Consolidated Financial Statements 2012

CONSOLIDATED FINANCIAL STATEMENTS SWIFT GROUP

AT 31 DECEMBER 2012

PER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EUROPEAN UNION

Contents

A. Independent auditors' report to the shareholders of S.W.I.F.T. SCRL

We have audited the accompanying consolidated financial statements of S.W.I.F.T. SCRL and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of S.W.I.F.T. SCRL as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Ernst & Young Reviseurs d'Entreprises SCRL
Represented by

Pierre Vanderbeek
Partner, Brussels, 20 March 2013

B. Key figures

Year ended 31 December 2012

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

C. Consolidated income statement

Year ended 31 December 2012

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

There is no significant non-controlling interest to report in the financial statements.

D. Consolidated statement of comprehensive income

Year ended 31 December 2012

(in thousands)		Note	2012 EUR Before tax	2012 EUR Tax (expense) benefit	2012 EUR Net of tax	2011 EUR Before tax	2011 EUR Tax (expense) benefit	2011 EUR Net of tax
Profit for the year	**(A)**		**19,635**	**(5,737)**	**13,898**	**15,646**	**(4,629)**	**11,017**
OCI items that may be reclassified subsequently to profit or loss:								
Foreign currency translation			55	-	55	26	-	26
Cash flow hedges:					-			-
Current year gain / (loss) on financial instruments		31	(1,183)	402	(781)	2,195	(746)	1,449
Prior year (gain) / loss transferred to income statement		31	(2,195)	746	(1,449)	(1,256)	426	(830)
OCI items that will not be reclassified to profit or loss:								
Recognition of actuarial gains and losses		24	(74,508)	24,305	(50,203)	(27,113)	11,145	(15,968)
Other comprehensive income	**(B)**		**(77,831)**	**25,453**	**(52,378)**	**(26,148)**	**10,825**	**(15,323)**
Total comprehensive income for the year	**(A) + (B)**		**(58,196)**	**19,716**	**(38,480)**	**(10,502)**	**6,196**	**(4,306)**

There is no significant non-controlling interest to report in the financial statements.

E. Consolidated statement of financial position

Year ended 31 December 2012

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

There is no significant non-controlling interest to report in the financial statements.

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

F. Consolidated statement of cash flows

Year ended 31 December 2012

(in thousands)	Note	2012 EUR	Restated* 2011 EUR
Cash flow from operating activities			
Profit from operating activities		**16,790**	18,160
Depreciation of property, plant and equipment	13	**35,974**	37,292
Amortisation of intangible fixed assets	14	**6,253**	9,176
Net loss and write-off on sale of property, plant and equipment, and intangible assets		**(42)**	330
Other non-cash operating losses/(gains)		**6,375**	(1,857)
Changes in net working capital			
(Increase)/decrease in trade and other receivables and prepayments		**(26,994)**	(18,679)
(Increase)/decrease in inventories		**813**	(358)
Increase/(decrease) in trade and other payables		**7,250**	7,119
Net cash flow before interest and tax		**46,419**	51,183
Interest received	10	**1,708**	2,542
Interest paid		**(929)**	(929)
Tax paid	11	**(8,504)**	(6,333)
Net cash flow from operating activities		**38,694**	46,463
Cash flow from investing activities			
Capital expenditures			
Property, plant and equipment	13	**(65,714)**	(55,200)
Intangibles	14	**(4,436)**	(9,063)
Proceeds from sale of fixed assets	13-14	**221**	318
Acquisition of a subsidiary, net of cash acquired		**-**	-
Net cash flow used in investing activities		**(69,929)**	(63,945)
Cash flow from financing activities			
Investments in other financial assets	18	**56,200**	(78,300)
Net payments for reimbursement of capital		**(522)**	(676)
Net cash flow from (used in) financing activities		**55,678**	(78,976)
Increase/(decrease) of cash and cash equivalents		**24,443**	(96,458)
Movement in cash and cash equivalents			
At the beginning of the year		**54,441**	152,016
Increase/(decrease) of cash and cash equivalents		**24,443**	(96,458)
Effects of exchange rate changes		**(260)**	(1,117)
At the end of the year		**78,624**	54,441
Cash and cash equivalent components are:			
Cash	18	**10,692**	8,149
Liquid money market products	18	**67,932**	46,292
At the end of the year		**78,624**	54,441

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

G. Consolidated statement of changes in equity

Year ended 31 December 2012

(in thousands of EUR, except number of shares)	Number of shares	Share Capital	Share Premium	Retained Earnings	Actuarial Gains and Losses	Cash Flow Hedge	Foreign Currency Translation	Total Shareholders' Equity
Balance at 31 December 2010	**111,293**	**13,913**	**122,534**	**191,982**	**(33,300)**	**830**	**387**	**296,346**
Other comprehensive income	-	-	-		(15,968)	619	26	(15,323)
Net profit	-	-	-	11,017				11,017
Total comprehensive income for the year	**-**	**-**	**-**	**11,017**	**(15,968)**	**619**	**26**	**(4,306)**
Capital increase in cash	35	4	108	-	-	-	-	112
Capital reimbursement in cash	(243)	(30)	(456)	(302)	-	-	-	(788)
Share reallocation	-	-	-	-	-	-	-	-
Balance at 31 December 2011	**111,085**	**13,887**	**122,186**	**202,697**	**(49,268)**	**1,449**	**413**	**291,364**
Other comprehensive income	-	-	-	-	(50,203)	(2,230)	55	(52,378)
Net profit	-	-	-	13,898	-	-	-	13,898
Total comprehensive income for the year	**-**	**-**	**-**	**13,898**	**(50,203)**	**(2,230)**	**55**	**(38,480)**
Capital increase in cash	20	3	63	-	-	-	-	66
Capital reimbursement in cash	(178)	(22)	(379)	(187)	-	-	-	(588)
Share reallocation	-	-	14,194	(14,194)	-	-	-	-
Balance at 31 December 2012	**110,927**	**13,868**	**136,064**	**202,214**	**(99,471)**	**(781)**	**468**	**252,362**

The Company's Members hold interest in the cooperative through shares. The nominal value per share amounts to 125€. The Company manages the shares through the reallocation principle defined in the By-laws and in the general membership rules.

The number of shares allocated to each Member is determined at least every three years according to the By-laws of the Company and is proportional to the annual contribution paid for the network-based services of the Company. The Members have the obligation to give up or take up the resulting change in shares. The By-laws of the Company state that shares are only reimbursed when a Member resigns, or when a Member has to give up shares following a reallocation.

Further information on actuarial gains and losses can be found on note 24, and cash flow hedge on note 31.

There is no significant non-controlling interest to report in the financial statements.

Notes to the consolidated financial statements

1.1 Corporate information

The consolidated financial statements of S.W.I.F.T. SCRL (also referred to SWIFT or the Company) for the year ended 31 December 2012, were authorised for issuance in accordance with a resolution of the Board of Directors on 20 March 2013 and will be proposed for approval at the Annual General Meeting of 13 June 2013. The registered office of S.W.I.F.T. SCRL is located at Avenue Adèle 1, B-1310 La Hulpe, Belgium.

S.W.I.F.T. SCRL is the financial industry-owned cooperative supplying secure, standardised messaging services and interface software to more than 10,000 customers. SWIFT's worldwide community includes banks, broker/dealers, investment managers and corporates, as well as their market infrastructures in payments, securities, treasury and trade.

S.W.I.F.T. SCRL operates in 212 countries and employed 1,928 employees as of 31 December 2012.

1.2 Summary of significant accounting policies

i. Basis of preparation

The consolidated financial statements of S.W.I.F.T. SCRL have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted for use in the European Union and are presented in thousands of euro. The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivatives and money market products as required by IFRS. The significant accounting policies used in the preparation of these financial statements are set out below.

ii. Changes in accounting standards

The application by the Company of the following new standards, interpretations and amendments, which are effective for the period beginning on 01 January 2012, has been investigated. It was concluded that these are not applicable to the Company.

1/ IFRS 1 First time adoption of IFRS (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
2/ IAS 12 Income Taxes – Recovery of Underlying Assets

New Standards, Interpretations and Amendments, that have been issued but are not yet effective for the period beginning on 01 January 2012, have not been applied as they are not applicable to the Company or the Company has not opted for early adoption. Application of these new Standards, Interpretations and Amendments is not likely to have significant impacts on the financial position or the results of the Company.

1/ IAS 27 Separate Financial Statements (as revised in 2011)
2/ IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
3/ IAS 32 Offsetting Financials Assets and Liabilities
4/ IFRS 1 First Time Adoption of IFRS – Government loans
5/ IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements
6/ IFRS 9 Financial Instruments: Classification and Measurement
7/ IFRS 10 Consolidated Financial Statements
8/ IFRS 11 Joint Arrangements
9/ IFRS 12 Disclosure of Involvement with Other Entities
10/ IFRS 13 Fair Value Measurement
11/ IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

1/ IAS 19 Employee Benefits (Amendment)
As the group has already opted for immediate recognition in the Other Comprehensive Income (further referred to as OCI) of the actuarial gains and losses, the main resulting change affecting the group is related to the removal of the concept of expected return on plan assets.

iii. Principles of consolidation

The consolidated financial statements comprise the accounts of S.W.I.F.T. SCRL (the parent company including the branches) and its subsidiaries.

In preparing the consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line-by-line basis and all intercompany transactions are eliminated. Consistent accounting policies are used across the Group.

Name	% Ownership 31 december 2012	% Ownership 31 december 2011	Country of registration
ARKELIS N.V.	100.00	100.00	Belgium
S.W.I.F.T. Austria GmbH	100.00	100.00	Austria
S.W.I.F.T. Services Australia Pty Ltd	100.00	100.00	Australia
S.W.I.F.T. Para A América Latina Transfêrencia de Dados Fianceiros Ltda.	100.00	100.00	Brazil
S.W.I.F.T. (Beijing) Ltd	100.00	100.00	People's Republic of China
S.W.I.F.T. Korea Ltd	100.00	100.00	South Korea
S.W.I.F.T. LLC	100.00	100.00	Russia
S.W.I.F.T. Switzerland GmbH	100.00	100.00	Switzerland
S.W.I.F.T. Germany GmbH	100.00	100.00	Germany
S.W.I.F.T. Iberia SL	100.00	100.00	Spain
S.W.I.F.T. France SAS	100.00	100.00	France
S.W.I.F.T. Securenet Ltd	100.00	100.00	United Kingdom
S.W.I.F.T. Far East Ltd.	100.00	99.00	Hong Kong
S.W.I.F.T. Lease S.A.	100.00	100.00	Belgium
SWIFT India Private Limited	100.00	100.00	India
S.W.I.F.T. Italy S.R.L.	100.00	100.00	Italy
S.W.I.F.T. Japan Ltd	100.00	100.00	Japan
S.W.I.F.T. Nordic AB	100.00	100.00	Sweden
S.W.I.F.T. Terminal Services (Pte) Ltd	100.00	100.00	Singapore
S.W.I.F.T. Pan-Americas, Inc.	100.00	100.00	United States of America
S.W.I.F.T. (Dubai) Ltd	100.00	100.00	United Arab Emirates
Society For Worldwide Inter Financial Telecommunication South Africa (Pty) Ltd	100.00	100.00	South Africa
SWIFT Support Services Malaysia SDN. BHD.	100.00	-	Malaysia
SWIFT India Domestic Services Private LTD *	55.00	-	India

* The Indian entity has been incorporated in December 2012 and has no material impact on the financial statements.

There is no significant non-controlling interest to report in the financial statements.

The liquidation of S.W.I.F.T. Far East Ltd started in 2011 and is still in process.

iv. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described where needed in the notes. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

v. Business combination

The acquisition of the AMH business in October 2010 has been accounted for as a business combination using the acquisition method according to IFRS 3 revised, as it occurred after 01 January 2010.

At the acquisition date, the consideration transferred was equal to the fair value of the assets and liabilities acquired. Hence, no goodwill has been recognised. The main identified assets are intangible assets which are depreciated over their useful lifetime.

vi. Investments in associates

Investments in associates over which the Company has significant influence are accounted for under the equity method. The Company performs impairment analysis in accordance with the provisions of IAS 36 - Impairment of Assets, to ensure that the assets are carried at no more than their recoverable amount.

vii. Property, plant and equipment

Land and buildings, plant and equipment, leasehold improvements and office furniture and equipment are carried at cost less accumulated depreciation and impairment losses. The rates of depreciation used are described in Note 13.

The acquisition cost of property, plant and equipment is stated after deduction of government capital grants and after inclusion of capitalised interest costs. The capitalised grants and interest costs are depreciated at the same rate as the assets to which they relate.

The costs of assets constructed by the Company includes any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Leasehold improvements are depreciated over the term of the leases, commencing in the month of actual use of the asset for the operations of the Company. The net cost is depreciated using the straight-line method and recognised in the income statement over the useful life of the related assets.

The Group regularly engages independent valuation experts to assess the value of its property. The carrying amounts of the assets are reviewed in an impairment test at each balance sheet date to assess whether or not they are in excess of their recoverable amounts, which is the higher of the fair value less costs to sell and the value in use. Where carrying amounts exceed these estimated recoverable amounts, assets are written down to their recoverable amounts.

viii. Financial and operating lease

The Company does not currently have any contracts which lead to the recognition of a financial lease under IAS 17 / IFRIC 4. An analysis regularly takes place in accordance with IFRIC 4. Costs relating to operating lease are recognised in the consolidated income statement on a straight-line basis.

ix. Intangible assets

Intangible assets include acquired software licences and capitalised development costs. Intangible assets are carried at cost less accumulated amortisation and impairment losses. Those are amortised using the straight-line method commencing when the asset is available for its intended use for the operations of the Company. Amortisation rates are detailed in Note 14.

Research and Development costs are accounted for in accordance with IAS 38 - Intangibles. Expenditure on research or on the research phase of an internal project is recognised as an expense when incurred. The intangible assets arising from the development phase of projects are recognised if the conditions as outlined in IAS 38 are complied with. This implies that the technical feasibility of completing the intangible asset for it to be available for sale or use can be demonstrated, and that the intangible asset will generate probable future economic benefits. The intangible assets arising from development are amortised over the period of expected future benefits. At each balance sheet date, the Company assesses whether there is any indication of impairment in accordance with IAS 36 - Impairment of Assets. If any such indication exists, assets are written down to the recoverable amount.

The cost of an intangible asset includes all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

x. Provisions

Provisions are recognised in accordance with IAS 37 when the Company has a present, legal or constructive obligation as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

xi. Income taxes

Current income taxes are based on the results of the parent company and its subsidiaries and are calculated according to local tax rules.

Deferred income tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax basis of the assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that apply for the period when the asset will be realised or the liability will be settled based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are recognised on all temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

No provision is made for taxes which may be withheld on possible future distribution of earnings retained by subsidiaries, as there is no current intention to distribute retained earnings to the parent company.

Deferred income taxes relating to items of the consolidated statement of comprehensive income are also recorded in the consolidated statement of comprehensive income.

Deferred tax assets and liabilities are presented on a net basis within the same legal entity.

xii. Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value on the statement of financial position:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The techniques mentioned in level 3 are currently not used.

xiii. Derivatives and hedge accounting

The Company uses derivative financial instruments such as foreign exchange forward and option contracts to hedge its risks associated with foreign currency fluctuations. It is the Company's policy to use financial instruments only to protect against market rate fluctuations and never for speculative or trading purposes. Details of the Company's financial risk management objectives and policies are set out in Note 31.

The derivative financial instruments are recognised at fair value on the balance sheet.

For the purposes of hedge accounting, hedges are classified into two categories:

(a) Cash flow hedges to hedge exposure to variability in cash flows that is attributable to a particular risk associated with forecasted transactions;

(b) Fair value hedges to hedge exposure to changes in the fair value of a recognised asset or liability.

In the case of cash flow hedges, the effective portion of the gain or loss on a hedging instrument is recognised directly in the OCI in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income statement in other operating expenses.

In the case of fair value hedges, fair market value changes of the hedged item and the hedging instrument are recognised in the profit and loss accounts.

When the hedged transaction relates to a non-financial asset or liability, then at the time the asset or liability is recognised, the associated gains or losses that have previously been recognised in the OCI are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses which are recognised in the OCI are transferred to the financial profit and loss accounts in the same period in which the hedged firm commitment or forecasted transaction affects the profit and loss accounts.

All derivative financial instruments are classified as level 2 with respect to the source of inputs used to derive their fair value.

xiv. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks as well as investments in liquid money market products with a maturity of 3 months or less from inception. These are carried at market value and revalued through the income statement in financial results.

The revaluation of these products is entirely made up of interest recognition in the profit and loss accounts.

The money market products are classified as level 1 in the fair value hierarchy.

xv. Inventories

Inventories mainly comprise of software licences and encryption and security devices for resale to end customers.

Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined on a weighted average basis. Net realisable value is the amount that can be realised from the sale of the inventories in the normal course of business after allowing for the costs of realisation.

xvi. Trade receivables

Trade receivables, which generally have 30-40 days payment terms, are recognised and carried at the original invoiced amount inclusive of indirect taxes. Receivables denominated in foreign currency are translated into euro at the prevailing market exchange rate at the end of each month.

A specific impairment loss is recognised for any difference between the carrying amount and recoverable amount. Receivables from related parties are recognised and carried at invoiced value.

xvii. Pension schemes

S.W.I.F.T. SCRL operates a number of defined benefit pension plans covering primarily its Belgian, US, Swiss and Dutch employees. Plan benefits are based on years of service and the employee's salary during the final years of employment. The funds are valued by a professional actuary on an annual basis.

The Company decided to report all actuarial gains and losses in the OCI, as allowed under IAS 19 (revised 2004).

The value of any defined benefit asset recognised is restricted to the sum of reductions in the future contribution plan.

The pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Details on the annual pension costs and the funded status for the defined benefit pension plans are disclosed in Note 24.

In addition to the defined benefit plans described above, S.W.I.F.T. SCRL makes contributions to defined contribution plans in certain locations.

xviii. Revenue

Income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the income can be measured reliably.

Traffic revenues are recognised net of discounts when the transaction is processed through the SWIFT network. Traffic rebates are recognised when decided by the Board and communicated to the SWIFT community.

Traffic revenues include:

- The amounts billed for messaging services such as financial data exchange, structured message exchange, file exchange, and browser based messaging;
- Amounts billed for business solutions such as payment and cash management, treasury and derivatives, securities pre-trade/trade, pre-settlement, clearing and settlement, custody services, and reporting;
- Amounts billed to a specific group of customers for matching services;
- Discounts and rebates on messaging services granted to customers.

One-time revenues consist mainly of connection and security product fees.

Recurring revenues consist of fees charged for the provision of services and equipment other than direct message transmission, and revenues from conferences and training courses.

Interface revenue consists of fees charged for the sale of interface software which are recognised in income when delivered, and interface maintenance fees which are recognised in revenues on a pro-rata basis over the period of the agreement. Consulting revenue is the revenue resulting from the various consulting activities.

Other operating revenue comprises mainly of capital gains on the sale of fixed assets and non-recurring items.

On certain contracts, the recognition of revenue and expenses is made by reference to the stage of completion of the contract (percentage of completion method). Under the percentage of completion method, contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. Contract costs are recognised as an expense in the income statement in the accounting periods in which the work to which they relate is performed. However, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately.

xix. Foreign exchange differences

The Company's financial statements are presented in euro. The euro is also the functional currency for all subsidiaries and branches of the Group except for Securenet Ltd. which has the British pound as functional currency.

Transactions in foreign currencies are initially translated to the functional currency at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate which applies on the balance sheet date. All differences are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates which were applied on the dates of the initial transactions.

The assets and liabilities of Securenet Ltd. (monetary and non-monetary) are translated from its functional currency, the British pound, into the presentation currency of the Company, the euro, at the exchange rate applicable on the balance sheet date. Its income statement is translated at the weighted average exchange rate for the year. The exchange differences arising from this translation are recorded directly in the OCI.

1.3 Events after the reporting date

There are no events that occurred after the reporting date that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

2. Traffic revenue

The increase in traffic revenue from EUR 275.4 million in 2011 to EUR 338.0 million in 2012 is a result of the combined effects of a 16% rebate on messaging services applied in 2011 and 3.6% FIN traffic volume growth in 2012.

3. One-time revenue

The increase of one-time revenue from EUR 3.8 million in 2011 to EUR 5.0 million in 2012 is mainly explained by a service granting a unique and global Legal Entity Identifier.

4. Recurring revenue

(in thousands)	2012 EUR	2011 EUR
Recurring connectivity revenue	**25,934**	29,156
Recurring service revenue	**51,286**	47,616
Documentation and directory services	**18,896**	16,395
Conferences	**16,682**	18,793
Training	**5,719**	6,415
	118,517	118,375

Recurring revenue remains stable from EUR 118.4 million in 2011 to EUR 118.5 million in 2012.
The increase in recurring services revenue is mainly explained by the growth of business intelligence services, the extended support for the Alliance Release 6.x and the introduction of new services.
The increase in documentation and directory services revenue is essentially due to higher sales volume and to the effect of US dollar exchange rate evolution.
These positive effects are partially offset by a decrease in recurring connectivity revenue due to the migration from dial-up to internet access and by a decrease of conferences revenue due to the lower attendance at Sibos 2012.

5. Interface and consulting revenue

(in thousands)	2012 EUR	2011 EUR
Revenue from sale of interface software	**25,761**	31,420
Interface maintenance fees	**90,907**	86,660
Consulting revenue	**16,775**	14,370
	133,443	132,450

The increase of interfaces and consulting revenue from EUR 132.5 million in 2011 to EUR 133.4 million in 2012 is mainly due to the combined effect of the continuing growth of the consulting business, additional revenue from client support activities, and the positive impact of the strengthening of the US dollar. These effects are partially offset by lower interface sales.

6. Payroll and related charges

(in thousands)	2012 EUR	2011 EUR
Salaries	**176,232**	169,745
Termination indemnities	**9,850**	2,885
Social security expenses	**36,219**	33,409
Pension costs - defined contribution plans	**6,518**	4,680
Pension costs - defined benefit plans (Note 24)	**19,942**	18,901
Other post-retirement benefits (Note 24)	**6,088**	3,819
Other payroll related expenses	**27,420**	28,857
	282,269	262,296

The increase in payroll and related charges from EUR 262.3 million in 2011 to EUR 282.3 million in 2012 results from the effects of inflation on salaries, the increase in headcount of the Company, higher termination costs, and the US dollar exchange rate appreciation. These effects are partially compensated by the effect in 2011 of a one-time program in which the Company subsidised the acquisition of private personal computers by employees.

7. Network expenses

The decrease in network expenses from EUR 13.6 million in 2011 to EUR 11.7 million in 2012 is explained by the dismantling of dial-up connectivity following the migration of customers from dial-up lines to internet access.

8. External services expenses

(in thousands)	2012 EUR	2011 EUR
Rent of buildings	**12,974**	11,660
Software operating leases	**6,339**	5,919
Repair and maintenance expenses	**46,647**	42,010
General office expenses	**7,967**	8,114
Advertising and conferences expenses	**21,971**	16,696
Contractor fees	**19,737**	18,618
Outside service fees	**27,064**	21,958
Other expenses	**57,532**	52,714
	200,231	177,689

The increase in external services expenses from EUR 177.7 million in 2011 to EUR 200.2 million in 2012 is mainly due to the costs incurred by the Company to renew and develop its products and services, the implementation of its new operating centre in Switzerland, higher costs experienced this year for the organisation of Sibos and increased legal costs.

9. Other expenses

(in thousands)	2012 EUR	2011 EUR
Taxes other than income taxes	**3,328**	3,422
Loss on sales, impairment or disposals of current and non-current assets	**56**	655
Accrued promotional expenses	**25,553**	(1,207)
Other	**6,847**	1,732
	35,784	**4,602**

The increase in the other expenses from EUR 4.6 million in 2011 to EUR 35.8 million in 2012 is mainly explained by a provision for an incentive programme allowing customers to renew their security infrastructure and by the recognition of a loss on a fixed price contract.

10. Other financial income and expenses

(in thousands)	2012 EUR	2011 EUR
Net interest income/(expense)	**1,519**	2,138
Money market products income	**86**	380
Net foreign exchange gains/(losses)	**56**	3,933
Net gains/(losses) on financial instruments - derivatives (Note 31)	**2,638**	(7,791)
Bank charges	**(623)**	(582)
Other financial income	**104**	289
	3,780	(1,633)

The decrease in net interest income/(expense) of EUR 0.6 million is mainly due to lower interest rates and lower cash balances in 2012 compared to 2011.

Income in money market products has also decreased due to lower interest rates and lower available cash for investment.

The evolution of net foreign exchange results and net results on financial instruments is explained by favourable contract rates compared to market rates. This positive result is compensated by an opposite effect on various captions of the operational results.

11. Income tax expense

Major components of the income tax expense are as follows:

(in thousands)	2012 EUR	2011 EUR
Current income taxes		
Domestic		
Current year tax expense	**(6,027)**	(1,415)
Adjustments of prior year tax income/(expense)	**306**	(58)
	(5,721)	(1,473)
Foreign		
Current year tax expense	**(6,935)**	(6,097)
Adjustments of prior year tax income/(expense)	**2,384**	(198)
	(4,551)	(6,295)
Current income tax expense	**(10,272)**	(7,768)
Deferred income taxes		
Domestic		
Current year tax income/(expense)	**9,564**	(2,834)
Adjustments of prior year tax income/(expense)	-	-
	9,564	(2,834)
Foreign		
Current year tax income/(expense)	**(3,118)**	5,663
Adjustments of prior year tax income/(expense)	**(1,911)**	310
	(5,029)	5,973
Deferred income tax income/(expense)	**4,535**	3,139
Income tax expense	**(5,737)**	(4,629)

A reconciliation of the income tax charge, calculated at the statutory rate of 33.99 percent, to the Company's effective tax rate as applicable to the net result for the years ended 31 December 2012 and 31 December 2011 is included in the table below.

(in thousands)	2012 EUR	2011 EUR
Income tax charge at statutory rate	**(6,674)**	(5,318)
Adjustments of prior year tax income/(expense)	**779**	54
Effect of different tax rates in other countries	**278**	208
Tax incentives	**2,066**	2,475
Tax charges on non-deductible items	**(2,186)**	(2,048)
Income tax expense	**(5,737)**	(4,629)

The tax incentive mainly results from the notional interest deduction as applicable in Belgium.

12. Royalties and cost of inventory

The decrease in Royalties and cost of inventory from EUR 8.2 million in 2011 to EUR 8.0 million in 2012 is mainly due to lower sales of inventory items compared to 2011. This effect is partially compensated by higher royalties on certain contracts.

13. Property, plant and equipment

(in thousands)	Land and buildings EUR	Plant machinery and equipment EUR	Work in progress EUR	Total EUR
2011				
Opening net book value	88,156	49,574	21,388	159,118
Additions	7,932	11,803	35,465	55,200
Transfers	21,164	224	(21,388)	-
Disposals	(273)	(376)	-	(649)
Depreciation charges	(13,803)	(23,489)	-	(37,292)
Depreciation rates	*3-10%*	*20-33%*		
Closing net book value	**103,176**	**37,736**	**35,465**	**176,377**
At 31 December 2011				
Cost	295,442	256,251	35,465	587,158
Accumulated depreciation	(192,266)	(218,515)	-	(410,781)
Net book value	**103,176**	**37,736**	**35,465**	**176,377**
2012				
Opening net book value	103,176	37,736	35,465	176,377
Additions	29,704	20,578	15,432	65,714
Transfers	33,832	1,633	(35,465)	-
Disposals	(10)	(173)	-	(183)
Depreciation charges	(16,420)	(19,554)	-	(35,974)
Depreciation rates	*3-10%*	*20-33%*		
Closing net book value	**150,282**	**40,220**	**15,432**	**205,934**
At 31 December 2012				
Cost	358,968	278,289	15,432	652,689
Accumulated depreciation	(208,686)	(238,069)	-	(446,755)
Net book value	**150,282**	**40,220**	**15,432**	**205,934**

The 2012 additions for EUR 65.7 million mainly relate to projects linked to the new operating centre in Switzerland and to SWIFT offices renovation. The EUR 15.4 million for “work in progress” essentially relates to the on-going renovation of SWIFT offices.

14. Intangible assets

(in thousands)	Concessions, patents and licenses EUR	Capitalised development costs EUR	Work in progress EUR	Total intangible assets EUR
2011				
Opening net book value	19,107	1,696	-	20,803
Acquisitions	8,408	-	655	9,063
Transfers	-	-	-	-
Disposals	2	-	-	2
Amortisation charges	(7,907)	(1,269)	-	(9,176)
Amortisation rates	*5-33%*	*20-33%*		
Closing net book value	**19,610**	**427**	**655**	**20,692**
At 31 December 2011				
Cost	129,318	4,619	655	134,592
Accumulated amortisation	(109,708)	(4,192)	-	(113,900)
Net book value	**19,610**	**427**	**655**	**20,692**
2012				
Opening net book value	19,610	427	655	20,692
Acquisitions	3,460	-	976	4,436
Transfers	655	-	(655)	-
Disposals	4	-	-	4
Amortisation charges	(5,861)	(392)	-	(6,253)
Amortisation rates	*5-33%*	*20-33%*		
Closing net book value	**17,868**	**35**	**976**	**18,879**
At 31 December 2012				
Cost	133,437	4,619	976	139,032
Accumulated amortisation	(115,569)	(4,584)	-	(120,153)
Net book value	**17,868**	**35**	**976**	**18,879**

The main components of intangible assets relate to the acquisition of the AMH business from Sungard in 2010 for which the purchase consideration was allocated to some identified intangible assets (EUR 6.5 million to technology, EUR 1.8 million to customer relations and EUR 0.2 million to the brand). The assets are amortised over 20 years for technology, 10 years for customer relations and 20 years for the brand.

The additions for 2012 mainly relate to the acquisition of different software licences.

15. Investments in associated companies

The Company has a 20 percent interest in AccuMatch, a company that aimed to develop a Transaction Flow Monitor for the Securities industry. In accordance with IAS 36, the carrying value of the investment in AccuMatch was reduced to zero in 2002 following the losses this company incurred due to the bankruptcy of GSTP AG, its sole customer.

At 31 December 2012, the portion relative to SWIFT in the AccuMatch net equity is valued at EUR 1.9 million and represents 20 percent of its total equity, as per the table below.

The statements are translated from their functional currency, the Swiss franc to EUR according to IFRS 21 paragraph 39-41.

The latest published financial statements of AccuMatch, dated 31 December 2011, are summarised below:

Consolidated statement of income (at 20%):

year ended 31 December 2012 (in thousands)	**2011 EUR**	2010 EUR
Total operating income	**-**	-
Net result before tax	**(3)**	(6)
Taxes and duties	**(3)**	(5)
Net result after tax	**(6)**	(11)

Consolidated balance sheet (at 20%):

year ended 31 December 2012 (in thousands)	**2011 EUR**	2010 EUR
Total assets	**1,953**	1,903
Total equity	**1,946**	1,896
Total liabilities	**7**	7
Total equity and liabilities	**1,953**	1,903

16. Other investments

SWIFT's interest in Bolero.net was reduced to 0.1 percent (from 5.2 percent in 2011) due to changes in the shareholding of the company without having any impact on the Company's financial statements as the initial investment of EUR 10.5 million was fully impaired in 2000.

17. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities at 31 December 2012 are detailed as follows:

(in thousands)	2012 EUR	2011 EUR	Variation	Variation recognised in the OCI	Variation recognised in income statement	Balance sheet movement
Deferred income tax assets						
Property, plant and equipment	**4,054**	4,617	(563)	-	(563)	-
Provisions	**67,674**	42,403	25,271	24,305	966	-
Other temporary differences	**11,499**	6,670	4,829	(1,279)	6,108	-
Netting of deferred income tax assets and liabilities by tax entities	**(3,567)**	(5,166)	1,599	-	-	1,599
	79,660	48,524	31,136	23,026	6,511	1,599
Deferred income tax liabilities						
Property, plant and equipment	**(94)**	(130)	36	-	36	
Provisions	**(1,635)**	(922)	(713)	-	(713)	
Other temporary differences	**(2,980)**	(4,125)	1,145	2,427	(1,282)	
Netting of deferred income tax assets and liabilities by tax entities	**3,567**	5,166	(1,599)	-	-	(1,599)
	(1,142)	(11)	(1,131)	2,427	(1,959)	(1,599)
Net deferred income tax assets/(liabilities)	**78,518**	**48,513**	30,005	25,453	4,552	-

The increase in deferred income tax assets, from EUR 48.5 million in 2011 to EUR 78.5 million in 2012 is essentially resulting from the deferred tax consequences of the actuarial losses on pension plans for EUR 24 million, and from the recognition of EUR 5.8 million deferred tax impact in relation with the valuation of a participation.

18. Cash flow and current financial assets

The Consolidated Statement of Cash Flows and the Consolidated Statement of Financial Position as at 31 December 2011 have been restated in accordance to IAS 7, to present the cash or cash equivalents considering not only the nature of the cash invested products (cash, deposits or money market funds) but also the maturity of these products at inception. This restatement restricts the Cash and Cash equivalents to cash on hand, cash at banks and investments in deposits or liquid money market products with a maturity of 3 months or less at inception. Deposits and liquid money market products with maturity of more than 3 months and less than 12 months at inception are restated in the Other Current Financial Assets of the Consolidated Statement of Financial Position for an amount of EUR 72.6 million in 2012 and EUR 128.8 million in 2011.

In addition the Changes in Net Working Capital of the Consolidated Statement of Cash Flows have also been restated in accordance with IAS 7. This caption is now restricted to the sole effects of the changes in inventories, the changes in account receivables and the changes in trade payables. Other changes initially reported in that caption have been reported in Other non-cash operating losses/(gains).

19. Trade receivables

1. Trade receivables

The increase in trade receivables compared to last year mainly relates to the traffic rebate that was accrued at the end of 2011.

Loans and receivables (in thousands)	Balance sheet gross amount 2012 EUR	Balance sheet impairment 2012 EUR	Total carrying amount 2012 EUR	Balance sheet gross amount 2011 EUR	Balance sheet impairment 2011 EUR	Total carrying amount 2011 EUR
Trade receivables	77,818	(401)	**77,417**	31,133	(439)	**30,694**
Credit notes to receive (included in other receivables)	570	-	**570**	499	-	**499**
	78,388	**(401)**	**77,987**	**31,632**	**(439)**	**31,193**

Trade receivables are valued at their carrying amount, as they have short-term maturity, and are adjusted for foreign exchange gains or losses and for estimated impairment losses on individual outstanding balances.

The movement in the provision for impairment in respect of trade receivables is shown below:

(in thousands)	2012 EUR	2011 EUR
Opening balance	**(439)**	(213)
Charge of the year	(378)	(360)
Utilised	268	79
Unused amounts reversed	148	55
Closing balance	**(401)**	(439)

2. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables are presented net of the allowance for doubtful receivables. The concentration of credit risk with respect to trade receivables is limited due to the large number of users and their geographical dispersion.

The Company actively manages trade credit risk through a dedicated collection team. Approximately 68 percent of the Company's revenue is paid by direct debit. Any potential trade credit risk is thereby limited to the remaining 32 percent. The Company evaluates trade credit risk on an individual customer basis and recognises any impairment immediately when significant evidence exists of the risk of loss.

3. Ageing balance of trade receivables

The ageing of trade receivables can be detailed as follows:

	Balance sheet carrying amount as of 31.12.2012	Of which neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due				
(in thousands)	EUR	EUR	Past due less than 30 days EUR	Past due between 30 and 59 days EUR	Past due between 60 and 89 days EUR	Past due between 90 and 179 days EUR	Past due more than 180 days EUR
Trade receivables	77,818	42,748	31,601	2,079	514	462	414
Credit notes to receive	570	570	-	-	-	-	-

The balance sheet impairment recognised at 31 December 2012 mainly covers the amount receivable at more than 180 days.

20. Other receivables

The decrease in other receivables from EUR 16.9 million in 2011 to EUR 8.8 million in 2012 is mainly due to a decrease in the fair value of hedging instruments.

These financial instruments relate to forward contracts concluded to hedge the foreign currency exposure of the 2013 budget.
The value of the financial instrument in 2012 is lower than in 2011 due the variation of the foreign exchange rate.

21. Prepayments to suppliers

Prepayments to suppliers are presented in other long-term assets for their non-current part. The decrease from EUR 10.6 million in 2011 to EUR 6.5 million in 2012 is mainly due to the reclassification to short-term of the current portion of advance payments made in prior years.

For their short-term part, prepayments to suppliers decreased from EUR 32.4 million in 2011 to EUR 24.9 million in 2012 due to lower advance payments recognised at year-end.

22. Inventories

(in thousands)	2012 EUR	2011 EUR
Hardware	**754**	1,689
Software	**268**	146
Total inventories	**1,022**	1,835

The decrease in inventory from EUR 1.8 million in 2011 to EUR 1.0 million in 2012 is mainly explained by higher sales than purchases on hardware products, combined with an inventory write-off due to changing technologies.
The cost of inventories recognised as an expense and included in 'cost of sales' amounted to EUR 2.0 million in 2012 compared to EUR 3.0 million in 2011. The write-off on inventories amounted to EUR 0.3 million in 2012 compared to EUR 0.1 million in 2011.

23. Prepaid taxes

Prepaid taxes mainly consist of interests and blocked funds related to a litigation (EUR 19 million).

The increase in prepaid taxes, from EUR 22.3 million in 2011 to EUR 23.5 million in 2012, is due to the excess of tax prepayments made in Japan and in the United States in the financial year 2012.

24. Long-term employee benefits

This note covers the material defined benefit plans. The other non-material plans are reported under the note 27 Other liabilities.

(in thousands)	2012 EUR	2011 EUR
Long-term employee benefits		
Retirement benefit obligation	**176,891**	102,038
Other long-term employee benefits	**9,536**	10,515
Total long-term employee benefits	**186,427**	112,553

The retirement benefit obligation recognised on the balance sheet is as follows:

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
Present value of wholly or partly funded obligations	**388,472**	295,161	**68,630**	57,887	**457,102**	353,048
Present value of unfunded obligations	-	-	-	-	-	-
Defined benefit obligation	**388,472**	295,161	**68,630**	57,887	**457,102**	353,048
Fair value of plan assets	**(274,712)**	(249,519)	**(6,743)**	(5,078)	**(281,455)**	(254,597)
Unfunded liabilities	**113,760**	45,642	**61,887**	52,809	**175,647**	98,451
Unrecognised past service (cost) gains	-	-	**1,244**	1,448	**1,244**	1,448
Retirement benefit obligation	**113,760**	45,642	**63,131**	54,257	**176,891**	99,899
Transfer to the non-current assets of the Dutch plan asset surplus	-	2,139	-	-	-	2,139
Retirement benefit obligation excluding the Dutch plan asset surplus	**113,760**	47,781	**63,131**	54,257	**176,891**	102,038

The unrecognised past service gain represents gains from unvested plan amendments.

The increase of the defined benefit obligation recognised on the balance sheet is primarily due to the decrease of the discount rate.

The retirement benefit expenses recognised in the income statement are as follows:

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
Current service cost	**16,362**	17,024	**3,435**	2,056	**19,797**	19,080
Interest on obligation	**13,335**	13,251	**3,316**	2,186	**16,651**	15,437
Expected return on plan assets	**(9,755)**	(11,374)	**(444)**	(258)	**(10,199)**	(11,632)
Amortisation on unrecognised past service gains	-	-	**(219)**	(165)	**(219)**	(165)
Total pension cost (note 6)	**19,942**	18,901	**6,088**	3,819	**26,030**	22,720
Curtailment	-	(1,736)	-	(1,202)	-	(2,938)
Additional pension cost	-	2,138	-	2,168	-	4,306
Total	**19,942**	19,303	**6,088**	4,785	**26,030**	24,088

Retirement benefit obligation amounts recognised in the other comprehensive income and expense are as follows:

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
At the beginning of the year	**50,215**	34,649	**31,668**	20,121	**81,883**	54,770
Actuarial (gains)/losses	**68,487**	14,930	**7,325**	10,875	**75,812**	25,805
Exchange rate differences	**(696)**	636	**(608)**	672	**(1,304)**	1,308
Total recognised in the OCI	**67,791**	15,566	**6,717**	11,547	**74,508**	27,113
At the end of the year	**118,006**	50,215	**38,385**	31,668	**156,391**	81,883

Movements in the retirement benefit obligation recognised on the balance sheet are as follows:

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
At the beginning of the year	**47,781**	34,112	**54,257**	38,752	**102,038**	72,864
Total expense as above	**19,942**	19,303	**6,088**	4,785	**26,030**	24,088
Employer contribution	**(21,073)**	(21,147)	**(2,312)**	(1,703)	**(23,385)**	(22,850)
Total recognised in the OCI	**67,791**	15,566	**6,717**	11,547	**74,508**	27,113
Exchange differences	**1,458**	(2,192)	**(1,619)**	876	**(161)**	(1,316)
Transfer to the non-current assets of the Dutch plan asset surplus	**(2,139)**	2,139	-	-	**(2,139)**	2,139
At the end of the year	**113,760**	47,781	**63,131**	54,257	**176,891**	102,038

The following disclosure requirements under IAS19 (revised 2004) were derived from reports obtained from externally recognised actuaries:

Change in defined benefit obligation (DBO):

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
At the beginning of the year	**295,161**	269,068	**57,887**	40,892	**353,048**	309,960
Current service cost	**16,362**	17,024	**3,435**	2,056	**19,797**	19,080
Curtailment	-	(1,736)	-	(1,202)	-	(2,938)
Additional pension cost	-	2,138	-	2,168	-	4,306
Settlement	-	(1,817)	-	-	-	(1,817)
Employee contribution	**149**	131	-	-	**149**	131
Interest on obligation	**13,335**	13,251	**3,316**	2,186	**16,651**	15,437
Adjustment of past service cost	-	-	-	-	-	-
Actual benefit payment	**(14,798)**	(14,859)	**(1,245)**	(777)	**(16,043)**	(15,636)
Actuarial (gains)/losses on DBO	**77,958**	8,934	**7,693**	10,833	**85,651**	19,767
Exchange rate differences	**305**	3,027	**(2,456)**	1,731	**(2,151)**	4,758
At the end of the year	**388,472**	295,161	**68,630**	57,887	**457,102**	353,048

Change in fair value of plan assets:

(in thousands)	Pension schemes 2012 EUR	Pension schemes 2011 EUR	Post-employment medical benefits 2012 EUR	Post-employment medical benefits 2011 EUR	Total 2012 EUR	Total 2011 EUR
At the beginning of the year	**249,519**	236,593	**5,078**	3,714	**254,597**	240,307
Expected return on plan assets	**9,755**	11,374	**444**	258	**10,199**	11,632
Actual benefit payment	**(14,798)**	(14,859)	**(1,245)**	(777)	**(16,043)**	(15,636)
Employer contribution	**21,073**	21,147	**2,312**	1,703	**23,385**	22,850
Employee contribution	**149**	131	**-**	-	**149**	131
Actuarial gains/(losses) on plan assets	**9,471**	(5,996)	**368**	(42)	**9,839**	(6,038)
Settlement	**-**	(1,817)	**-**	-	**-**	(1,817)
Exchange rate differences	**(457)**	2,946	**(214)**	222	**(671)**	3,168
At the end of the year	**274,712**	249,519	**6,743**	5,078	**281,455**	254,597

The detail per class of plan asset is as follows:

Asset class	Belgium plan assets 2012 in %	The Netherlands plan assets 2012 in %	IME(1) and IPP(2) plan assets 2012 in %	United States plan assets 2012 in %	Belgium plan assets 2011 in %	The Netherlands plan assets 2011 in %	IME and IPP plan assets 2011 in %	United States plan assets 2011 in %
Equities	**12.2%**	**27.2%**	**0.0%**	**64.0%**	11.4%	24.7%	0.0%	64.5%
Bonds	**87.8%**	**69.2%**	**0.0%**	**34.9%**	88.6%	73.0%	0.0%	34.0%
Cash	**0.0%**	**3.5%**	**100.0%**	**1.1%**	0.0%	2.3%	100.0%	1.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	100.0%	100.0%	100.0%	100.0%

The expected rate of return on bonds is calculated based on the market yields available, while the expected rate of return on equities is calculated based on long and short term historical analysis as well as the forecast of investment managers.

(1) IME = International Mobile Employee Pension Plan.
(2) IPP = Individual Pension Promises made to US nationals.

The principal actuarial assumptions applied at 31 December were:

	Belgium		IME and IPP		The Netherlands		United States		Switzerland	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Weighted average discount rate	**3.1%**	5.0%	**3.1%**	5.0%	**3.6%**	5.8%	**4.1%**	4.7%	**1.8%**	2.5%
Expected long-term rate of return on assets	**3.3%**	3.3%	**3.3%**	3.3%	**3.6%**	3.8%	**6.5%**	6.5%	**1.8%**	2.5%
Rate of increase in future salaries	**4.0%**	4.0%	**4.0%**	4.0%	**4.0%**	4.0%	**5.0%**	5.0%	**2.5%**	2.5%

The actual return on the plan assets amounted to EUR (20.0) million. The expected contribution for 2013 amounts to EUR 33.2 million.

Medical cost trend rate

The medical cost trend rate related to post employment medical benefits is shown below:

Year	Rate
2013	8.50%
2014	7.50%
2015	6.50%
2016	5.50%
From 2017 to 2025	5.20%
From 2026 to 2038	5.10%
From 2039 to 2042	5.00%
2043 and beyond	4.90%

Actual discount rates have a significant effect on both the amounts recognised in the consolidated income statement and on the consolidated statement of financial position. A one percentage point change in discount rates would have the following effects:

(in thousands)	One percentage point increase 2012 EUR	One percentage point decrease 2012 EUR
Effect on the aggregate of the service cost and interest cost	(2,789)	2,940
Effect on defined benefit obligation as at 31 December 2012	(67,041)	85,794

5-year trend analysis:

(in thousands)	2012 EUR	2011 EUR	2010 EUR	2009 EUR	2008 EUR
Defined benefit obligation (DBO)	**457,102**	353,048	307,016	274,901	261,946
Plan assets	**(281,455)**	(254,597)	(238,243)	(209,699)	(179,798)
(Surplus)/deficit	**175,647**	98,451	68,773	65,202	82,148
Actuarial (gains)/losses on DBO	**85,651**	19,767	8,122	(6,650)	4,322
Actuarial (gains)/losses on plan assets	**(9,839)**	6,038	(1,164)	(8,042)	29,047
Total actuarial (gains)/losses of the year	**75,812**	25,805	6,958	(14,692)	33,369

The application in 2013 of the IAS 19(R) will result in an estimated pension expense of EUR 34 million.

25. Short-term employee benefits

Short-term employee benefits are mainly composed of accrued employee incentives, accrued holiday allowances, accrued unused vacation and accrued terminations. The decrease from EUR 52.6 million in 2011 to EUR 51.9 million in 2012 is mainly linked to a decrease in employee incentives.

26. Provisions

(in thousands)	Legal claims	Termination	Early retirement plan	Other provisions	Total provisions
Balance beginning of year	**459**	**389**	**10,263**	**5,011**	**16,122**
Additional provision	1,183		215	28,439	29,837
Amounts utilised during the year	(25)	(355)	(4,227)	(1,383)	(5,990)
Unused amounts reversed during the period		(34)	(120)	(1,130)	(1,284)
Discount rate adjustment and imputed interest			442	246	688
Balance at end of year	**1,617**	**-**	**6,573**	**31,183**	**39,373**
Current 2012	1,617		2,328	6,803	10,748
Non-current 2012			4,245	24,380	28,625
Balance at end of year	**1,617**	**-**	**6,573**	**31,183**	**39,373**

Other provisions mainly relate to the HSM entitlement provision for an amount of EUR 24.9 million and to an accrual for loss concerning a specific contract.

27. Other liabilities

(a) Other liabilities

(in thousands)	2012 EUR	2011 EUR
Other long-term and short-term liabilities		
Accrued liabilities	**30,714**	23,805
VAT and withholding taxes payable	**34**	181
Fair value of financial instruments	**3,117**	7,188
Other liabilities and deferred income	**3,714**	3,673
Total other short-term and long-term liabilities	**37,579**	34,847
Current 2012	**37,296**	33,286
Non-current 2012	**283**	1,561
Total other short-term and long-term liabilities	**37,579**	34,847

The increase in other liabilities from EUR 34.8 million last year to EUR 37.6 million is mainly driven by a EUR 6.9 million increase in accrued liabilities and a EUR 4.1 million decrease in the market value of unrealised hedging contracts. The accrued liabilities are mainly accruals concerning hardware, software and services vendors, rent and insurance. The increase in accrued liabilities is mostly attributable to support, maintenance and insurance contracts.

The fair value of financial instruments relates to the forward contracts concluded primarily to hedge the foreign currency exposure of the 2013 budget. The decrease compared to last year is explained by the relative evolution of the foreign exchange rates between date of inception of the contract, and the year end.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they are due. Liquidity risk is mitigated by the Company's strong cash position and the absence of debt. Excess cash is invested in liquid money market funds and deposits of less than one year. In addition, the Company maintains EUR 22.3 million of committed credit lines of which none is currently used.

The following table provides an overview of the maturities of selected financial assets and liabilities.

(in thousands)	Maturity within 1 year 2012 EUR	Maturity > 1 year 2012 EUR	Maturity within 1 year 2011 EUR	Maturity > 1 year 2011 EUR
Assets:				
Cash and cash equivalents	**78,624**	-	54,441	-
Other current financial assets	**72,600**	-	128,800	-
Prepayments to suppliers	**24,870**	**6,504**	32,435	10,589
Liabilities:				
Amounts payable to suppliers	**17,704**	-	29,347	-
Accrued liabilities	**30,431**	**283**	22,244	1,561
Other liabilities and deferred income	**3,714**	-	3,673	-

The Company's financial assets and liabilities are valued at cost as they generally have short-term maturity falling within one year. The Company has contracted standard payment terms with counterparties.

28. Accrued taxes

The increase in accrued taxes from EUR 10.9 million in 2011 to EUR 13.3 million in 2012 is primarily linked to an increased tax liability in Belgium on the current year's profit.

29. Related party disclosures

All entities controlled by S.W.I.F.T. SCRL are consolidated using the global integration method. There are no other related parties as per IAS 24 definition than the key management personnel of SWIFT Group. Key management personnel comprise of members of the Executive Committee and Board of Directors. There have been no other transactions with key management personnel other than remunerations presented below.

(a) Compensation of the Executive Committee

(in thousands)	2012 EUR	2011 EUR
Short-term employee benefits		
Salary	**2,063**	2,146
Bonus	**1,375**	1,452
Car benefits	**145**	160
Other	**118**	119
	3,701	3,877
Post-employment benefits		
Pension	**1,079**	1,271
Post-retirement medical	**14**	11
	1,093	1,282
Other long-term employee benefits		
Long-term incentives	**2,066**	2,145
Other	**39**	46
	2,105	2,191
Total compensation	**6,899**	7,350
Social charges on the above	**975**	1,047
Total cost of compensation	**7,874**	8,397

The compensation of the Executive Committee includes the compensation paid to the eight SWIFT Executives in 2012. The compensation of the former CEO is included until June 30, 2012.

(b) Compensation of the Board of Directors

The Members of the Board of Directors 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 of Directors for the share of the Chairman's payroll and related costs representing the portion of the time dedicated by the Chairman to SWIFT.

30. Commitments and contingent liabilities

(a) Capital expenditure commitments

The Company had commitments for capital expenditure at 31 December 2012 amounting to EUR 17.8 million related to the renovation of buildings and replacement of SW application.

(b) Contractual obligations and operating leases

The company has entered into contractual obligations and operating leases mainly covering motor vehicles, IT equipment and rental space. These commitments amount to EUR 184 million at 31 December 2012, and include the commitments for capital expenditure.

	2012 EUR (millions)	2011 EUR (millions)
Within one year	**96**	134
After one year but not more than five years	**70**	89
More than five years	**18**	22
Total commitments	**184**	**245**

Out of the EUR 184 million, operating leases represent EUR 74 million, including real estate leases of EUR 48 million, telecom leases of EUR 17 million and car leases of EUR 9 million. None of these contracts are subject to purchase options.

(c) Contingent liabilities

SWIFT has contractual commitments to reimburse its users up to a maximum amount for specific losses resulting from certain failures of the SWIFT system. SWIFT is insured against these losses. No material claims arose during 2011 or 2012.

(d) Restrictions

Some of the subsidiaries of SWIFT are operating in countries that are subject to regulatory currency control that regulates the payment of dividends or repayment of loans or advances.

	2012 EUR		2011 EUR	
(in thousands)	Equity	Net ICO loans payable/(receivable)	Equity	Net ICO loans payable/(receivable)
India	**1,269**	**(118)**	1,259	(147)
Russia	**38**	**(68)**	12	171
China	**961**	**(455)**	924	(416)

31. Market risk and financial instruments

(a) Risk management policies

Market risk is the possibility that changes in currency exchange rates and interest rates will adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The Company analyses each of these risks and has specific treasury policies and guidelines on risk mitigating actions. Market risk management is performed by a specialised treasury team that has the appropriate skills, experience and supervision. The Treasury Committee, consisting of the Chief Financial Officer, the Financial Controller, the Head of Financial Planning & Analysis and the Treasurer, reviews the risk assessment, approves risk management strategies, monitors compliance with treasury policy and reports to the Audit and Finance Committee.

Accounting policies related to financial instruments are summarised in Note 1.

Market value of outstanding deals is calculated by the SAP Treasury module and validated with bank confirmation at closing date.

(b) Foreign currency risk

The following table provides an overview of the derivative financial instruments outstanding at year end.

(in thousands)	Notional amount 2012 EUR	Notional amount 2011 EUR	Fair value 2012 EUR	Fair value 2011 EUR
Cash flow hedges				
Amounts to be received under forward contracts				
USD (at rates averaging 1 EUR = 1.30 USD)	**134,353**	94,000	**(2,078)**	6,822
GBP (at rates averaging 1 EUR = 0.81 GBP)	**20,732**	14,742	**(129)**	305
JPY (at rates averaging 1 EUR = 104.21 JPY)	**5,651**	4,512	**(465)**	351
HKD (at rates averaging 1 EUR = 10.15 HKD)	**19,900**	14,291	**(171)**	892
CHF (at rates averaging 1 EUR = 1.20 CHF)	**9,653**	38,580	**(36)**	557
AED (at rates averaging 1 EUR = 4.85 AED)	**6,011**	-	**(7)**	-
SGD (at rates averaging 1 EUR = 1.61 SGD)	**5,612**	-	**(14)**	-
MYR (at rates averaging 1 EUR = 4.05 MYR)	**4,499**	-	**(37)**	-
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.30 USD)	**(107,116)**	(88,360)	**1,743**	(6,691)
GBP (at rates averaging 1 EUR = 0.81 GBP)	**(1,604)**	(1,048)	**11**	(26)
CHF	**-**	(6,184)	**-**	(15)
Net position on cash flow hedges	**97,691**	**70,533**	**(1,183)**	**2,195**
Fair value hedges				
Amounts to be received under forward contracts				
USD (at rates averaging 1 EUR = 1.31 USD)	**7,378**	20,463	**(28)**	(22)
GBP	**-**	1,075	**-**	(1)
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.31 USD)	**(18,316)**	(14,323)	**117**	(310)
Net position on fair value hedges	**(10,938)**	**7,215**	**89**	**(333)**
Total	**86,753**	**77,748**	**(1,094)**	**1,862**

The market value of the hedging contracts is recorded on the balance sheet in other receivables/other liabilities with an opposite entry in cash flow reserves for cash flow hedges and in the income statement for fair value and economic hedges.

All hedges outstanding on 31 December 2012 mature in 2013.

The following table provides an overview of the net foreign exchange gains/(losses) on financial derivatives, by contract inception date and type of hedge.

Net foreign exchange gains/(losses)	Contracts initiated in 2011	New contracts initiated in 2012	Total	Contracts initiated in 2010	New contracts initiated in 2011	Total
(in thousands)	2012 EUR	2012 EUR	2012 EUR	2011 EUR	2011 EUR	2011 EUR
Cash flow hedges	**1,832**	**1**	**1,833**	(6,929)	-	(6,929)
Fair value hedges	**(241)**	**1,046**	**805**	182	(1,044)	(862)
	1,591	**1,047**	**2,638**	**(6,747)**	**(1,044)**	**(7,791)**

Each transaction of the above instruments is recorded at trade date.

The Company did not account for credit risk associated with financial instruments since they are all contracted with institutions that have a minimum credit rating of A (Standard & Poor's).

The following table provides an overview of the realised gains and losses for the major currency (US dollar) related to fair value hedges and the related hedged item in order to reflect hedge effectiveness.

Hedge items with positive foreign exchange results:

(in thousands)	2012 EUR	2011 EUR
Gain on hedged item	**1,364**	2,259
Gain/(loss) on corresponding hedging instrument	**(1,416)**	(2,169)
Net gain/(loss)	**(52)**	**90**

Hedge items with negative foreign exchange results:

(in thousands)	2012 EUR	2011 EUR
Gain on hedged item	**(1,797)**	(1,730)
Gain/(loss) on corresponding hedging instrument	**1,751**	1,818
Net gain/(loss)	**(46)**	**88**

(c) Sensitivity analysis

The Company is mainly exposed to fluctuations of the US dollar, which explains the costs incurred in its US based offices and from products priced internationally in US dollar. Hedging contracts minimise exposures resulting from currency movements against the US dollar. The sensitivity analysis provides the effect of a change of the US dollar year rate of 100 basis points on the positions open at balance sheet date.

	At year end closing rate	USD closing rate -100 bp	USD closing rate +100 bp	At year end closing rate	USD closing rate -100 bp	USD closing rate +100 bp
(in thousands)	2012 EUR	2012 EUR	2012 EUR	2011 EUR	2011 EUR	2011 EUR
OCI impact: cash flow hedges	**(1,183)**	**(978)**	**(1,384)**	2,195	2,235	1,257
Income statement impact: fair value hedges	**89**	**6**	**171**	(333)	(287)	(377)
Consolidated financial position impact: foreign exchange on un-hedged USD	**(2)**	**(1)**	**(4)**	107	132	82

(d) Interest rate risk

The Treasury Committee evaluates interest rate risk on a regular basis and takes appropriate action when needed. No interest rate hedging contracts have been concluded in 2012.