 percent in volume terms in 2009, the biggest such contraction since the Second World War.

France and Germany will recover. Both economies grew by 0.3 percent between April and June, bringing an end to year-long recessions in Europe’s largest economies.

The IMF foresees the global recovery as "a strong start that is anticipated to be record-breaking but proceeding at different speeds in various regions".

The IMF projects a downturn in economic activity, pending a recovery in the second half of 2009.

Japan comes out of recession after its economy grew by 0.9 percent in the April-June quarter after four consecutive quarters of contraction.

The Hong Kong RTGS and its 138 participants begin live operations on SWIFT on 25 May 2009 as planned.

The IMF publishes a downgraded economic forecast. "While the rate of contraction should moderate from the second quarter onward, world output is projected to decline by 1.3 percent in 2009 as a whole."

The IMF calls for ongoing stimulus packages to boost the recovery in the second half of 2009.

The IMF predicts a recovery in advanced economies in the second half of 2009.

The IMF predicts a relatively rapid recovery in emerging economies in the second half of 2009.

The World Trade Organisation foresees exports to be down by roughly 5 percent in volume terms in 2009, the biggest such contraction since the Second World War.

The IMF predicts a recovery in the second half of 2009.

The US economy grew at an annual pace of 3.5 percent between July and September, its first expansion in more than a year.

The World Trade Organisation calls for ongoing stimulus packages to boost the recovery in the second half of 2009.

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The IMF predicts a recovery in the second half of 2009.
2009 in context (continued)

**Payments**
- Shrinking economies, reduced interbank lending and reduction of international trade result in lower payment volumes.
- Seasonal drop.
- Continuous increase driven by improving economic landscape.
- Peak driven by traditional end of year payments and increasing international trade activity.

**Securities**
- High volatility on the stock markets and transfer of assets from prime brokers to custodians result in securities being the transfer of assets from prime brokers to custodians.
- The global economy shows some first signs of recovery: for the first time since the crisis in June 2008, the local stock markets in Germany, France and the Netherlands.
- Recovery is ongoing. More countries exit the recession.
- Continuous increase driven by traditional end of year payments and increasing international trade activity.
- The prime broker and executing broker pre-settlement matching system (using the MT510) went live in May 2009.
- Corporate Actions messages ‘seasonal’ peak.

**Treasury**
- Treasury volumes are impacted by the global financial crisis which in turn accelerated the adoption of CLS best practice (FX protocol) by the world's largest FX players.
- 4 March, the Euro falls to a one-year low against the US dollar.
- Trade volumes show a continuous increase since August 2009 driven by the ongoing international trade recovery. The increase is worldwide and particularly in EMEA and Asia.
- On 23 February, US shares at nearly 12-year low. The Dow Jones closed at 7,114.8, its lowest since 1997 on concerns about the attempts to shore up the banks.

**Trade**
- The negative traffic trend which began in 2008 continues with overall trade volumes on SWIFT seriously down. The reduction impacts all regions.
- The World Trade Organisation sees a 9 percent global trade decline in 2009 as recession strikes.
- At the G-20 London meeting on April 2, the G-20 leaders agreed on a regulatory blueprint for reining in the excesses that fed the worst financial crisis in six decades.

**Average daily number of InterAct messages**
- The White House plan to overhaul regulation of the U.S. financial system is "a transformation on a scale not seen since the reforms that followed the Great Depression," as President Obama said in a statement on 17 June.

**Average daily volumes of FileAct**
- End of year customer payments peak.

Commentary on SWIFT FIN message volume evolution
Commentary on relevant 2009 market events
Commentary on relevant 2009 market events
There can be no doubt that 2009 was a tough year for all of us. It was a year where we took a hard look at what we do and how we do it, challenging every aspect of our operations to create a leaner, smarter, more nimble SWIFT and to establish the framework for future growth.

Meeting the challenge of uncertain times

Given the impact of the financial crisis on our customers, lower traffic and reduced revenues were almost inevitable. In the early part of the year, traffic declined for the first time in our history and revenue for the year was down 2 percent year-on-year. Although there were encouraging signs of recovery in the last quarter of the year, the new economic environment put the focus on delivering real efficiency. That has applied to our own operations but we have also helped to eliminate cost and complexity for our customers by giving them the opportunity to streamline and take advantage of shared services.

We have been determined to deliver that efficiency without compromising the qualities that our customers depend on: security and resilience. Our operating expenses decreased by 6 percent year on year but we continued to invest in the core of our operations. We renewed our network and technology platform and brought in Phase 1 of our Distributed Architecture programme on time and on budget. Throughout the turbulence, we maintained 100 percent availability for our own operations. We renewed our network and technology platform and brought in Phase 1 of our Distributed Architecture programme on time and on budget. Throughout the turbulence, we maintained 100 percent availability for our own operations.

Cost and complexity out business intelligence in

Our focus for the previous two years had been to reduce the total cost of SWIFT services for our customers and to make doing business through SWIFT simpler. We continued to pursue both of these objectives in 2009.

We developed new products and services built around the ideas and framing the business model for a smarter post-crisis world.

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We have not allowed ourselves to develop a crisis mentality. Instead we have continued to look forward, carrying out a major consultation exercise on a bold strategy for beyond 2015, involving our customers in shaping the ideas and framing the business model for a smarter post-crisis world.

Reducing cost of operation

Reducing the total cost of ownership (TCO) for our customers is a continuing priority for us. We are not only reducing the cost of messaging year-on-year but are also making it easier for customers to implement new standards, and, with the introduction of a broader range of Consulting Services, we are facilitating back office integration. Other areas of focus for lower volume customers include more options for connecting to SWIFT.

We promised to reduce prices by 50 percent by 2011 and it is a commitment we are confident we will fulfil. At the beginning of the year, we gave customers a 5 percent rebate on their 2008 messaging, giving back EUR 18 million to the community – the seventh year of rebates in a row.

We also introduced new initiatives to bring down costs for customers. In December, the Board approved the introduction of a new messaging discount scheme for high volume point-to-point connections. The new scheme will make using SWIFT highly competitive compared to the cost of VPNs and is expected to save the community around EUR 13 million in 2010.

To minimise the burden on customers of implementing standards, we continued the approach adopted in 2008 for standards releases and limited the scope of the 2009 Standards MT Release. We also extended the fast track development process to make it applicable to all standards development projects.

We supported our customers in adopting ISO 20022. This standard is widely recognised as an important tool in end-to-end automation, lowering risk and increasing transparency. It will be the standard for the entire funds community on SWIFT in 2012. However, we recognise that while the end result brings real benefits, for many customers, the transition is complex. During 2009, SWIFT supported customers to make the migration as smooth as possible with a range of tools, offering simplified translation rules from ISO 15022 messages, testing facilities, and help through our partner network. Our Standards Developer Kit was launched in direct response to customer demand to make it cheaper and more efficient to build and maintain standards implementation for both ISO 20022 and MT messages.

We worked closely with members of the community to support them in meeting their compliance and regulatory obligations and facilitated the creation of a new industry group, the Sanctions Forum, to help the industry address sanctions requirements efficiently.
Making business simpler and more streamlined

Price reductions and implementation costs are only part of the equation. Our goal is also to deliver value by helping our customers to access our services and get the most from their SWIFT connection for the benefit of their own business operations.

Improving access
Last year, we introduced Alliance Lite, giving rapid access to the SWIFT network for low volume users. Today, over 500 organisations have ordered the product to date. In addition, we made it easier for corporates to access SWIFT. From July, they no longer need to be listed on an exchange and can join by bank recommendation.

Targeted solutions
Our customers have made clear that they need complete solutions to support their business operations. We are increasingly developing our solutions in collaboration with specialist partners or with members of the community and building them using tried and tested technology. The emphasis has been on simplicity and scalability.

Easy Exceptions and Investigations, offered in partnership with payment solutions provider, Expertus, has been designed to offer greater efficiency and effectiveness. This solution is designed to help customers with their exception and investigation processes, providing a score for potential inaccuracies in the data that is fed into the system.

In another collaborative initiative, three of our banking customers worked with us to pilot our first non-financial standard for electronic bank account mandates.

Our solution for Workers’ Remittances, identified as a valuable revenue stream for banks, went live in April. So far, over 35 customers had registered for the service. The Trade Services Utility solution, designed to bring greater efficiency to the supply chain, began to gain traction, with over 100 banks signed up by the end of the year. We also worked with the Islamic finance community and launched a pilot with banks in the UK, Middle East and Malaysia for standardizing the commodity-based Murabara transaction. Our Corporate Access initiative continues to be a real success story. More than 600 corporates now have access to SWIFT, a number which has grown by 40 percent per year for the last five years.

Business intelligence
We have explored how we can deliver greater value for our customers from our Core Operations. The past two years have shown the correlations between SWIFT traffic and market volatility, trade flows and interbank lending. Analysis of this data will allow us to provide the community with a potentially powerful economic trend analysis and forecasting tool and serve as an additional input to banks’ risk management decisions. An example of this is the ‘trade snapshot’ report, which we developed at the request of the Trade community and which was very well received. Building on this, we have begun putting in the groundwork to make this business intelligence available, with data security measures in place, through our SWIFT Watch service.

Customers have also been able to take greater advantage of SWIFT’s expertise and the extension of our consulting services, looking at the implications of digital identity for our customers and how we can provide a digital identity solution that offers global interoperability. We have also been considering the whole shape and scope of our innovation for the future. We can build on our inherent strengths and also address new demands for segmented, interoperable services that will make financial transactions smarter. We are examining the potential of changes in technology such as cloud computing and possibilities for hosting applications for third parties. We are looking at how to reduce the cost of dealing with multiple standards and infrastructures. We operate in a rapidly changing environment where what were once differentiators are becoming commodities. Innovation is essential if we are to continue to play a crucial role in the global financial industry.

Building a leaner, more agile SWIFT
At the same time as building on price commitments and developing solutions to take efficiency out of our customers’ operations, we have been taking a hard look at ourselves. Last year, we launched our Lean initiative with the goal of increasing efficiency by 30 percent and taking EUR 90 million out of our cost base. In achieving that target, we have been unambiguous: we will achieve this without either compromising the service we offer our customers or suppressing the creative instincts of our people – both are fundamental to our future.

TAKING OUT COST
By the end of the year, some 400 employees had taken part in the programme, which is primarily managed by SWIFT staff. The savings generated meant the EUR 37 million restructuring costs could be absorbed while still reporting a profit. All that teams that completed the programme are on track to deliver their target for efficiency gains and implement the methods that foster continuous improvement. The programme is already generating ideas that will have a positive impact on our customers’ business, including a faster standards delivery process and increased time communicating directly with customers.

The programme will be completed by the end of the first quarter of 2011. We do not regard this as a one-off initiative, but rather as an ongoing process of culture change where continuous improvement and realising efficiencies, small or large, become part of the corporate mindset.

Leaner leadership
As part of our journey towards becoming a leaner and more agile SWIFT, we carried out a number of organisational changes to make the leadership structure more effective. This included the replacement of the Leadership Council with a smaller Executive Committee to give us a tighter, more agile decision-making body.

Innotribe launched to enable collaborative innovation in financial services
Collaborative innovation
Collaboration within our community means identifying not just what the industry needs, but the best way of providing it. We launched Innotribe, a set of events, tools and initiatives that enables collaborative innovation in financial services. It provides the infrastructure to find, co-create and invest in new ideas and projects. Innotribe exists virtually, through an online idea management tool, and physically, through events and creative workshops. It aims not just to encourage discussion of issues, but to frame solutions that will make a difference to our customers’ business.

We have been looking at how we can address emerging business issues, looking at the implications of digital identity for our customers and how we can provide a digital identity solution that offers global interoperability. We have also been considering the whole shape and scope of our innovation for the future. We can build on our inherent strengths and also address new demands for segmented, interoperable services that will make financial transactions smarter. We are examining the potential of changes in technology such as cloud computing and

Restructuring programme already delivering positive results and enabling culture of continuous improvement

Improving access
Working directly with customers and partners to develop new products and services
Innotribe launched to enable collaborative innovation in financial services
Restructuring programme already delivering positive results and enabling culture of continuous improvement
Uncompromised robustness, investment in the core

All of our measures to cut costs and create greater efficiency are being achieved without compromising what is fundamental to our customers: the robustness and resilience of our core messaging services.

Operationally and financially sound
In a year of real volatility for our community, SWIFT services remained a bedrock. Availability of core services was 99.999 percent throughout the year and reached 100 percent availability in the third quarter. We remained a financially sound organisation, despite the impact of the financial crisis on our revenues.

Core investment programmes delivered
This quality of service was achieved throughout the renewal of our backbone network and SWIFTNet technology platform. Both are part of our continuing investment in our core services.

The most significant project we have undertaken in many years, Phase 1 of our Distributed Architecture programme to create two messaging zones with pairs of Operating Centres, was also delivered on time and on budget. The investment will add capacity, improve resilience, control average long-term messaging costs and help address European data protection concerns.

A growing, active community
The strength of SWIFT is not only in its platform, products and services, but because it acts as a community, creating benefit through shared services and shared ideas. It is good to report that, as a community, we have continued to grow, both in numbers and in the level of involvement and engagement.

Stimulating dialogue globally
Sibos 2009 in Hong Kong was the biggest ever in Asia and brought together more than 5,700 members of the industry. A year on from the onset of the turmoil in the financial world, a common theme in many discussions was the need for competitors, policymakers, regulators and customers to work together to find common solutions. Sibos also saw delegates introduced to the principle of Innotribe with teams of delegates competing for the support of a panel of venture capitalists to build a new banking service. Beyond Sibos, swiftcommunity.net, launched two years ago to give a forum for members of the community to debate and share information, has continued to grow. It now has more than 13,500 members and 221 communities.

Getting closer
Getting closer to our customers is important to us. Our regional teams have continued to work with their customers to address their issues, understand the dynamics of their markets and bring them together to discuss issues of common interest.

Asia Pacific
Sibos acted as a real catalyst for involvement of the region’s financial community, which made up over 40 percent of delegates. Elsewhere, Business Forums in Seoul, Mumbai, Tokyo and Singapore allowed the community to debate their priorities. We opened a new office in February in Seoul, supporting South Korea’s goal of becoming a North East Asian financial hub. Our commitment as a financial infrastructure that supports Asia’s growth and development saw a significant milestone with the first phase of Hong Kong Real Time Gross Settlement going live with 138 participants.

Europe, Middle East and Africa
While Asia has largely weathered the financial storm, the impact has been felt right across EMEA. The community came together at events across the region in Zurich, Marrakech, Paris, Madrid, Milan, Dusseldorf, Luxembourg and London to discuss the future path for the industry. We continued to help the banks and saw our share of the European Low Value Payments market grow to 5 percent and strengthened our involvement in market infrastructures, winning several new contracts.

Americas
Customers in the Americas faced similarly challenging market conditions, but in 2009, we sowed the seeds for future growth, focusing on delivering greater value to our community, extending our reach and building customer relationships, particularly with the region’s market infrastructures. We made considerable commercial progress with market infrastructures in Brazil, Uruguay, Paraguay and Chile. In the US, we established a successful partnership with DTCC to improve the efficiency of processing corporate actions information. Nearly 1,000 members attended SWIFT-hosted community events in the Americas in 2009.

13,531 members
Swiftcommunity.net continues to grow with more than 13,500 members and 221 communities

99.999%
availability of core services in 2009

Active community dialogue and engagement worldwide
Shaping a bolder future for our community

Despite the uncertainties of the past year, we remain confident of the ability of our community to take the lead in shaping a stronger future for the financial industry. We believe in the value of collective intelligence and there can be no stronger demonstration of that than involving our customers and our partners directly in framing our 2015 strategy.

We carried out consultations with 120 organisations, involving more than 500 individuals, covering all regions, customer sizes and types, including broker-dealers, market infrastructures and custodians.

The message we received was that our future strategy should play to our main strengths: our secure messaging platform, our standards expertise, and our global community. But we were also told that there was more to be done to make the organisation simpler to deal with and nimbler in moving to capitalise on market opportunities and respond to market needs. Overall there was consensus that our strategy should be evolutionary rather than revolutionary. The key focus areas that emerged included growing our ‘core’ by developing traffic and business from within established business areas and doing more in domestic and regional markets, expanding our service offering, initially focused on supporting users with core SWIFT products and services, and expanding corporate reach, including increasing growth among large to mid-sized corporates. The two themes that underpin all the initiatives are interoperability and reducing the total cost of ownership, and these perspectives will be at the forefront as we move into the next stage of our strategy development.

Our CSR mission is simple – fostering collective and individual commitment to improving the cultural, social and physical environment that surrounds us. The programme is built on these three ideals, and we actively seek to involve and engage our community, employees, partners and customers.

We have partnered with the International Polar Foundation, which communicates and educates on polar science and research as a way to improve understanding of the environment and climate. Our commitment is clear – a 60 percent reduction in our CO2 emissions by 2012. Achieving this ambitious target will be a challenge, requiring reductions and increased energy efficiency in all our facilities and at all our events. As part of this package in 2009, we invested in video-conferencing, reducing the emissions generated by business travel between our offices.

Our social stream saw us continuing our support to the One Laptop Per Child organisation. Over the last three years, we have contributed EUR 4 million, actively funding the distribution of 20,000 laptops in Brazil, Paraguay, Cambodia, Nepal and Rwanda, with a further 6,000 on their way to Mozambique and Burundi.

To harness the energy, knowledge and passion of our own people for good causes, we regularly publish requests for volunteers by NGOs to our employees, reaching out into our local communities. When organising our events, we establish connections and funding to a local charity, and our regional committees continue to build new relationships with charitable organisations, playing our part in making a difference for those most in need.

Finally, in close collaboration with the King Baudouin Foundation in Belgium, we continue to invest in the SWIFT Fund, which, for over ten years, has awarded a prize to a high-quality Belgian or Dutch project that helps build bridges between people through an innovative use of technology.

Securing a sustainable future

As we consider our commercial future, we also realise the importance of operating in a sustainable and socially-responsible manner. As one of the focal points of a global community, we understand that we need to live and breathe our corporate values not only within our organisation, but also reaching across the communities in which we live and work.

500
individuals consulted to frame our 2015 strategy

Growing the ‘core’ will be a central focus looking forward

EUR 4 million
contributed to date to One Laptop Per Child organisation

60%
Aim to reduce our CO2 emissions by 60% by 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.

Driven by increased securities market infrastructure traffic, InterAct volumes grew 7 percent reaching 367 million messages. The number of customers increased by 29 percent, totaling 1,849 customers, eight new services were introduced.

**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.

**Facts and figures**

For pages 30 to 31 inclusive, all percentages have been calculated using unrounded figures. Totals may not add up due to rounding.

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### InterAct traffic evolution

**Messages (thousands) Annual growth (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<td>88</td>
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<td>124</td>
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<td>2Q</td>
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<td>4Q</td>
<td>66</td>
<td>80</td>
<td>109</td>
<td>105</td>
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</tbody>
</table>

**Total** 560.59 63.5% 100.3%

### FileAct traffic evolution

**Number of messages (thousands) Annual growth (%)**

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<thead>
<tr>
<th>Year</th>
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<th>2009</th>
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<tr>
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<td>68</td>
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<tr>
<td>2Q</td>
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<td>3Q</td>
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<td>81</td>
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<td>4Q</td>
<td>66</td>
<td>80</td>
<td>109</td>
<td>105</td>
</tr>
</tbody>
</table>

**Total** 560.59 63.5% 100.3%

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### Top 25 InterAct countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Messages (thousands)</th>
<th>Growth</th>
<th>Share</th>
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</thead>
<tbody>
<tr>
<td>1 United Kingdom</td>
<td>1,973</td>
<td>12.0%</td>
<td>21.5%</td>
</tr>
<tr>
<td>2 Sweden</td>
<td>1,518</td>
<td>13.9%</td>
<td>16.5%</td>
</tr>
<tr>
<td>3 Germany</td>
<td>1,404</td>
<td>11.9%</td>
<td>15.7%</td>
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<tr>
<td>4 Norway</td>
<td>1,328</td>
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</tr>
<tr>
<td>5 Ireland</td>
<td>1,224</td>
<td>11.5%</td>
<td>13.0%</td>
</tr>
<tr>
<td>6 Netherlands</td>
<td>1,208</td>
<td>11.4%</td>
<td>12.9%</td>
</tr>
<tr>
<td>7 Italy</td>
<td>1,172</td>
<td>11.4%</td>
<td>12.8%</td>
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<tr>
<td>8 Denmark</td>
<td>1,160</td>
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<tr>
<td>9 Spain</td>
<td>947</td>
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<td>10.7%</td>
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<tr>
<td>10 Austria</td>
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<td>14 Switzerland</td>
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<tr>
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<tr>
<td>19 Norway</td>
<td>655</td>
<td>6.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>20 Sweden</td>
<td>605</td>
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<td>7.2%</td>
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<tr>
<td>21 Denmark</td>
<td>601</td>
<td>6.5%</td>
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<tr>
<td>22 Switzerland</td>
<td>590</td>
<td>6.3%</td>
<td>6.9%</td>
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<tr>
<td>23 Germany</td>
<td>562</td>
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<tr>
<td>24 Belgium</td>
<td>554</td>
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</tr>
<tr>
<td>25 Netherlands</td>
<td>544</td>
<td>5.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

### FIN

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’s message standards, delivery monitoring and prioritisation, message storage and retrieval.

For the first time in the history of SWIFT, FIN traffic decreased. 2009 FIN traffic ended 2.4 percent below 2008 volumes. The events of the last four months of 2008 had a major impact on SWIFT’s traffic. The second quarter of 2009 showed the first signs of recovery. In the third quarter of 2009 volumes were, as usual, lower due to seasonality. The recovery continued as of September. The fourth quarter of 2009 was higher than the same period in 2008.

### Payment messages

Payment traffic decreased by 3.4 percent. Clear signs of recovery started in September.

### Security messages

High visibility on stock markets, combined with transfers of assets from prime brokers to custodians, has resulted in securities being the only market showing a positive growth of 7.4 percent.

### 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.

FIN Copy traffic remains stable at 264 million messages.
Europe, Middle East and Africa (EMEA)

In 2009, the impact of the global financial crisis continued to be felt across EMEA as traffic volumes fell by those of 2008 and low levels of customers interest in new market opportunities. As a result of this, we saw traffic volumes falling again, despite the introduction of new platforms to the market such as the new ISO 20022. In the Russian securities market, we saw traffic growth with NOS and DCNs, the two main issuers of DCNs in Russia, with Alliance 2010 being the leading solution to automate the various processes between the SECN and their domestic users. In Russia, FMs had managed to grow strongly throughout the year, with demand growing and a positive trend for the coming year. The third quarter showed a significant increase in traffic volume. The year also saw promising growth in messaging and market activity through the introduction of our ACCED in 2010. Treasury volumes increased impressively, with the global financial crisis which in turn accelerated the adoption of US best practices for processing the world’s largest FINs. In the EMEA region, a similar trend was evident, driving through strong volumes of FMs. In the EMEA region, the trend was quite steady during the year, except for a drop in December due to the specific institutional event. In terms of financial data, the key indicator for both developed and emerging economies in the region, the trend showed strong correlation with the recovery of the financial markets, with import/export figures as the major centres started their recovery from the January lows and ended the year above their pre-crisis levels.

Asia Pacific

Like all regions, Asia Pacific had a very low start in 2008, showing negative growth from the previous year and below 2007 pre-crisis level. By the second quarter, however, the region was the first to recover, with 10.3% growth Q2 compared to Q1. This reflected the fact that the Asian economies in general had been less hit, first of all due to the relatively late first quarter traffic was consistently above 2008 levels in securities, payments and trade. Payments showed a nearly constant increase throughout the year, especially due to the significant positive contribution of the Hong Kong RTGS Phase 1 go-live as of May. Securities traffic followed a similar trend, driven by strong China volumes that was evident throughout the greater China area that includes Hong Kong and Taiwan. While business levels, the treasury market was quite steady during the year, except for a dip in December due to a specific institutional event. Trade, as a critical factor for both developed and emerging economies in the region, showed strong correlation with the recovery of the financial markets, with import/export figures as the major centres started their recovery from the January lows and ended the year above their pre-crisis levels.

Members, users and FIN traffic by country or territory

Americas

<table>
<thead>
<tr>
<th>Country</th>
<th>Institutions</th>
<th>Members</th>
<th>Total FIN traffic (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1 029.49</td>
<td>22.0%</td>
<td>929.49</td>
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<td>United Kingdom</td>
<td>1 537.65</td>
<td>18.6%</td>
<td>1 537.65</td>
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<tr>
<td>France</td>
<td>8 968.22</td>
<td>15.5%</td>
<td>8 968.22</td>
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<tr>
<td>Germany</td>
<td>254.37</td>
<td>2.7%</td>
<td>254.37</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2 214.85</td>
<td>2.4%</td>
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</tr>
<tr>
<td>Italy</td>
<td>106.36</td>
<td>1.2%</td>
<td>106.36</td>
</tr>
<tr>
<td>Luxembourg</td>
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<td>1.2%</td>
<td>106.36</td>
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<tr>
<td>Sweden</td>
<td>88.81</td>
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<tr>
<td>Finland</td>
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<td>Iceland</td>
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<tr>
<td>Russia</td>
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<td>29.81</td>
</tr>
<tr>
<td>Denmark</td>
<td>21.95</td>
<td>0.2%</td>
<td>21.95</td>
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<tr>
<td>Greece</td>
<td>106.36</td>
<td>1.2%</td>
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<tr>
<td>Turkey</td>
<td>106.36</td>
<td>1.2%</td>
<td>106.36</td>
</tr>
<tr>
<td>Israel</td>
<td>106.36</td>
<td>1.2%</td>
<td>106.36</td>
</tr>
<tr>
<td>Total</td>
<td>3,705.31</td>
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EMEA

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</tr>
</tbody>
</table>
Executive Committee

Lázaro Campos
Chief Executive Officer
Spanish
CEO of SWIFT since 23 April 2007. Joined SWIFT in 1987, with postings in Education and Standards. Served as Manager, PIN Products and Value Added Services from 1993 until 1995. From 1995 until 1998, was Director of Market Infrastructure Services with responsibility for multiple domestic and international market infrastructure projects, including CHAPS, CHAPS Euro, EBA Clearing and TARGET. Served as Director of Treasury Markets, where he managed the CLS project for SWIFT from 1998 until 2000. He was then appointed Head of the Banking Industry Division until his CEO appointment. Has over 20 years international banking and telecommunications experience. Prior to joining SWIFT he served in the international division of Banc Agricol.

Chris Church
Chief Executive Americas and Global Head of Securities
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 1999, responsible for Global Sales & 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.

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 senior management roles at Reuters in both London and the US. Chris is a member of the Board of Directors for XBRL US.

Ian Johnston
Chief Executive, Asia Pacific
Australian
Ian Johnston was appointed Head of the Asia Pacific Region in September 2007. He was previously interim Head of the Banking Industry Division in the Asia Pacific region, which included both banking and securities commercial activity. Ian joined SWIFT in 1993. He had 20 years experience in banking operations, in international business, trade, treasury and communications before joining SWIFT.

Gottfried Leibbrandt
Head of Marketing
Austrian
Gottfried Leibbrandt is currently Head of Marketing, the group that defines the value proposition for SWIFT’s customer segments and includes Standards as well as Solutions. He was previously Head of Standards. Gottfried joined SWIFT in 1990. Prior to joining SWIFT, he worked for McKinsey & Company for 18 years.

Alan Raes
Chief Executive, EMEA
Belgian
Alan Raes was appointed Head of the EMEA Region in September 2007. He was previously Director of the Continental Europe region, covering securities and banking sales activities. Alan joined SWIFT in 1992. 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 1989. Prior to SWIFT he held various financial management roles for the Belgian and European operations of Exxon Chemicals.

Rosie Halfhead
Head of Stakeholder Relations
British
Rose Halfhead was appointed Head of Stakeholder Relations in September 2007. She joined SWIFT initially in 1987. In 2003 she was recruited by ACNielsen. In 2003, Rosie created her own brand communications consultancy. Her clients have included Toyota, American Standard Company and Tetra Pak as well as the European Central Bank and the European Payments Council.

During 2009, we restructured our management team and replaced the Leadership Council with an Executive Committee, effective from 1 June 2009.
Board of Directors

1. **Yawar Shah**
   - Chairman of the Board of Directors, SWIFT
   - Global Head, Citi Shared Services, Citigroup, USA
   - SWIFT Director since 1995, Deputy Chairman of the Board since 1999, and Chairman since June 2005

2. **Eugénie Zimmermann**
   - Deputy Chair of the Board of Directors, SWIFT
   - COO, Wealth Management & Swiss Bank, UBS AG, Switzerland
   - SWIFT Director since 2000, Chair of Human Resources Committee of the Board, SWIFT

3. **Udo Braun**
   - Member of the Executive Board, Group Markets Operations, Commerzbank, Germany
   - SWIFT Director since 2007

4. **Ignace Combes**
   - Deputy Chief Executive Office, Dexia SA/NV, Belgium
   - SWIFT Director since 2009

5. **Fabrice Denèle**
   - Head of Payments, Royal Bank of Canada, Canada
   - SWIFT Director since 2007

6. **Stephan Gasser**
   - Head of Transaction Services, Raiffeisen Zentralbank, Austria
   - SWIFT Director since 2001, Chair of the Audit & Finance Committee of the Board, SWIFT

7. **Fabrice Laffont**
   - CEO of Payments Product House, NedBank Bank Limited, South Africa
   - SWIFT Director since 2009

8. **Jean-Yves Garnier**
   - Deputy Manager, Nataxis, Belgium, left, having joined the Board in 2006. He was replaced by Alain Pochet.

9. **David Kuchta**
   - Head, SWIFT Clearing and Settlement Strategies, DNB NCR Bank ASA, Norway
   - SWIFT Director since 2009, Chair of the Banking & Payments Committee of the Board, SWIFT

10. **Rolf Lütjen**
    - Global Head of Custody Services, SEB, Sweden
    - SWIFT Director since 2009

11. **Alan Goldstein**
    - Executive Vice President & Chief Information Officer, Asset Management & International, The Bank of New York Mellon, USA
    - SWIFT Director since 2006, Chair of the Audit & Finance Committee of the Board, SWIFT

12. **Rob Lopez**
    - Chair of Technology & Product Committee of the Board, SWIFT

13. **Stéphane Vanderschrick**
    - Executive Vice President of Global Transaction Services and Market Infrastructures, ABN AMRO Bank, Netherlands
    - SWIFT Director since 2009

14. **Hans-Olof Klasson**
    - General Manager, Transaction Services Division, The Royal Bank of Scotland, United Kingdom
    - SWIFT Director since 2008

15. **Finn Otto Hansen**
    - Head, SWIFT Clearing and Settlement Strategies, DNB NCR Bank ASA, Norway
    - SWIFT Director since 2004

16. **Colm Keaney**
    - Managing Director, Global Payments, Barclays Bank, United Kingdom
    - SWIFT Director since 2009

17. **Yves Maas**
    - Head International Operations, Managing Director, Credit Suisse, Switzerland
    - SWIFT Director since 2003

18. **Jean-Pierre Cauvin**
    - Board Member, SNP Paribas Securities Services, France
    - SWIFT Director since 2001, Chair of the Security Committee of the Board, SWIFT

19. **Philippe Marson**
    - Chair of the Standards Committee of the Board, SWIFT

20. **Javier Santamaria**
    - Executive Vice President and Chief Information Officer, Asset Management & International, The Bank of New York Mellon, USA
    - SWIFT Director since 2006, Chair of the Audit & Finance Committee of the Board, SWIFT

21. **Jean-Pierre Cauvin**
    - Deputy General Manager, Banco Santander, Spain
    - SWIFT Director since 2007

22. **Erik Dralans**
    - CEO of ING South West Europe and Member of the Retail Committee of ING Bank, Belgium
    - SWIFT Director since 2003

23. **Jean-Yves Garnier**
    - Deputy Manager, Nataxis, Belgium, left, having joined the Board in 2006. He was replaced by Alain Pochet.

24. **Ingrid Versnel**
    - Head, SWIFT Clearing and Settlement Strategies, DNB NCR Bank ASA, Norway
    - SWIFT Director since 2009

25. **Jean-François Yee-Tang**
    - Technology Advisor to ABS, Singapore
    - SWIFT Director since 2009

26. **Alfredo Rodríguez Pinilla**
    - CEO, OP PLUS
    - SWIFT Director since 2009

27. **Hans-Olof Klasson**
    - General Manager, Transaction Services Division, The Royal Bank of Scotland, United Kingdom
    - SWIFT Director since 2008

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Composition of SWIFT Board correct at 31 December 2009

*Three Directors left the Board at the start of 2010: Jacques-Philippe Marson; Colin Klipin and Dirk Vanderschrick. Mr Marson was replaced by Alain Pochet, Mr Klipin was replaced by Marcus Treacher and Mr Vanderschrick was replaced by Godelieve Mostrey.*
Governance at SWIFT

SWIFT is a cooperative society under Belgian law and is owned and controlled by its shareholders. 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 six 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;
  • Responsibility and liability/Code of conduct; and
  • Audit oversight.
— The AFC meets at least four 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.
— Two technical committees: Standards, and Technology and Production.
— The committee provides strategic guidance to the Board and the Executive Committee, and review project progress in their respective areas.

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.

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 2009, and runs to June 2012.
— PricewaterhouseCoopers has held the Security Audit mandate since September 2003. It runs to June 2011.

Oversight
SWIFT maintains an open and constructive dialogue with oversight authorities. Under an arrangement with the central banks of the G-10 countries, the central bank of the country in which SWIFT’s headquarters are located, acts as lead overseer of SWIFT. The issues discussed can include all topics related to systemic risk, confidentiality, integrity, availability and company strategy. SWIFT is overseen because of its importance to the smooth functioning of the worldwide financial system, in its role of provider of messaging services.

Remuneration of Directors
The members of the Board do not receive any remuneration from the Company. They are reimbursed for 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.

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.

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.
— 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.
— 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.
Oversight at SWIFT

Central banks generally 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.

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 National Bank of Belgium 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 a 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.

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.

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 G-10 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 cooperative 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.
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 confidentiality, integrity, availability and change management.

Management is satisfied that, for the period 1 January 2009 to 31 December 2009, 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.

PricewaterhouseCoopers 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 2009 to 31 December 2009.

Their examination was made in accordance with the SAS 70 standard established by the American Institute of Certified Public Accountants and their report covers both controls placed in operation and tests of operating effectiveness, as specified in the standard. The SAS 70 Type 2 report, which includes the PricewaterhouseCoopers’ independent report prepared within the SAS 70 framework as well as all noted observations, has been discussed and reviewed by SWIFT’s Audit and Finance Committee. The report was provided to all Board members.

Shareholding institutions or registered SWIFT users can request an electronic or hard copy by sending an e-mail with the requester’s name, job title, institution, BIC and reason for the request to SAS70@swift.com.

Financial performance

In accordance with article 105 of the Belgian Code of Company Law, the following statements represent a condensed version of SWIFT’s 2009 annual financial statements prepared in accordance with International Financial Reporting Standards. 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 2009 annual financial statements will be filed with the National Bank of Belgium no later than 30 June 2010. This condensed version does not contain all of the appendices or the report of the auditors, who expressed an unqualified opinion.

Key figures
— year ended 31 December 2009

Consolidated income statement
— year ended 31 December 2009

Consolidated statement of comprehensive income
— year ended 31 December 2009

*To download the full set of financial statements including the accompanying notes referred to above please visit www.swift.com/about_swift/publications/annual_reports
Consolidated statement of cash flows  
— year ended 31 December 2009

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2009 EUR</th>
<th>2008 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from operating activities</td>
<td>18,479</td>
<td>19,905</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>44,424</td>
<td>42,853</td>
</tr>
<tr>
<td>Amortisation of intangible fixed assets</td>
<td>12,872</td>
<td>10,740</td>
</tr>
<tr>
<td>Net loss and write-off on sale of property, plant and equipment, and intangible assets</td>
<td>46</td>
<td>246</td>
</tr>
<tr>
<td>Other non-cash operating losses</td>
<td>(12,451)</td>
<td>6,962</td>
</tr>
<tr>
<td>Changes in net working capital</td>
<td>6,211</td>
<td>(43,554)</td>
</tr>
<tr>
<td>Net cash flow before interest and tax</td>
<td>69,581</td>
<td>37,052</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,514</td>
<td>7,639</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(863)</td>
<td>(705)</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(1,919)</td>
<td>(20,063)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>68,313</td>
<td>23,923</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(39,884)</td>
<td>(73,215)</td>
</tr>
<tr>
<td>Intangibles</td>
<td>(6,472)</td>
<td>(22,528)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>2,152</td>
<td>351</td>
</tr>
<tr>
<td>Net proceeds from sale of subsidiary</td>
<td>(3,629)</td>
<td></td>
</tr>
<tr>
<td>Net cash flow used in investing activities</td>
<td>(44,204)</td>
<td>(99,021)</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net payments for reimbursement of contributions</td>
<td>(268)</td>
<td>(1,087)</td>
</tr>
<tr>
<td>Net cash flow from (used in) financing activities</td>
<td>(268)</td>
<td>(1,087)</td>
</tr>
<tr>
<td>Increase/(decrease) of cash and cash equivalents</td>
<td>(23,842)</td>
<td>(76,185)</td>
</tr>
<tr>
<td>Cash and cash equivalent components are:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>31,166</td>
<td>22,024</td>
</tr>
<tr>
<td>Liquid money market products</td>
<td>89,114</td>
<td>74,129</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>120,280</td>
<td>96,153</td>
</tr>
</tbody>
</table>

Consolidated statement of financial position  
— year ended 31 December 2009

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Note*</th>
<th>2009 EUR</th>
<th>2008 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13</td>
<td>160,745</td>
<td>167,568</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>14</td>
<td>21,225</td>
<td>27,540</td>
</tr>
<tr>
<td>Investments in associated companies</td>
<td>15</td>
<td>549</td>
<td>549</td>
</tr>
<tr>
<td>Other investments</td>
<td>17</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td>18</td>
<td>31,108</td>
<td>32,434</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>213,627</td>
<td>228,091</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>120,280</td>
<td>96,153</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>19</td>
<td>77,716</td>
<td>64,243</td>
</tr>
<tr>
<td>Other receivables</td>
<td>20</td>
<td>8,470</td>
<td>20,991</td>
</tr>
<tr>
<td>Prepayments to suppliers</td>
<td>21</td>
<td>29,867</td>
<td>38,592</td>
</tr>
<tr>
<td>Inventories</td>
<td>22</td>
<td>1,016</td>
<td>799</td>
</tr>
<tr>
<td>Prepaid taxes</td>
<td>23</td>
<td>45,469</td>
<td>46,883</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>283,558</td>
<td>273,561</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>497,185</td>
<td>501,652</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>24</td>
<td>285,312</td>
<td>262,281</td>
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<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term employee benefits</td>
<td>25</td>
<td>79,978</td>
<td>98,005</td>
</tr>
<tr>
<td>Deferred income tax obligations</td>
<td>26</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>27</td>
<td>4,226</td>
<td>-</td>
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<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>84,229</td>
<td>98,005</td>
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<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
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<tr>
<td>Amounts payable to suppliers</td>
<td></td>
<td>17,158</td>
<td>21,420</td>
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<td>Short-term employee benefits</td>
<td>28</td>
<td>89,512</td>
<td>57,597</td>
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<tr>
<td>Short-term provisions</td>
<td>29</td>
<td>14,272</td>
<td>1,971</td>
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<tr>
<td>Other liabilities</td>
<td>30</td>
<td>28,902</td>
<td>49,558</td>
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<tr>
<td>Accrued taxes</td>
<td>31</td>
<td>8,700</td>
<td>10,810</td>
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<tr>
<td>Total current liabilities</td>
<td></td>
<td>127,644</td>
<td>141,366</td>
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<tr>
<td>Total liabilities and shareholders’ equity</td>
<td></td>
<td>497,185</td>
<td>501,652</td>
</tr>
</tbody>
</table>

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