Consolidated financial statements 2011

CONSOLIDATED FINANCIAL STATEMENTS SWIFT GROUP

AT 31 DECEMBER 2011

PER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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 2011, 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 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 judgment, 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 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Reviseurs d'Entreprises SCRL
Represented by

Marc Van Steenvoort
Partner, Brussels, 13 March 2012

B. Key figures

Year ended 31 December 2011

(in millions)	**2011 EUR**	2010 EUR	2009 EUR	2008 EUR	2007 EUR
Operating revenue before rebate	**582**	590	586	598	625
Rebate	**(51)**	(52)	-	(19)	(57)
Revenue after rebate	**531**	538	586	579	568
Operating expenses	**(513)**	(528)	(568)	(560)	(535)
Profit before taxation	**16**	21	17	31	36
Net profit	**11**	15	15	25	23
Net cash flow from operating activities	**46**	135	68	24	86
Capital expenditure of which:	**64**	52	46	96	51
property, plant and equipment	**55**	44	40	73	41
intangibles	**9**	9	6	23	10
Shareholders' equity	**291**	296	285	262	255
Total assets	**548**	514	497	502	480
Number of employees at end of year	**1,882**	1,807	1,991	2,138	2,001

C. Consolidated income statement

Year ended 31 December 2011

(in thousands)	Note	2011 EUR	2010 EUR
Revenues			
Traffic revenue	2	**275,446**	302,250
One-time revenue	3	**3,821**	3,593
Recurring revenue	4	**118,375**	118,220
Interface and consulting revenue	5	**132,450**	112,368
Other operating revenue		**896**	1,542
		530,988	537,973
Expenses			
Royalties and cost of inventory	12	**(8,177)**	(7,941)
Payroll and related charges	6	**(262,296)**	(254,321)
Network expenses	7	**(13,596)**	(16,694)
External services expenses	8	**(177,689)**	(160,504)
Depreciation of property, plant and equipment	13	**(37,292)**	(42,739)
Amortisation of intangible fixed assets	14	**(9,176)**	(12,343)
Other expenses	9	**(4,417)**	(9,412)
Restructuring costs	15	**(185)**	(23,791)
		(512,828)	(527,745)
Profit from operating activities		**18,160**	10,228
Financing costs		**(929)**	(990)
Other financial income and expenses	10	**(1,633)**	10,859
Share of profit of associated companies	16	**48**	1,299
Profit before tax		**15,646**	21,396
Income tax expense	11	**(4,629)**	(6,575)
Net profit		**11,017**	14,821

D. Consolidated statement of comprehensive income

Year ended 31 December 2011

(in thousands)		Note	2011 EUR Before tax	2011 EUR Tax (expense) benefit	2011 EUR Net of tax	2010 EUR Before tax	2010 EUR Tax (expense) benefit	2010 EUR Net of tax
Profit for the year	**(A)**		**15,646**	**(4,629)**	**11,017**	**21,396**	**(6,575)**	**14,821**
Foreign currency translation			26	-	26	61	-	61
Cash flow hedges:					-			-
Current year gain / (loss) on financial instruments		31	2,195	(746)	1,449	1,256	(426)	830
Prior year (gain) / loss transferred to income statement		31	(1,256)	426	(830)	2,502	(852)	1,650
Recognition of actuarial gains and losses		24	(27,113)	11,145	(15,968)	(9,666)	3,654	(6,012)
Other comprehensive income	**(B)**		**(26,148)**	**10,825**	**(15,323)**	**(5,846)**	**2,376**	**(3,471)**
Total comprehensive income for the year	**(A) + (B)**		**(10,502)**	**6,196**	**(4,306)**	**15,550**	**(4,199)**	**11,350**

E. Consolidated statement of financial position

Year ended 31 December 2011

(in thousands)	Note	2011 EUR	2010 EUR
Non-current assets			
Property, plant and equipment	13	**176,377**	159,118
Intangible assets	14	**20,692**	20,803
Investments in associated companies	16	**1,896**	1,848
Other investments	17	**-**	-
Pension assets	24	**2,139**	1,637
Deferred income tax assets	18	**48,524**	34,651
Other long-term assets	21	**10,589**	18,461
Total non-current assets		**260,217**	236,518
Current assets			
Cash and cash equivalents		**183,241**	202,516
Trade receivables	19	**30,694**	20,810
Other receivables	20	**16,911**	10,577
Prepayments to suppliers	21	**32,435**	22,102
Inventories	22	**1,835**	1,477
Prepaid taxes	23	**22,344**	20,405
Total current assets		**287,460**	277,887
Total assets		**547,677**	514,405

Shareholders' equity		**291,364**	296,346
Non-current liabilities			
Long-term employee benefits	24	**112,553**	82,083
Deferred income tax liabilities	18	**11**	70
Long-term provisions	26	**9,717**	13,114
Other long-term liabilities	27	**1,561**	1,903
Total non-current liabilities		**123,842**	97,170
Current liabilities			
Amounts payable to suppliers		**29,347**	19,560
Short-term employee benefits	25	**52,558**	51,951
Short-term provisions	26	**6,405**	18,083
Other liabilities	27	**33,286**	22,999
Accrued taxes	28	**10,875**	8,295
Total current liabilities		**132,471**	120,889
Total equity and liabilities		**547,677**	514,405

F. Consolidated statement of cash flows

Year ended 31 December 2011

(in thousands)	Note	**2011 EUR**	2010 EUR
Cash flow from operating activities			
Profit from operating activities		**18,160**	10,228
Depreciation of property, plant and equipment	13	**37,292**	42,739
Amortisation of intangible fixed assets	14	**9,176**	12,343
Net loss and write-off on sale of property, plant and equipment, and intangible assets		**330**	1,955
Other non-cash operating losses		**14,481**	899
Changes in net working capital		**(28,256)**	67,220
Net cash flow before interest and tax		**51,183**	135,384
Interest received	10	**2,542**	4,310
Interest paid	10	**(929)**	(990)
Tax paid	11	**(6,333)**	(3,571)
Net cash flow from operating activities		**46,463**	135,133
Cash flow from investing activities			
Capital expenditures			
Property, plant and equipment	13	**(55,200)**	(43,542)
Intangibles	14	**(9,063)**	(8,791)
Proceeds from sale of fixed assets	13	**318**	475
Acquisition of a subsidiary, net of cash acquired		**-**	(3,130)
Net cash flow used in investing activities		**(63,945)**	(54,988)
Cash flow from financing activities			
Net payments for reimbursement of capital		**(676)**	(317)
Net cash flow from (used in) financing activities		**(676)**	(317)
Increase / (decrease) of cash and cash equivalents		**(18,158)**	79,828
Movement in cash and cash equivalents			
At the beginning of the year	27	**202,516**	120,280
Increase / (decrease) of cash and cash equivalents	27	**(18,158)**	79,828
Effects of exchange rate changes		**(1,117)**	2,408
At the end of the year		**183,241**	202,516
Cash and cash equivalent components are:			
Cash		**8,149**	10,044
Liquid money market products		**175,092**	192,472
At the end of the year		**183,241**	202,516

G. Consolidated statement of changes in equity

Year ended 31 December 2011

(in thousands of EUR, except number of shares)	Number of shares	Share Capital	Share Premium	Retained Earnings	Foreign Currency Translation & Other reserves	Total Shareholders' Equity
Balances at 31 December 2009	**111,399**	**13,927**	**122,701**	**177,297**	**(28,612)**	**285,313**
Other Comprehensive Income	-	-	-		(3,471)	(3,471)
Net Profit	-	-	-	14,821		14,821
Total comprehensive income for the year	**-**	**-**	**-**	**14,821**	**(3,471)**	**11,350**
Capital increase in cash	19	2	56	-	-	58
Capital reimbursement in cash	(125)	(16)	(223)	(136)	-	(375)
Share reallocation	-	-	-	-	-	-
Balances at 31 December 2010	**111,293**	**13,913**	**122,534**	**191,982**	**(32,083)**	**296,346**
Other Comprehensive Income	-	-	-	-	(15,323)	(15,323)
Net Profit	-	-	-	11,017	-	11,017
Total comprehensive income for the year	**-**	**-**	**-**	**11,017**	**(15,323)**	**(4,306)**
Capital increase in cash	35	4	108			112
Capital reimbursement in cash	(243)	(30)	(456)	(302)		(788)
Share reallocation	-	-				-
Balances at 31 December 2011	**111,085**	**13,887**	**122,186**	**202,697**	**(47,406)**	**291,364**

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.

Notes to the consolidated financial statements

1.1 Corporate information

The consolidated financial statements of S.W.I.F.T. SCRL (also referred as SWIFT or the Company) for the year ended 31 December 2011, were authorised for issuance in accordance with a resolution of the Board of Directors on 13 March 2012 and will be proposed for approval at the Annual General Meeting of 14 June 2012. The registered office of S.W.I.F.T. SCRL is located at Avenue Adele 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 210 countries and employed 1,882 employees as of 31 December 2011.

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 available-for-sale investment securities 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 following new standards, interpretations and amendments, which are effective for the period beginning on 01 January 2011, has been investigated. It was concluded that these are not applicable to the Company.

1/ IFRS 1 First time adoption of IFRS (Update) effective 1 January 2011
2/ IFRS 7 Financial Instruments Disclosures (Update) effective 1 January 2011
3/ IAS 1 Presentation of Financial Statements (Update) effective 1 January 2011
4/ IAS 34 Interim Financial Reporting (Update) effective 1 January 2011
5/ IFRIC 13 Customer Loyalty Programmes (Update) effective 1 January 2011

New Standards, Interpretations and Amendments, that have been issued but are not yet effective for the period beginning on 01 January 2011, 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 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
2/ IAS 12 Income Taxes – Recovery of Underlying Assets
3/ IAS 27 Separate Financial Statements (as revised in 2011)
4/ IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
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

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. The impact on earnings will depend upon the composition of the 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	Country of registration
ARKELIS N.V.	100.00	Belgium
S.W.I.F.T. Austria GmbH	100.00	Austria
S.W.I.F.T. Services Australia Pty Ltd	100.00	Australia
S.W.I.F.T. Para A América Latina Transfêrencia de Dados Fianceiros Ltda.	100.00	Brazil
S.W.I.F.T. (Beijing) Ltd	100.00	People's Republic of China
S.W.I.F.T. Korea Ltd	100.00	South Korea
S.W.I.F.T. LLC	100.00	Russia
S.W.I.F.T. Switzerland GmbH	100.00	Switzerland
S.W.I.F.T. Germany GmbH	100.00	Germany
S.W.I.F.T. Iberia SL	100.00	Spain
S.W.I.F.T. France SAS	100.00	France
S.W.I.F.T. Securenet Ltd	100.00	United Kingdom
S.W.I.F.T. Far East Ltd.*	99.00	Hong Kong
S.W.I.F.T. Lease S.A.	100.00	Belgium
SWIFT India Private Limited	100.00	India
S.W.I.F.T. Italy S.R.L.	100.00	Italy
S.W.I.F.T. Japan Ltd	100.00	Japan
S.W.I.F.T. Nordic AB	100.00	Sweden
S.W.I.F.T. Terminal Services (Pte) Ltd	100.00	Singapore
S.W.I.F.T. Pan-Americas, Inc.	100.00	United States of America
S.W.I.F.T. (Dubai) Ltd	100.00	United Arab Emirates
Society For Worldwide Inter Financial Telecommunication South Africa (Pty) Ltd	100.00	South Africa

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

The company has started the process of liquidation of S.W.I.F.T. Far East Ltd.

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.

The cost of this acquisition has been measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. As the purchase consideration has been fully allocated to the identified assets and liabilities, no goodwill has been recognised. The main identified assets are intangible assets which are depreciated over their useful lifetime.

There has been no change in the subsequent period following the acquisition in 2010 of the AMH business.

vi. Investments in associates
Investments in associates over which the Company has significant influence are accounted for under the equity method of accounting. 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.

Leasehold improvements are depreciated over the term of the leases, using the straight-line method 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 has currently no contracts that lead to the recognition of a financial lease under IAS 17 / IFRIC 4. An analysis of significant contracts is done recurrently 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. Expenditures on research or on the research phase of an internal project are 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.

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. 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 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 softwares 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 comprise mainly the recovery of charges incurred on behalf of Members, capital gains on the sale of fixed assets and other 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 at 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 at 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 at 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 at the balance sheet date. Its income statement is translated at the weighted average exchange rates 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 evaluation and decisions.

2. Traffic revenue

The decrease in traffic revenue from EUR 302.3 million in 2010 to EUR 275.4 million in 2011 is mainly explained by a 20% price reduction on FIN messages introduced on 01 January 2011. The FIN traffic volume growth of 9.9% partially offsets the effect of the price reduction.

3. One-time revenue

The increase of one-time revenue from EUR 3.6 million to EUR 3.8 million is mainly explained by the growth of security products in certain geographical markets.

4. Recurring revenue

(in thousands)	2011 EUR	2010 EUR
Recurring connectivity revenue	**29,156**	31,799
Recurring service revenue	**47,616**	44,590
Documentation and directory services	**16,395**	15,501
Conferences	**18,793**	21,126
Training	**6,415**	5,204
	118,375	118,220

The increase in recurring revenue is mainly explained by additional recurring service revenue from security and business intelligence related products. This increase is partially compensated by a reduction of the connectivity revenue due to the migration from dial-up to internet access and by the reduction of conferences revenue following a lower attendance at Sibos 2011.

5. Interface and consulting revenue

(in thousands)	2011 EUR	2010 EUR
Revenue from sale of interface softwares	**31,420**	25,893
Interface maintenance fees	**86,660**	81,003
Consulting revenue	**14,370**	5,472
	132,450	112,368

The increase of interface and consulting revenue from EUR 112.4 million in 2010 to EUR 132.5 million in 2011 is mainly due to the combined effect of the strong growth of consulting services and the growth in interface revenue resulting from increased capacity at existing clients, from the sale to new clients and from the strengthening of the US dollar.

6. Payroll and related charges

(in thousands)	2011 EUR	2010 EUR
Salaries	**169,745**	169,483
Termination indemnities	**2,885**	63
Social security expenses	**33,409**	31,981
Pension costs - defined contribution plans	**4,680**	3,434
Pension costs - defined benefit plans (Note 24)	**18,901**	18,477
Other post-retirement benefits (Note 24)	**3,819**	3,925
Other payroll related expenses	**28,857**	26,958
	262,296	254,321

The reduction in payroll costs generated by a lower average workforce during the year was offset by the salary inflation and the strengthening of the US dollar. The increase in other payroll related expenses is mainly due to the cost of a one-time program whereby the Company has subsidised the acquisition by employees of private personal computers.

7. Network expenses

The decrease in network expenses from EUR 16.7 million in 2010 to EUR 13.6 million in 2011 is mainly explained by the migration of customers from dial lines to internet access, the progressive dismantling of certain connectivity services and the completion of the decommissioning of the old SWIFT Network.

8. External services expenses

(in thousands)	2011 EUR	2010 EUR
Rent of buildings	**11,660**	12,279
Software operating leases	**5,919**	8,953
Repair and maintenance expenses	**42,010**	44,632
General office expenses	**8,114**	7,756
Advertising and Conferences expenses	**16,696**	15,774
Contractor fees	**18,618**	13,944
Outside service fees	**21,958**	14,499
Other expenses	**52,714**	42,667
	177,689	160,504

The increase in contractor fees and outside service fees is the result of strong efforts made by the Company to further develop its products and services to customers. In addition, various projects related to the SWIFT's long term strategy were launched or carried on this year.

The increase in other expenses is the result of higher travel costs related to Sibos and of an exceptional credit note received in 2010 on a specific contract.

9. Other expenses

(in thousands)	2011 EUR	2010 EUR
Taxes other than income taxes	**3,422**	3,738
Loss on sales, impairment or disposals of current and non-current assets	**655**	1,991
Other	**340**	3,683
	4,417	**9,412**

The decrease in other expenses from EUR 9.4 million in 2010 to EUR 4.4 million in 2011 is mainly due to the end of some one-time incentives programs. These incentives were accrued in 2010 and the years before based on forecasted volumes. At the end of the programs, the actual usage of these incentives has resulted significantly lower than initially estimated. In addition, 2010 contained an exceptional impairment charge related to a building project that was cancelled and an exceptional impairment on capitalised costs of certain SWIFT products.

10. Other financial income and expenses

(in thousands)	2011 EUR	2010 EUR
Interest income	**2,155**	4,092
Money market products income	**380**	241
Net foreign exchange gains/(losses)	**3,933**	844
Net gains/(losses) on financial instruments - derivatives (Note 31)	**(7,791)**	6,326
Bank charges	**(599)**	(649)
Other financial income	**289**	5
	(1,633)	10,859

The decrease in interest income is mainly due to the reimbursement in 2010 of blocked funds as part of the settlement of a tax litigation. This effect is partly compensated by an increase in interest income on term deposits as a result of increased interest rates in 2011.

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

11. Income tax expense

Major components of the income tax expense are as follows:

(in thousands)		2011 EUR	2010 EUR
Current income taxes			
Domestic			
	Current year tax expense	(1,415)	(4,292)
	Adjustments of prior year tax income	(58)	1,303
		(1,473)	(2,989)
Foreign			
	Current year tax expense	(6,097)	(3,254)
	Adjustments of prior year tax income	(198)	(1,218)
		(6,295)	(4,472)
Current income tax expense		(7,768)	(7,461)
Deferred income taxes			
Domestic			
	Current year tax income/(expense)	(2,834)	(195)
	Adjustments of prior year tax income/(expense)	-	-
		(2,834)	(195)
Foreign			
	Current year tax income/(expense)	5,663	713
	Adjustments of prior year tax expense	310	368
		5,973	1,081
Deferred income tax income/(expense)		3,139	886
Income tax expense		(4,629)	(6,575)

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 2011 and 31 December 2010 is included in the table below.

(in thousands)	2011 EUR	2010 EUR
Income tax charge at statutory rate	(5,318)	(7,273)
Adjustments in respect to current income tax of previous years	54	487
Effect of different tax rates in other countries	208	(119)
Tax incentives	2,475	3,234
Tax charges on non-deductible items	(2,048)	(2,904)
Income tax expense	(4,629)	(6,575)

12. Royalties and cost of inventory

The royalties and cost of inventory remains stable compared to last year. The increase from EUR 7.9 million in 2010 to EUR 8.2 million in 2011 is the effect of higher sales of product in inventory allowing customers to connect in a secure way to the SWIFT network. This effect is partially compensated by partnership fees reduction following contracts renegotiation in certain regions.

13. Property, plant and equipment

(in thousands)	Land and buildings EUR	Plant machinery and equipment EUR	Work in progress EUR	Total EUR
2010				
Opening net book value	79,525	69,031	12,189	160,745
Foreign currency translation	-	5	-	5
Additions	11,672	10,482	21,388	43,542
Transfers	10,733	1,455	(12,189)	(1)
Disposals	(1,360)	(1,074)	-	(2,434)
Depreciation charges	(12,414)	(30,325)	-	(42,739)
Depreciation rates	*3-10%*	*20-33%*		
Closing net book value	**88,156**	**49,574**	**21,388**	**159,118**
At 31 December 2010				
Cost	266,619	244,600	21,388	532,607
Accumulated depreciation	(178,463)	(195,026)	-	(373,489)
Net book value	**88,156**	**49,574**	**21,388**	**159,118**
2011				
Opening net book value	88,156	49,574	21,388	159,118
Foreign currency translation	-	-	-	-
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**

The additions in 2011 mainly relate to the ongoing construction of the new operating centre in Switzerland, which are recognised in work in progress, to further improvements to operating centres in the Netherlands and the United States and to investments in network and to computer equipment.

The amounts in transfers mainly relate to the completion in 2011 of the expansion of the operating centre in the Netherlands.

The disposals line includes impairment charges which amounted to EUR 0.2 million in 2011 and EUR 2.3 million in 2010.

14. Intangible assets

(in thousands)	Concessions, patents and licenses EUR	Capitalised development costs EUR	Work in progress EUR	Total intangible assets EUR
2010				
Opening net book value	16,817	2,616	1,792	21,225
Foreign currency translation	-	-	-	-
Additions	12,044	(123)	-	11,921
Transfers	1,115	677	(1,792)	-
Disposals	-	-	-	-
Amortisation charges	(10,869)	(1,474)	-	(12,343)
Amortisation rates	*5-33%*	*33%*		
Closing net book value	**19,107**	**1,696**	**-**	**20,803**
At 31 December 2010				
Cost	120,909	4,619	-	125,528
Accumulated amortisation	(101,802)	(2,923)	-	(104,725)
Net book value	**19,107**	**1,696**	**-**	**20,803**
2011				
Opening net book value	19,107	1,696	-	20,803
Foreign currency translation	-	-	-	-
Additions	8,408	-	655	9,063
Transfers	-	-	-	-
Disposals	2	-	-	2
Amortisation charges	(7,907)	(1,269)	-	(9,176)
Amortisation rates	*5-33%*	*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**

The main components of the 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 7.4 million to the technology, EUR 2.3 million to the customers relations and EUR 0.2 million to the brand). These assets are amortised over 20 years for technology, 10 years for customer relations and 20 years for the brand.

The additions for 2011 mainly relate to the acquisition of different software licences.

15. Restructuring costs

In 2009 the Company has launched a two year Lean improvement programme designed to significantly increase its operational and organisational efficiency on a sustainable basis. The program is now completed. The cost of EUR 0.2 million in 2011 results from the excess of actual costs recognised over the provision made in 2010.

16. 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.

Subsequently, the value of Accumatch has been reviewed based on the expected amounts to be recovered from the GSTP AG bankruptcy.

At 31 December 2011, 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 table below.

The latest published financial statements of AccuMatch, dated 31 December 2010, are summarised below:

Consolidated statement of income (at 100%):

year ended 31 December 2010 (in thousands)	**2010 EUR**	2009 EUR
Total operating income	**-**	-
Net result before tax	**(28)**	6,018
Taxes and duties	**(27)**	(6)
Net result after tax	**(55)**	6,012

Consolidated balance sheet (at 100%):

year ended 31 December 2010 (in thousands)	**2010 EUR**	2009 EUR
Total assets	**9,514**	9,553
Total equity	**9,480**	9,535
Total liabilities	**34**	18
Total equity and liabilities	**9,514**	9,553

17. Other investments

SWIFT's interest in Bolero.net was slightly reduced to 5.2 percent (from 5.4 percent in 2010) due to some minor changes in the overall 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.

18. Deferred income tax assets and liabilities

Deferred income tax assets and liabilities at 31 December 2011 are detailed as follows:

(in thousands)	2011 EUR	2010 EUR	Variation	Variation recognised in the OCI	Variation recognised in income statement	Balance sheet movement
Deferred income tax assets						
Property, plant and equipment	**4,617**	4,557	60	-	60	-
Provisions	**42,403**	30,256	12,147	11,145	1,002	-
Other temporary differences	**6,670**	4,559	2,111	1,209	902	-
Netting of deferred income tax assets and liabilities by tax entities	**(5,166)**	(4,721)	(445)	-	-	(445)
	48,524	34,651	13,873	12,354	1,964	(445)
Deferred income tax liabilities						
Property, plant and equipment	**(130)**	(1,201)	1,071	-	1,071	
Provisions	**(922)**	(318)	(604)	-	(604)	
Other temporary differences	**(4,125)**	(3,272)	(853)	(1,529)	676	
Netting of deferred income tax assets and liabilities by tax entities	**5,166**	4,721	445	-	-	445
	(11)	(70)	59	(1,529)	1,143	445
Net deferred income tax assets/(liabilities)	**48,513**	**34,581**	13,932	10,825	3,107	-

The increase in deferred income assets, from EUR 34.6 million in 2010 to EUR 48.5 million in 2011, mainly results from the actuarial loss on pension plans and tax losses carried forward.

19. Trade receivables

1. Trade receivables

The increase in trade receivables mainly relates to certain discounts credited at the end of the year as well as the effect of 2010 one-time incentives.

Loans and receivables (in thousands)	Balance sheet gross amount 2011 EUR	Balance sheet impairment 2011 EUR	Total carrying amount 2011 EUR	Balance sheet gross amount 2010 EUR	Balance sheet impairment 2010 EUR	Total carrying amount 2010 EUR
Trade receivables	31,133	(439)	**30,694**	21,023	(213)	**20,810**
Credit notes to receive (included in other receivables)	499	-	**499**	480	-	**480**
	31,632	**(439)**	**31,193**	**21,503**	**(213)**	**21,290**

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

2. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

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 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. Individual impairment of overdue trade receivables is therefore recorded based on the thorough evaluation of the credit risk associated with each customer.

3. Ageing balance of trade receivables

The ageing of trade receivables can be detailed as follows:

	Balance sheet carrying amount as of 31.12.2010	Of which neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due				
			Past due less than 30 days	Past due between 30 and 59 days	Past due between 60 and 89 days	Past due between 90 and 179 days	Past due more than 180 days
(in thousands)	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Trade receivables	31,133	(6,070)	32,832	2,148	1,042	685	496
Credit notes to receive	499	499	-	-	-	-	-

The balance sheet impairment recognised at 31 December 2011 mainly covers the amount receivable at more than 180 days.

The non-due balance results in a negative position of EUR (6.1) million at 31 December 2011, as it cumulates EUR 53.9 million of non-due trade receivables and EUR (60.0) million of accruals for traffic rebate and other discounts.

20. Other receivables

The increase in other receivables from EUR 10.6 million in 2010 to EUR 16.9 million in 2011 is mainly due to an increase in the fair value of hedging instruments.

The fair value of financial instruments relates to forward contracts concluded to hedge the foreign currency exposure of the 2012 budget. The increase compared to last year is explained by the relative evolution of the foreign exchange rate between the date of inception of the contract and year-end.

21. Prepayments to suppliers

Prepayments to suppliers are presented in other long-term assets for their non-current part. The decrease from EUR 18.5 million in 2010 to EUR 10.6 million in 2011 is mainly due to the reclassification to short term of the current portion of advance payments.

For their short-term part, prepayments to suppliers increased from EUR 22.1 million in 2010 to EUR 32.4 million in 2011 due to advance payments made before 2011 on certain contracts that will be expensed in the course of 2012.

22. Inventories

(in thousands)	2011 EUR	2010 EUR
Hardware	**1,689**	1,199
Software	**146**	278
Total inventories	**1,835**	1,477

The increase in inventory from EUR 1.5 million in 2010 to EUR 1.8 million in 2011 is mainly explained by the purchase of VPN box hardware and Hardware Security Module boxes to cover the replacement of installed boxes and future sales.

23. Prepaid taxes

The prepaid taxes mainly consist of interests and blocked funds related to a litigation (EUR 19 million). The increase of EUR 1.9 million compared to 2010 is due to the excess of tax pre-payments made in Belgium and the United States.

24. Long-term employee benefits

(in thousands)	2011 EUR	2010 EUR
Long-term employee benefits		
Retirement benefit obligation	**102,038**	71,984
Other long-term employee benefits	**10,515**	10,099
Total long-term employee benefits	**112,553**	82,083

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

(in thousands)	Pension schemes 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
Present value of wholly or partly funded obligations	**295,161**	266,124	**57,887**	40,892	**353,048**	307,016
Present value of unfunded obligations	-	-	-	-	-	-
Defined benefit obligation	**295,161**	266,124	**57,887**	40,892	**353,048**	307,016
Fair value of plan assets	**(249,519)**	(234,529)	**(5,078)**	(3,714)	**(254,597)**	(238,243)
Unfunded liabilities	**45,642**	31,595	**52,809**	37,178	**98,451**	68,773
Unrecognised past service (cost) gains	-	-	**1,448**	1,574	**1,448**	1,574
Retirement benefit obligation	**45,642**	31,595	**54,257**	38,752	**99,899**	70,347
Transfer to the non-current assets of the Dutch plan asset surplus	**2,139**	1,637	-	-	**2,139**	1,637
Retirement benefit obligation excluding the Dutch plan asset surplus	**47,781**	33,232	**54,257**	38,752	**102,038**	71,984

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

In the Netherlands the net retirement benefit obligation shows an asset surplus of EUR 2.1 million. According to the rules set out in IFRIC 14, this asset surplus, being refundable, has been presented in non-current assets in the balance sheet.

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

(in thousands)	Pension schemes 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
Current service cost	**17,024**	16,726	**2,056**	2,142	**19,080**	18,868
Interest on obligation	**13,251**	13,248	**2,186**	2,154	**15,437**	15,402
Expected return on plan assets	**(11,374)**	(11,497)	**(258)**	(195)	**(11,632)**	(11,692)
Amortisation on unrecognised past service gains	**-**	-	**(165)**	(176)	**(165)**	(176)
Total pension cost (Note 6)	**18,901**	18,477	**3,819**	3,925	**22,720**	22,402
Curtailment	**(1,736)**	(5,001)	**(1,202)**	(612)	**(2,938)**	(5,613)
Additional pension cost	**2,138**	2,756	**2,168**	993	**4,306**	3,749
Total	**19,303**	16,232	**4,785**	4,306	**24,088**	20,538

In 2009, the Company launched a two year Lean improvement programme designed to significantly increase its operational and organisational efficiency on a sustainable basis. This program meets the criteria to recognise a curtailment as prescribed by IAS 19.

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

(in thousands)	Pension schemes 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
At the beginning of the year	**34,649**	27,377	**20,121**	17,727	**54,770**	45,104
Actuarial (gains)/losses	**14,930**	5,959	**10,875**	999	**25,805**	6,958
Exchange rate differences	**636**	1,313	**672**	1,395	**1,308**	2,708
Total recognised in the OCI	**15,566**	7,272	**11,547**	2,394	**27,113**	9,666
At the end of the year	**50,215**	34,649	**31,668**	20,121	**81,883**	54,770

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

(in thousands)	Pension schemes 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
At the beginning of the year	**34,112**	34,378	**38,752**	32,443	**72,864**	66,821
Total expense as above	**19,303**	16,232	**4,785**	4,306	**24,088**	20,538
Employer contribution	**(21,147)**	(25,958)	**(1,703)**	(1,515)	**(22,850)**	(27,473)
Total recognised in the OCI	**15,566**	7,272	**11,547**	2,394	**27,113**	9,666
Exchange differences	**(2,192)**	(329)	**876**	1,124	**(1,316)**	795
Transfer to the non-current assets of the Dutch plan asset surplus	**2,139**	1,637	**-**	-	**2,139**	1,637
At the end of the year	**47,781**	33,232	**54,257**	38,752	**102,038**	71,984

The 2011 opening balances of the above and below tables, includes the retirement benefit obligation of the employees of the Swiss entity of the SWIFT group. Due to its increased importance, the plan is now considered in this disclosure.

The increase of the retirement benefit obligation recognised in the balance sheet is mainly explained by the decrease of the discount rate in the United States.

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 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
At the beginning of the year	**269,068**	241,698	**40,892**	33,203	**309,960**	274,901
Current service cost	**17,024**	16,726	**2,056**	2,142	**19,080**	18,868
Curtailment	**(1,736)**	(5,001)	**(1,202)**	(612)	**(2,938)**	(5,613)
Additional pension cost	**2,138**	2,756	**2,168**	993	**4,306**	3,749
Settlement	**(1,817)**	(7,086)	-	-	**(1,817)**	(7,086)
Employee contribution	**131**	-	-	-	**131**	-
Interest on obligation	**13,251**	13,248	**2,186**	2,154	**15,437**	15,402
Adjustment of past service cost	-	-	-	-	-	-
Actual benefit payment	**(14,859)**	(7,437)	**(777)**	(767)	**(15,636)**	(8,204)
Actuarial (gains)/losses on DBO	**8,934**	6,908	**10,833**	1,214	**19,767**	8,122
Exchange rate differences	**3,027**	4,312	**1,731**	2,565	**4,758**	6,877
At the end of the year	**295,161**	266,124	**57,887**	40,892	**353,048**	307,016

Change in fair value of plan assets:

(in thousands)	Pension schemes 2011 EUR	Pension schemes 2010 EUR	Post-employment medical benefits 2011 EUR	Post-employment medical benefits 2010 EUR	Total 2011 EUR	Total 2010 EUR
At the beginning of the year	**236,593**	207,320	**3,714**	2,379	**240,307**	209,699
Expected return on plan assets	**11,374**	11,497	**258**	195	**11,632**	11,692
Actual benefit payment	**(14,859)**	(7,437)	**(777)**	(767)	**(15,636)**	(8,204)
Employer contribution	**21,147**	25,958	**1,703**	1,515	**22,850**	27,473
Employee contribution	**131**	-	-	-	**131**	-
Actuarial gains/(losses) on plan assets	**(5,996)**	949	**(42)**	215	**(6,038)**	1,164
Settlement	**(1,817)**	(7,086)	-	-	**(1,817)**	(7,086)
Exchange rate differences	**2,946**	3,328	**222**	177	**3,168**	3,505
At the end of the year	**249,519**	234,529	**5,078**	3,714	**254,597**	238,243

The detail per class of plan asset is as follows:

Asset class	Belgium plan assets 2011 in %	The Netherlands plan assets 2011 in %	IME(1) and IPP(2) plan assets 2011 in %	United States plan assets 2011 in %	Belgium plan assets 2010 in %	The Netherlands plan assets 2010 in %	IME and IPP plan assets 2010 in %	United States plan assets 2010 in %
Equities	**11.4%**	**24.7%**	**0.0%**	**64.5%**	13.3%	30.8%	0.0%	67.9%
Bonds	**88.6%**	**73.0%**	**0.0%**	**34.0%**	86.7%	66.6%	0.0%	30.6%
Cash	**0.0%**	**2.3%**	**100.0%**	**1.5%**	0.0%	2.6%	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 manager.

(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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Weighted average discount rate	**5.0%**	4.8%	**5.0%**	4.8%	**5.8%**	5.6%	**4.7%**	5.7%	**2.5%**	2.9%
Expected long-term rate of return on assets	**3.3%**	4.0%	**3.3%**	4.0%	**3.8%**	4.7%	**6.5%**	6.5%	**2.5%**	2.9%
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 (12.9) million. The expected contribution for 2012 amounts to EUR 23.9 million.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit and loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

(in thousands)	One percentage point increase 2011 EUR	One percentage point decrease 2011 EUR
Effect on the aggregate of the service cost and interest cost	**1,523**	**1,040**
Effect on defined benefit obligation as at 31 December 2011	**13,461**	**10,063**

5-year trend analysis:

(in thousands)	2011 EUR	2010 EUR	2009 EUR	2008 EUR	2007 EUR
Defined benefit obligation (DBO)	353,048	307,016	274,901	261,946	239,889
Plan assets	(254,597)	(238,243)	(209,699)	(179,798)	(184,539)
(Surplus)/deficit	98,451	68,773	65,202	82,148	55,350
Actuarial (gains)/losses on DBO	19,767	8,122	(6,650)	4,322	1,995
Actuarial (gains)/losses on plan assets	6,038	(1,164)	(8,042)	29,047	2,721
Total actuarial (gains)/losses of the year	25,805	6,958	(14,692)	33,369	4,716

25. Short-term employee benefits

The short-term employee benefits are mainly composed of accrued bonuses, accrued holiday allowances and accrued unused vacation. The increase from EUR 52.0 million in 2010 to EUR 52.6 million in 2011 is mainly linked to an increase in unused vacation.

26. Provisions

(in thousands)	Legal claims	Termination	Early retirement plan	Other provisions	Total provisions
Balance beginning of year	90	6,867	15,198	9,042	31,197
Additional provision	416	322	1,202	15	1,955
Amounts utilised during the year	(47)	(6,800)	(6,137)	(4,046)	(17,030)
Balance at end of year	**459**	**389**	**10,263**	**5,011**	**16,122**
Current 2011	459	389	3,994	1,563	6,405
Non-current 2011	-	-	6,269	3,448	9,717
Balance at end of year	**459**	**389**	**10,263**	**5,011**	**16,122**

The other provisions mainly relate to the remaining migration fees to be paid over the next 3 years for the acquisition of the AMH business done in 2010.

27. Other liabilities

(a) Other liabilities

(in thousands)	2011 EUR	2010 EUR
Other long-term and short-term liabilities		
Accrued liabilities	**23,805**	18,885
VAT and withholding taxes payable	**181**	377
Fair value of financial instruments	**7,188**	3,298
Other liabilities and deferred income	**3,673**	2,342
Total other short-term and long-term liabilities	**34,847**	24,902
Current 2011	**33,286**	22,999
Non-current 2011	**1,561**	1,903
Total other short-term and long-term liabilities	**34,847**	24,902

The increase in other liabilities from EUR 24.9 million last year to EUR 34.8 million is mainly driven by a EUR 4.9 million increase in accrued liabilities and a EUR 3.9 million increase in the market value of unrealised hedging contracts. The increase in accrued liabilities is mainly due to software licenses delivered in 2011, but not yet invoiced by the vendor.

The fair value of financial instruments relates to the forward contracts concluded to primarily hedge the foreign currency exposure of the 2012 budget. The increase compared to last year is explained by the relative evolution of the foreign exchange rates between date of inception of 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 as they fall 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 short-term deposits. 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 2011 EUR	Maturity > 1 year 2011 EUR	Maturity within 1 year 2010 EUR	Maturity > 1 year 2010 EUR
Assets:				
Cash and cash equivalents	**183,241**	-	202,516	-
Prepayments to suppliers	**32,435**	**10,589**	22,102	18,461
Liabilities:				
Amounts payable to suppliers	**29,347**	-	19,560	-
Accrued liabilities	**22,244**	**1,561**	16,982	1,903
Other liabilities and deferred income	**3,673**	-	2,342	-

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 8.3 million in 2010 to EUR 10.9 million in 2011 is primarily linked to an increased tax liability in the United States.

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 are made of members of the Executive Committee and other independent Directors. There have been no other transactions with key management personnel other than remunerations presented below.

(a) Compensation of the Executive Committee

(in thousands)	2011 EUR	2010 EUR
Short-term employee benefits		
Salary	**2,146**	2,234
Bonus	**1,452**	1,512
Car benefits	**160**	156
Other	**119**	111
	3,877	4,013
Post-employment benefits		
Pension	**1,271**	1,209
Post-retirement medical	**11**	9
	1,282	1,218
Other long-term employee benefits		
Long-term incentives	**2,145**	2,217
Other	**46**	63
	2,191	2,280
Total compensation	**7,350**	7,511
Social charges on the above	**1,047**	1,155
Total cost of compensation	**8,397**	8,666

The compensation of the Executive Committee includes the compensation paid to the eight SWIFT Executives of whom seven were present throughout the calendar year 2011, and one during the first five months of 2011.

(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 2011 amounting to EUR 39.3 million related to the construction of new facilities in Switzerland and the renovation of facilities in Belgium.

(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 245 million at 31 December 2011, and include the commitments for capital expenditure.

	2011 EUR (millions)	2010 EUR (millions)
Within one year	134	112
After one year but not more than five years	89	50
More than five years	22	19
Total commitments	**245**	**181**

(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 and in 2010.

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 implemented in 2010 and compared 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 2011 EUR	Notional amount 2010 EUR	Fair value 2011 EUR	Fair value 2010 EUR
Cash flow hedges				
Amounts to be received under forward contracts				
USD (at rates averaging 1 EUR = 1.38 USD)	94,000	119,581	6,822	(1,839)
GBP (at rates averaging 1 EUR = 0.86 GBP)	14,742	8,524	305	(112)
JPY (at rates averaging 1 EUR = 107,44 JPY)	4,512	4,305	351	213
HKD (at rates averaging 1 EUR = 10.62 HKD)	14,291	13,381	892	(218)
CHF (at rates averaging 1 EUR = 1.23 CHF)	38,580	31,719	557	2,104
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.29 USD)	(88,360)	(87,754)	(6,691)	1,108
GBP (at rates averaging 1 EUR = 0.86 GBP)	(1,048)	-	(26)	-
CHF (at rates averaging 1 EUR = 1.21 CHF)	(6,184)	-	(15)	-
Net position on cash flow hedges	**70,533**	**89,756**	**2,195**	**1,256**
Fair value hedges				
Amounts to be received under forward contracts				
USD	20,463	-	(22)	-
GBP	1,075	-	(1)	-
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.32 USD)	(14,323)	(19,278)	(310)	178
Net position on fair value hedges	**7,215**	**(19,278)**	**(333)**	**178**
Total	**77,748**	**70,478**	**1,862**	**1,434**

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 2011 mature in 2012.

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 2008 / 2009	New contracts initiated in 2010	Total	Contracts initiated in 2008 / 2009	New contracts initiated in 2010	Total
(in thousands)	2011 EUR	2011 EUR	2011 EUR	2010 EUR	2010 EUR	2010 EUR
Cash flow hedges	(6,929)	-	(6,929)	8,931	(308)	8,623
Fair value hedges	182	(1,044)	(862)	(124)	(2,230)	(2,354)
Other	-	-	-	57	-	57
	(6,747)	(1,044)	(7,791)	8,864	(2,538)	6,326

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.

(in thousands)	2011 EUR	2010 EUR
Gain on hedged item	2,259	4,451
Gain/(loss) on corresponding hedging instrument	(2,169)	(4,501)
Net gain/(loss)	90	(50)

(in thousands)	2011 EUR	2010 EUR
Gain on hedged item	(1,730)	(1,442)
Gain/(loss) on corresponding hedging instrument	1,818	1,427
Net gain/(loss)	88	(15)

(in thousands)	2011 EUR	2010 EUR
Gain on hedged item	529	3,009
Gain/(loss) on corresponding hedging instrument	(351)	(3,074)
Net gain/(loss)	178	(65)

(c) Sensitivity analysis

The Company is mainly exposed to fluctuations of the US dollar, which is explained by the costs it incurs in its US based offices and from the acquisition of 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)	2011 EUR	2011 EUR	2011 EUR	2010 EUR	2010 EUR	2010 EUR
Cash flow hedges in reserves in OCI	2,195	2,235	1,257	1,256	1,485	1,030
Fair value hedges in income statement	(333)	(287)	(377)	178	34	319
Foreign exchange impact on un-hedged USD position	107	132	82	175	14	333

(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 2011.