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55836 — May 09

Shared Strength

Annual Report 2008

SWIFT is a community-inspired cooperative, founded by and for the financial services industry. We work globally with more than 8,800 organisations including banks, market infrastructures, securities institutions, corporations, network providers, business partners and technology companies to ensure the financial world can carry out its business operations with certainty. Our role is two-fold. We provide the platform, products and services that allow our customers to connect and exchange financial information securely and reliably. We also act as the catalyst that brings the financial community together to work collaboratively to shape market practice, define standards and consider solutions to issues of mutual concern and interest.

Contents

Shared strength

Across the world, it has been a difficult year for the financial industry. Many members of the SWIFT community are facing unprecedented challenges. Previous assumptions about markets, customers and ways of working are being re-evaluated and the turmoil is likely to continue. During these uncertain times SWIFT has been actively engaged with the community, using our shared strength to help overcome market challenges and inspire mutual confidence across our industry.

SWIFT — *2008 achievements and highlight figures*

3.855 Billion | FIN messages in 2008, up 10%

17.86 Million | messages on FIN on 15 October, 6th peak day in 2008

10,000 | members and 183 communities on swiftcommunity.net

8,830 | institutions connected to SWIFT

8,114 | participants at Sibos in Vienna

209 | countries & territories

99.998% | service availability

20% | cumulative price reductions – 15% price reductions, 5% rebate

12 Months | from concept to launch of Alliance Lite

4 | local offices opened

Positive choices in an age of constraint

— A few words from our Chairman

It is fair to say that every corner of the SWIFT community has been affected by the present financial crisis. Yet in a tough year for the industry as a whole, SWIFT can point to several positive developments.

2008 results

The entire SWIFT team should be proud of the results achieved for the community in 2008. In spite of the severe economic downturn, the cooperative recorded higher volumes and increased operating revenues after rebate, while holding firm to its strategy of price reductions set out in *SWIFT2010*. In 2008, SWIFT delivered a 15 percent reduction in message pricing as well as a 5 percent rebate.

I would like to assure the financial industry, on behalf of SWIFT, that it is committed to continuing to work in the interests of the community it serves. During these challenging times, SWIFT maintains a firm focus on helping us reduce our costs, improve our risk management and benefit from a relevant set of products and services.

I would like to congratulate Lázaro Campos, his Leadership Council and the entire SWIFT team for extending and deepening the culture of customer centricity that will ensure SWIFT remains a trusted partner in the rebuilding of a robust financial services industry.

Data protection

In last year's letter, I noted that we had made substantial progress in resolving certain compliance and data protection issues that had arisen between regulators in the US and Europe. The EU and US authorities reached an agreement that takes SWIFT out of the middle and provides it with legal certainty.
The community can take substantial comfort from further developments in this regard over the past year. In December 2008, the Belgian data protection commission concluded that SWIFT complied with all applicable Belgian data protection legislation in the way it responded to the mandatory subpoenas received from the United States Treasury. SWIFT, it concluded, "acted with prudence, diligence and due care to protect personal data".

In March 2008, Judge Jean-Louis Bruguière was appointed by the European Commission to undertake a review of the procedures governing the handling, use and dissemination of personal financial data from the EU that is carried over SWIFT and subpoenaed by the US Treasury. His first report, presented to the European Commission in January 2009, found that the US Treasury has been vigilant from the outset in respecting the safeguards in the handling of such data. Both the Belgian data protection commission assessment and the Bruguière report are a testimony to SWIFT's determination to protect customers' data in all circumstances.

Relevance in a crisis

We live in an interconnected global economy. Events in the US housing sector can precipitate financial shockwaves from Iceland to China. This reinforces the need for global cooperation and has brought the SWIFT Board, with its diversity, to focus on those challenges that unite us as a community.

While SWIFT's strong performance in 2008 to some extent reflects the continuing volatility in the markets it serves, the global slowdown has meant a year-on-year decline in transaction volumes across the industry. SWIFT is proactively addressing the potential impact on its business.

Over the past decade and a half, SWIFT's business model has rewarded the cooperative and its members with double-digit growth on an annual basis

SWIFT remains a trusted partner in the rebuilding of a robust financial services industry

01 Bankers in New York leaving offices in the middle of the financial crisis

02 Hong Kong, China, just one of the many financial centres to be hit by the global financial crisis


01


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along with consecutive price reductions and rebates. At the same time, SWIFT has broadened its product range, business scope and geographical reach for the benefit of the community as a whole.

Both the Board and the Executive of SWIFT recognise that the volume growth we have seen in the recent past is far from assured in the future as our customers work their way through – and out of – the downturn. In common with the industry it serves, SWIFT needs to prepare for the possibility of a period of significant volume contraction. The Board has therefore endorsed an initiative of the Leadership Council to explore possible areas of cost reduction within SWIFT's operations and consider potential actions in response to various scenarios, including sustained reduced volumes.

At the same time, SWIFT is not compromising its strategic investments in its core platform and messaging capabilities. Significant progress was made during 2008 on the Distributed Architecture programme with plans firmly on track for customers to start moving to this new multi-zonal messaging model during the course of 2009.

Targeted savings

In a time of tightened purse strings and continued uncertainty, however, there are several things that SWIFT can do to help keep customers' businesses strong.

In its core offerings, SWIFT can and does help banks reduce costs by improving STP rates. There is now an even greater need to further those opportunities. A vast number of financial transactions, especially in the securities arena, are still conducted over fax and other non-digital means. SWIFT will continue to facilitate automation of such processes – what many of you would regard as 'business as usual' activities for SWIFT.

But beyond helping customers to contain costs, SWIFT can add real value to the risk management operations of its customers. As a messaging infrastructure, SWIFT is at the heart of global payments and securities market transactions. It plays a crucial role in helping its customers manage liquidity, collateral and counterparty risk by enabling timely and accurate information flows. These functions become even more critical during a financial crisis.

Beyond individual initiatives, I believe the time has also come for us as a community to look across our multiple investments in market infrastructures to see whether some degree of rationalisation is appropriate. In times of growth, it makes sense to have multiple ventures addressing different aspects of industry concern. In time of retrenchment, we must examine where capabilities can be combined. Are there functions that SWIFT undertakes that other joint ventures could do better? Given the globalisation and tight governance of SWIFT, the Board is open to that. At the same time, the Board is open – and the industry should be open – to asking the related question: are there initiatives in which banks have invested that SWIFT could manage with lower overall costs for the community? Does every major market infrastructure need to run its own network? Are there parts of other infrastructures that could be best incorporated under a SWIFT umbrella? How can we unbundle the value chain of a market infrastructure for the benefit of its customers?

Your Board represents the global financial services industry in all its scope and scale and will continue to work hard to explore opportunities with an eye to the collective bottom line. The engagement and commitment of all SWIFT's stakeholders are essential to the continued success of your cooperative.

Yawar Shah

Yawar Shah
Chairman
April 2009

Customer centricity in uncertain times

— Perspectives from the CEO

In 2008, SWIFT's ability to deliver what our customers needed came under the spotlight, and we performed well. In the current environment, our work to ensure SWIFT's relevance to its community – today and in the future – is more important than ever.

Any reflection on the financial markets in 2008 will inevitably be divided into 'before September' and 'after September'.

The collapse of Lehman Brothers marked the escalation of already difficult financial conditions into a full-blown crisis.

By coincidence, it also marked the beginning of Sibos in Vienna. Consequently, our annual conference took on an unprecedented intensity, as 8,000 attendees tried to make sense of the shocking events that continued during the days that followed.

The aftershocks continue still, and as yet there is no certainty about when we will see the full extent of the crisis, what its long-term impact will be, or when recovery will come.

What is certain is that all financial markets players have been profoundly affected. Controlling risk and cutting costs by improving efficiency have become the top priorities for every institution. SWIFT, like all of you, has had to react accordingly.

In spite of the difficult market conditions, we do have much that is positive to report from 2008 – including significant achievements in the areas of risk and cost control.

Operationally, our 'failure is not an option' culture came into its own when extreme volatility in the markets prompted extraordinary trade volumes. If the industry's 'back office' had collapsed under the weight of those volumes, the financial markets could have been plunged into terminal meltdown. But it did not. In common with other critical market infrastructures, we anticipated the surges. And thanks to our collective investment in resilience and our prudent operational management, we handled the peaks.

We proved that one thing you didn't have to worry about during that difficult period was whether your cooperative's infrastructure could cope with the demands of a marketplace in turmoil.

Our financial performance in 2008 was also excellent: we achieved our targets, which enabled us to deliver promised price reductions in line with our ongoing commitment to reduce the cost of SWIFT.

But we cannot afford to be complacent. We must continue to reduce both the direct and indirect costs of using SWIFT to reduce your total cost of ownership (TCO). Our balance sheet is strong, and we have no debt, but nevertheless we must guard against the potential negative impact of the financial crisis. You rely on SWIFT, and SWIFT must continue as a viable business in order to support you – despite fluctuations in volumes that could impact our revenues.

Our response is a programme to systematically identify and eliminate inefficiencies in our business. This will ensure we make our operation as lean as possible and can continue to reduce the end-to-end cost of using SWIFT.

We need to achieve this while also remaining valuable to our community. While we cannot be certain when the recovery will begin, the really important question is, what will our industry look like when it does? And how can SWIFT best serve its customers in the 'new world' to come?

We have promised to become truly customer centric, and we have already taken some important steps towards that goal. We delivered our secure, low-cost, internet-based connectivity solution, Alliance Lite, on time, opening up SWIFT to a new group of smaller customers and extending the SWIFT community for all. We also began to roll out our Easy SWIFT programme to simplify and reduce the cost of using SWIFT for all our customers. More information on our customer centricity efforts can be found elsewhere in this Annual Report.

We have promised to become truly customer centric, and we have already taken some important steps towards that goal

01–02 2008 saw the launch of Alliance Lite, a low cost internet-based connectivity solution aimed at customers with relatively small message volumes

01

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Now we must balance the dual need to meet short-term objectives around TCO reduction, while at the same time laying the foundations for a SWIFT that can deliver what customers need in the long term.

The financial crisis has made our work to 'write the next chapter of SWIFT' more timely – and more of an imperative – because it is precipitating faster change in the environment in which we all operate. When we think about the future of SWIFT, we must think broadly and deeply about where we can truly add value to an industry that will look significantly different in the future from how it has looked in the recent past.

For example, we know that the regulatory framework surrounding our industry will change. Entities that have been on the fringes of regulatory oversight will be brought under it, and the basis of regulation will shift to ensure loopholes are closed and the regulators can have a complete picture of the risks industry participants are running.

Better regulation alone means little however without the right tools to support supervisory bodies in ensuring the rules can be adhered to in practice – and this is one area in which SWIFT could play a role. SWIFT does not set the rules – our banks and the regulators do that – but we can help the supervisors who must ensure that the rules are complied with. Standardisation is key to that supervisory role, particularly when it comes to international co-ordination and the way in which transparency can be assured. SWIFT can minimise the cost of that transparency by, for example, helping to reduce the cost of communication for reporting.

We must also assess the relevance of changes in technology that impact our business and that of our customers. How should we react to collaborative trends such as cloud computing or software as a service? What are their implications for our customers and for SWIFT? How do we evolve from messaging to intelligent networking?

And finally, our strategic review would not be complete if we did not take a look at SWIFT's business model. We have already moved on from our traditional 'pay per message' approach in many areas, but a more fundamental review is needed. We must discuss the need for our pricing policies to reflect more effectively 'value delivered' instead of 'cost incurred'. We should also review 'who pays for what' and remove obstacles preventing us from expanding the capillarity of the network.

We are redefining our strategy based on the new realities our industry faces – and we are doing it in a collaborative way. We have our own ideas about what you will need from us as our industry transitions through the financial crisis and comes to grips with the changes made as a result of it.

We also count on the active engagement of every community and customer to ensure we are setting the right challenges and pursuing the right ambitions for your cooperative.

More than ever, now is the time to deliver on our promise of a simpler, more efficient, more relevant and more valuable SWIFT.

Lázaro Campos
Chief Executive Officer
April 2009

2008 in context

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

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

Monthly evolution of average daily number of FIN messages (millions)

- S An atypical January with exceptional traffic volumes and two peak days (16.3 and 16.6 million messages), driven by securities and treasury
- S Plunging share prices and speculation on interest rate cuts result in high volumes of securities and FX trades

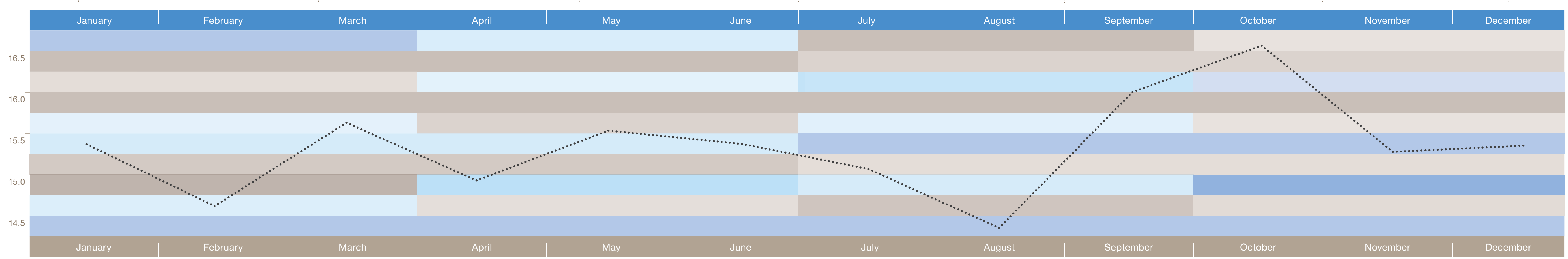
- S High total volumes due to increased volumes in all markets, particularly in payments
- S Payments volumes are up due to the combination of end of quarter traffic and payments instructions related to securities and FX trades

- S Traffic increase is driven by payments and securities. In securities the two main areas of growth are reporting messages and corporate actions traffic

- S Typical seasonal drop

- S September – October turmoil. The financial crisis causes strong increase in volumes, driven by securities and treasury, resulting in two peak days in September (16.8 and 17.1 million messages) and two peak days in October (17.3 and 17.9 million messages)

- S Continued drop in treasury and securities is offset by the traditional end of year payment volumes peak
- S All markets are down, except trade finance which is recovering after three months of negative growth



- M Northern Rock (UK) is nationalised
- M Belgium, Finland, France, Ireland, Netherlands, Portugal and Spain migrate to TARGET2 on 18 February

- M Fears that the looming recession in the US will spread to other continents trigger a global crash in share prices on 'Black Monday', 21 January
- M Speculation on interest rate cuts boosts FX trading
- M The SEPA Credit Transfer scheme is launched on 28 January

- M The US dollar drops significantly against the Euro and other global currencies
- M Uncertainty about companies' quarterly results on top of the uncertainty over credit and economic policies, causes market volatility to increase
- M Bear Stearns is acquired by JPMorgan Chase

- M Final window of TARGET2 migration. Denmark, Estonia, Greece, Italy and Poland join TARGET2 on 19 May

- M The US Treasury Department announces an increase in the credit lines of Fannie Mae and Freddie Mac and an authorisation for the US Treasury to purchase equity in these institutions

- M Lehman Brothers files for Chapter 11 bankruptcy protection
- M AIG is rescued by US government
- M Various institutions are entirely or partly nationalised
- M CLS settles a new record volume of 1.6 million instructions on 17 September

- M Additional measures are taken worldwide to support the financial industry
- M High volatility of stock prices causes record volumes on the major exchanges

- M Central banks continue to cut interest rates
- M Governments take various initiatives to save jobs, to stimulate spending and to boost consumer confidence

- M The IMF revises down its forecast for global growth during 2009 to 2.2 percent
- M The World Trade Organisation warns that the trade finance situation has severely deteriorated since September

S Commentary on SWIFT FIN message volume evolution
M Commentary on relevant 2008 market events

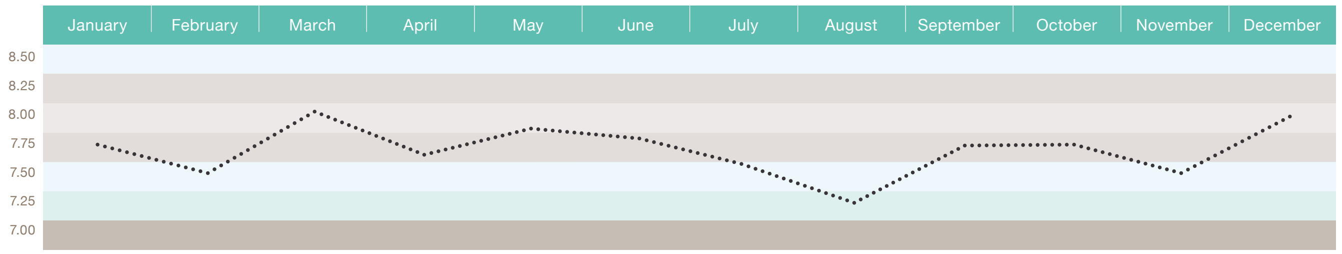
2008 in context (continued)

Payments

End of quarter customer transfers, interbank transfers linked to securities and FX trades, and related reporting messages cause overall payment volumes to go up

Decreasing customer and interbank transfers due to reduced international trade and the collapse of the interbank market, partly offset by payments related to securities and FX trading and by increased cash reporting

Traditional end of year peak driven by customer payments



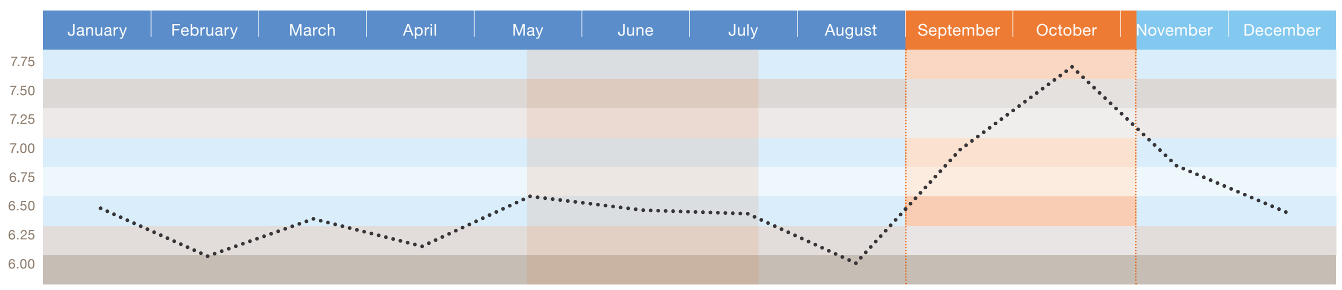
(average daily FIN messages in millions)

Securities

High volatility, particularly after the crash of 21 January, results in three consecutive peak days for securities: 23, 24 and 25 January (7.2, 7.3 and 7.6 million messages)

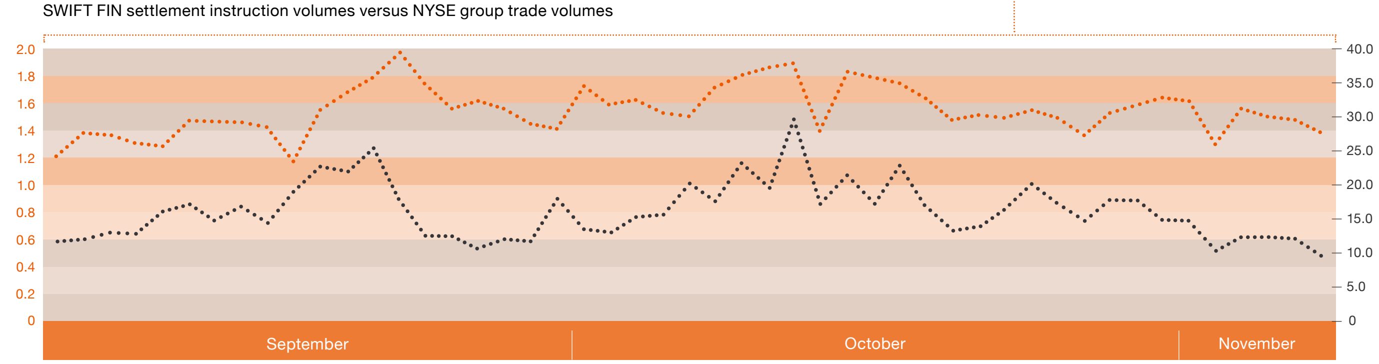
Increased volumes, driven by statement of holdings and corporate action messages

September – October turmoil. Period of high volatility causing record trading volumes on the major stock exchanges. Highest SWIFT securities traffic ever with four securities peak days: 18 and 19 September (7.61 & 7.99 million); and 14 and 15 October (8.0 & 8.3 million)



(average daily FIN messages in millions)

SWIFT FIN settlement instruction volumes versus NYSE group trade volumes



(millions) NYSE Group Trade volumes in NYSE listed stocks (Source: NYSE Factbook) SWIFT FIN Settlement instruction volumes

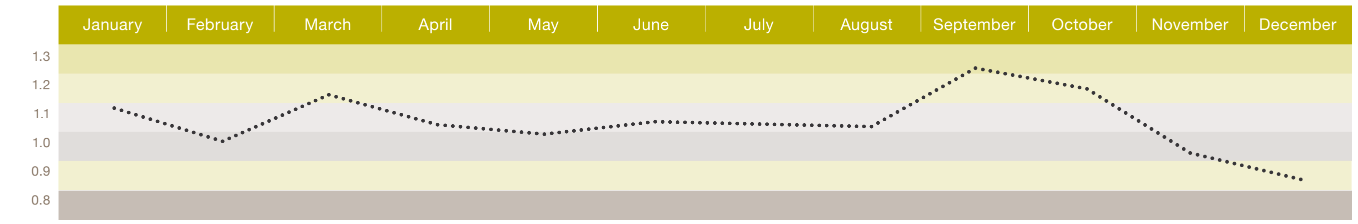
Treasury

Volumes are up due to FX deals triggered by securities trading and uncertainty about interest rate changes

US dollar is under pressure. Related FX trading causes treasury volumes to grow

Peak volumes caused by treasury deals induced by securities trading, exchange rate volatility and reallocation of assets

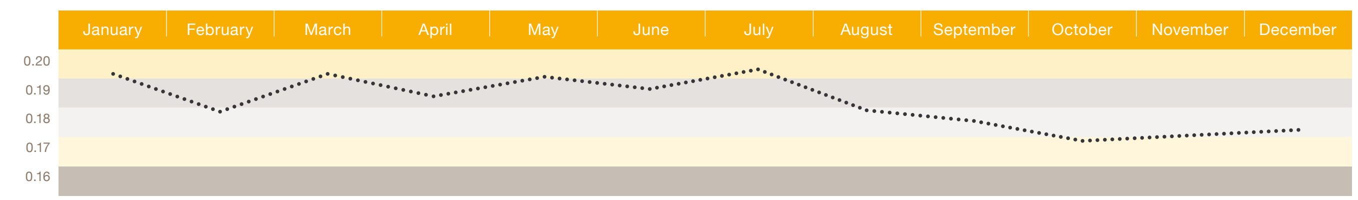
Strong decrease in volumes due to the collapse of the interbank lending market, liquidity shortages and reduced securities trading



(average daily FIN messages in millions)

Trade

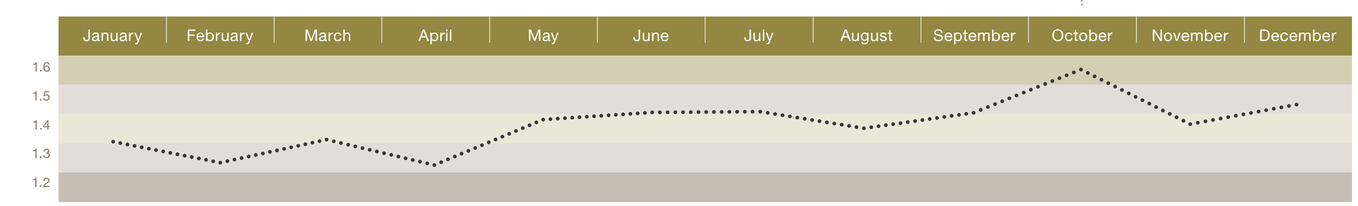
After the seasonal drop in August, trade volumes fall further, due to decreasing imports/exports and a shortage of liquidity for trade credits



(average daily FIN messages in millions)

Average daily number of InterAct messages

Peak driven by increased CREST and CLS volumes, induced by large volumes of FX and securities trading



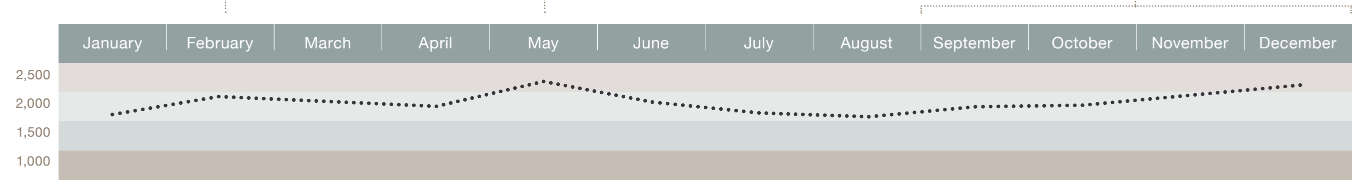
(millions)

Average daily volumes of FileAct*

Increase driven by the launch of SEPA Credit Transfers on 28 January and by 'migration window 2' of TARGET2

Peak due to 'migration window 3' of TARGET2

Continued growth driven by Low Value Payment traffic



(millions of characters sent) *excluding pilot traffic

These are tough times for customers – how have you responded?

These are tough times for customers – how have you responded?

By focusing on what counts

- Ensuring operational stability in times of extreme market turmoil and unprecedented volume peaks
- Easing the burden of system changes to free up our customers to focus on managing the turbulence in their own organisations
- Investing today to guarantee capacity and ensure resilience in the future

The past year has been one of extreme contrasts. Performance during the first half of 2008 was strong for us, and for many of our customers.

Our traffic growth was well above target, as were revenues. During our discussions with our customers and partners they told us they wanted more market and industry harmonisation, more automation in order to stay competitive and more collaboration to deal with industry change. But as the crisis hit, inevitably their focus narrowed. Reliability, risk management and cost control have always been vital for our customers, and this has never been more true than in the tough months during the second half of 2008.

Delivering on core

Our industry's long term investment in critical market infrastructures, such as SWIFT, clearly paid off when the 'plumbing' of the financial markets successfully handled record volumes during September and October. This resilience was crucial at a time of uncertainty, when even a short interruption in service could have provoked destabilising speculation.

Our own long-standing commitment to resilience enabled us to deliver operational certainty during the height of the crisis and beyond. Despite four peak days in September and October, when message volumes reached 17.9 million, SWIFT remained stable. For the year as a whole, service availability levels for FIN and SWIFTNet core messaging stood at 99.998 percent, a result that exceeded our targets.

Reassessing priorities

We recognised also that customers needed our support in managing the volatility in their own businesses. As a result, we took extraordinary measures to ensure operational stability beyond the day-to-day processing of traffic peaks. Amongst these measures was the temporary suspension of non-critical changes to our systems during September and October to ensure against service outages.

We also considered the implications of our annual standards release. After consulting with members of our working groups, we decided to scale back the 2009 release to ease the operational and cost burden on our customers. The more limited 2009 release will offer maximum benefit with minimum risk and only includes essential changes.

Responding to the unexpected

The uncertainty across the world's markets created a surge in demand for reports tracking liquidity and positions. Our global banking customers were able to depend on SWIFT as a source of reliable information on market activity, enabling them to match and reconcile quickly and giving them an informed overview of their exposure to different markets and counterparties. We have already taken some preliminary steps to see what more we could do to help customers to assess their exposure should a similar situation arise in the future.

As the financial crisis deepened, we acted rapidly to help members of the financial community specifically affected. For example, we worked with the Icelandic Central Bank to enable three new banks to send and receive SWIFT messages. Our prompt intervention to help stabilise the payment system made an important contribution to the rebuilding of Iceland's banking system.

Iceland – where SWIFT worked with the central bank to enable three new banks to send and receive SWIFT messages

Our own long-standing commitment to resilience enabled us to deliver operational certainty during the height of the crisis and beyond

Planning for the worst

Effective business continuity planning (BCP) carried out with the help of our customers is vital to ensure the resilience of SWIFT. We work closely with other market participants, particularly through the SWIFT Crisis Coordination and Communication Group (SC3), to test the industry's ability to deal with potentially disastrous events. In 2008, we conducted another exercise with the group and a number of major institutions around a simulated major market disruption.

The exercise tested co-ordination between SWIFT, central banks, market infrastructures and large institutions, and demonstrated our collective commitment to prepare for even the worst types of incident. In addition to the SC3 exercise, we also ran hundreds of BCP exercises in the area of service operations, giving us confidence that we can withstand a wide variety of crisis situations should they arise. These include pandemics, for which we have preventative measures and plans ready to put into action to ensure resilience.

Investing for the future

We have continued to invest in our systems. Through significant internal infrastructure upgrades during 2008 we have renewed and added capacity to our backbone network. We have replaced the hardware and software platforms underlying SWIFTNet, and converted all of the main application components to the new platform with no interruption to service.

Our major project to develop a multi-zonal Distributed Architecture is on schedule, with Phase 1 due to be completed by the end of 2009. The Distributed Architecture project addresses long-term capacity needs, significantly enhances both security and resilience and addresses European data protection concerns with the division of messaging between trans-Atlantic and European zones.

Once implemented, it will also allow us to rotate global operational control in a follow-the-sun model thanks to the addition of a third control centre in Asia Pacific.

The new operating centre in Switzerland and the Asia Pacific control centre in Hong Kong will be fully operational by the end of 2009. The final allocation of countries to zones has been published and several million test messages have already been processed via the new operating centre in Switzerland. We are in close contact with our customers to ensure that for them, migration to the new zonal messaging architecture is as smooth as possible.

Maintaining financial resilience

The principles that guide our financial management require us to strike a balance between competitive needs and a cooperative spirit, while ensuring long-term financial resilience.

We remain debt-free, and our strong financial performance in 2008, in spite of the financial turmoil, enabled us to deliver further price reductions while continuing to fund strategic projects such as Distributed Architecture.

How are you helping customers reduce costs?

How are you helping customers reduce costs?

By pursuing efficiency gains from end-to-end

- Cutting prices in line with the *SWIFT2010* strategic commitment
- Reducing the total cost of ownership of SWIFT
- Helping our customers increase efficiency and automation
- Making the cooperative leaner and more cost-effective

Message price reductions and rebates have a direct and immediate impact on our customers' costs. In 2008 we continued our programme to drive down message prices. Cumulative price reductions amounted to 20 percent, and we remain on track to deliver on our promise of a 50 percent reduction in message pricing by the end of 2011.

Reducing cost, extending value
We have also delivered on our promise to make pricing more straightforward. The fixed fee programme for high-volume users came into operation in January and by year-end 33 of the 55 eligible institutions had signed up. The scheme enables customers to sign up for a fixed fee for a three-year period and increase messaging usage in value by up to 50 percent a year at no extra cost. This guarantees significant savings, combined with predictability of costs. The signs at the end of the first year are that the programme is providing real value – fixed fee customers are sending an average of 19 percent more messages, compared with an 11.5 percent increase among our customers overall. More than EUR 12 million was returned to our fixed fee customers through the programme.

In October 2008, we extended our Bulk Payments Pricing scheme to the STEP2 community through an agreement with EBA Clearing. The Bulk Payments solution is a harmonised messaging platform that supports the clearing and settlement of batched non-urgent payments. In addition to the standard SWIFTNet messaging and interoperability features, Bulk Payments comes with a competitive 'per payment' pricing scheme. This guarantees participants stable and predictable messaging costs as payments in the Single European Payments Area (SEPA) gradually move from the current domestic standards to the lengthier SEPA formats. The extension of the scheme will provide the STEP2 community with an 80 percent cost reduction on a per payment basis. Our Bulk Payments pricing scheme also benefits users of other market infrastructures in SEPA such as RPS (Germany), Seceti & ICCREA (Italy), VOCALink EuroCSM (UK), Iberpay (Spain), and bilateral communities, enabling them to extract greater value from their investment in SWIFT. This demonstrates our commitment to supporting the creation of a more competitive infrastructure for the Single European Payments Area (SEPA).

Cutting total cost of ownership
Specific pricing initiatives are not the whole story. We are also exploring how we can reduce the total cost of ownership (TCO) for our customers by reducing the SWIFT footprint on the customer side and by making SWIFT simpler to use and easier to access. A significant milestone in TCO reduction was the launch in September 2008 of Alliance Lite, our secure, low-cost, internet-based connectivity option aimed initially at corporate customers and financial institutions with relatively low message volumes.

Alliance Lite can be delivered in days and installed in minutes, without compromising security. It provides a basic payments and cash reporting interface with minimal technology requirements. Customers can choose to pay a flat monthly fee or the 'pay as you go' option. Larger volume users can extend their reach by encouraging their customers to connect to SWIFT using Alliance Lite.

Alliance Lite went from initial idea to launch in just one year, and is therefore a good example of our ability to speed up

Helping our customers to reduce their costs also requires us to understand their specific business needs and develop solutions that eliminate inefficiencies within their operations

01 SWIFT worked closely with pilot customers to develop Alliance Lite, the secure, low-cost, internet-based connectivity option, launched at Sibos 2008

the development of solutions to meet the needs of specific groups of customers.

We are also making it simpler and more cost-effective to connect to SWIFT for lower volume customers by adopting new VPN technology that uses existing internet connections, rather than dial-up. This also provides an attractive alternative for backup lines in normal operations for high volume customers. As well as significantly reducing network connectivity costs, more use of standard browser-based access will reduce the cost for our customers on set-up and maintenance.

Just as crucial to bringing down customers' operational costs is providing them with the tools to integrate SWIFT within their business applications. In September 2008 we launched Alliance Integrator, which significantly reduces the effort for customers to move additional business flows on to SWIFT and reduces the work involved in implementing the yearly SWIFT standards release. Integrator is being piloted by a number of customers, including Spanish banks Caja Madrid and La Caixa and ODIN Asset Management, and by application partner ERI Bancaire.

To give our customers an overarching insight into how they can maximise their investment in SWIFT, we have continued to develop our Business Assessment Programme. The programme offers an in-depth analysis of how a customer connects to, and uses, SWIFT and identifies ways of reducing total cost of ownership, minimising operational and reputational risk and identifying areas for business growth. J.P.Morgan and The Bank of New York Mellon were just two of the financial institutions that benefited from the advice of SWIFT's experts in 2008.

We will continue to reduce TCO for our customers by simplifying joining, ordering, implementation and support. We are also exploring how to cut the total cost of using standards, including rolling out a standards developer kit to support the coexistence and adoption of ISO 20022 by customers and vendors. We will also create a fast track development process for standards projects across the payments and securities areas.

Responding to market needs
Helping our customers to reduce their costs also requires us to understand their specific business needs and develop solutions that eliminate inefficiencies within their operations. Throughout 2008, we worked collaboratively with customers to identify 'pain points' and formulate solutions.

- A new trade-date matching solution for prime brokers to cut the cost and reduce the risk of processing hedge fund trades globally. SWIFT was chosen in a competitive selection process to provide the solution, working with five major brokers. Development from first discussions to pilot took less than nine months.
- Providing the connection to EuroCCP clearing and settlement services for Turquoise, the new pan-European multilateral trading facility. By allowing companies trading on Turquoise to use their existing SWIFT infrastructure to connect securely to EuroCCP, it was possible to get the service up and running to tight competitive deadlines.
- Taking the first steps to providing a central platform for electronic data transmission for the insurance industry. This will automate and streamline administrative processes between insurers, brokers and reinsurers, which up to now have been largely paper-based. The project partners include the global insurance standards organisation ACORD, the reinsurance companies Swiss Re, Munich Re and Scor as well as the reinsurance brokers Aon Benfield and Willis.

Our priority has been to develop new services in the most cost-effective way, including by cooperating with third party application vendors to ensure that more 'off-the-shelf' solutions are available, particularly for smaller and medium sized customers.

Keeping SWIFT lean
Even before the crisis hit, we had begun a strategic review of our priorities and our cost base. This activity is now formally integrated into a two-year business process optimisation initiative based on a highly structured methodology called Lean. It is designed to significantly increase our operational and organisational efficiency and deliver structural cost savings of up to 30 percent.

Some of these savings will be re-directed to new initiatives that create additional value for the SWIFT community, but at least 10 percent will translate into permanent cost reductions.

We are taking a multi-faceted approach to reducing costs for our customers. The combination of direct price reductions, our focus on reducing total cost of ownership, our efforts to help our customers eliminate inefficiencies in their own operations and our work to make SWIFT a leaner organisation, positions us well to deliver even greater value to our customers in the future.

01

How is SWIFT remaining relevant and helping customers adapt to new challenges?

How is SWIFT remaining relevant and helping customers adapt to new challenges?

By making customer centricity part of our culture

- Putting our customers at the centre of everything we do
- Reducing the total cost of ownership of SWIFT
- Understanding their business and operational requirements and offering tailored, relevant solutions
- Getting closer to our customers – face-to-face and through smarter online access

Beyond their need for operational excellence and competitive pricing, what will make the difference to our customers is how well we deliver products and services that help them meet their business challenges.

Putting the customer first

Our relationships with customers and our community are central to the strength of the cooperative and a fundamental building block of our strategy for the future.

To support our aim of being the first choice of our customers in an increasingly competitive market, we launched the 'Customer First' programme. This initiative focuses on activities that further enhance our customer centricity now, while creating opportunities for us to explore how to add value for customers in the future. The programme is founded on collaboration and innovation, enabling us be to more flexible and adaptable as we strive to make SWIFT the obvious choice for customers. One example is the 'innovation challenge', which encourages our employees to think innovatively about how we can create more value for customers.

Ensuring relevance

For the past two years, we have sought to understand what our customers need and to gain deeper insight into their markets and businesses. We have developed clear value propositions for each of our customer segments and are delivering packages of solutions, including connectivity options, applications and messaging services relevant to the needs of their specific types of business.

These value propositions form the foundation for future product development. We are collaborating with both customers and partners to ensure that new ideas for products and solutions address the right pain points, offer the potential for new revenue streams and support the successful development of our customers' businesses in competitive markets.

Keeping close

Accessibility, proximity and openness to dialogue and debate are all crucial to our customer centricity. The goal of ensuring relevance to both customer segments and regional markets has continued to guide our activity throughout the year.

Europe, Middle East and Africa

In the Europe, Middle East and Africa (EMEA) region, we continued to play an advisory and infrastructure role in European harmonisation. In securities, we have acted as a key partner in major initiatives such as Euroclear's Common Communication Interface (CCI) and Link Up markets. In payments we played an instrumental role in the successful migration to the European Central Bank's TARGET2 Real Time Gross Settlement (RTGS) system and provided standards and connectivity to a number of low value payment systems in the context of SEPA. We also strengthened our involvement in both payments and securities market infrastructures in Eastern Europe, the Middle East and Africa.

In 2009 we continue to focus on helping our fixed fee customers optimise their SWIFT traffic usage. We are also building on our strong 2008 achievements in extending reach to both asset managers and corporates. In the corporate to bank space, SWIFT was officially selected by the Fédération Bancaire Française as one of two recommended options for the migration to ETEBAC (Echanges Télématiques Banque Clients), the French interbank standard that governs electronic data transfers between the banks and their clients. ETEBAC is defined by the French Committee for Banking Standards (CFONB), and distributed by the French Banking Association (AFB).

Deepening our local presence remains a priority. We opened an office in Vienna in 2008, and in 2009 we will open one in Moscow. We will also host new forums in both Moscow and Bucharest as part of our increased focus on and demonstrating our commitment to Eastern Europe.

Asia Pacific

In Asia Pacific, we are focusing on meeting our customers' immediate business needs as well as working with the community to support the development of financial infrastructures at both national and regional levels. In 2008, we achieved success with several key customer initiatives, including a Memorandum of Understanding (MOU) with the Korean International Trade Association and the Korean Exchange Bank to develop a suite of supply chain products for the Korean community, starting with an e-trade pilot that went live in September. We also signed an MOU with the Shenzhen Stock Exchange to use SWIFT corporate actions. The New Zealand Stock Exchange agreed to go live with SWIFT in 2009 and we made concrete progress towards the migration to ISO 20022 standards for JASDEC, Japan's central securities depository.

We continued to work towards similar longer-term projects with other payments and securities systems, where our relationship-building in 2008 focused particularly on Vietnam, Hong Kong, Japan, Australia, India and China. Our commitment to community engagement was underlined by the opening of our office in Shanghai and our planning for the February 2009 opening of our Seoul, Korea office.

In 2009, the Asian-Pacific community is rallying around its role as host region to Sibos, which comes to Hong Kong on 14–18 September. We will also bring our national and sub-regional communities together at various business forums and events throughout the year. Our 2009 activities will focus on maintaining the momentum around our longer-term market infrastructure projects in both securities and payments, as well as moving forward with our customer projects, particularly in the areas of traffic development, trade finance, liquidity management, funds and the corporate space.

Americas

In the Americas, key member banks continued to expand their automation programmes, across an increasing base of corporate and investment clients. We strengthened our presence in the US with a new office in San Francisco. Although the financial crisis led to a sharp decrease in messaging volumes at the end of the year, both the United States and Canada saw significant growth in securities and payments in 2008, and Latin America showed growth at double the SWIFT average.

We have also made good progress on developing our partnerships with market infrastructures, with joint initiatives under way with payments and securities markets infrastructures in Latin America and the DTCC in the US particularly.

In 2009, we will build on these. We will also continue to grow SWIFT's presence in the Americas by working closely with our regional partners to further extend our reach to the corporate, regional banking and investment management communities.

Engaging the community

During 2008, we brought the community together at a record number of global, regional and local events, at which the customers' voice was centre-stage.

In these unprecedented economic conditions, we are proud that Sibos continues to deliver unique value. It is the only event that brings together such a broad cross-section of the financial community; where networking and doing business are at the top of the agenda; and where you can contribute to advancing critical dialogue to define future strategies and take collective action to shape the future of our industry.

Sibos 2008 in Vienna, which coincided with the beginning of the financial crisis, attracted more than 8,000 participants. Interest in Sibos 2009, which will take place in Hong Kong from September 14–18, is high and the event will be driven by a highly relevant and thought-provoking conference agenda.

Regional events included a sell-out African Regional conference in Durban, ELUS, the conference for the SWIFT community in Latin America and country specific business forums in Beijing, Los Angeles, Luxembourg, Madrid, Melbourne, Mumbai, New York, Paris, San Francisco, Seoul, Shanghai, Singapore, Sydney, Taipei, Toronto and Tokyo. Building on the success of previous events, we also hosted the fifth SWIFT Funds conference in London, the SWIFT Operations Forum Americas (SOFA) in New York and the SWIFT Operations Forum Europe (SOFE) in Brussels.

We maintained a high level of engagement and dialogue with National Member Groups and User Groups and involved them as key contributors to our events.

Improving access online

In 2008 we revamped our corporate website which was rebuilt from the ground up to make finding the information that matters to each individual visitor easier and faster. The new swift.com has been shaped by in-depth consultation with customers and partners. Every segment of the SWIFT community now has a link from the homepage leading directly to pages tailored to them. We have also revised our menu systems and navigation, simplifying and making them more intuitive. The site is now also available in French, Spanish and Simplified Chinese.

We take seriously our role as a community facilitator. In 2007 we launched swiftcommunity.net to provide a collaborative space online for the exchange of ideas, insights and best practices. By the end of 2008, it had 10,000 members and more than 180 communities, of which only a small percentage were SWIFT initiated, with the rest created, developed and maintained by customers, partners and other members of the broader SWIFT community.

We are now helping some of our customers explore how the platform can be used to exchange information within their own organisations and with business and community counterparts.

Facts and figures

For pages 24 to 27 inclusive, all percentages have been calculated using unrounded figures. Totals may not add up due to rounding.

InterAct

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

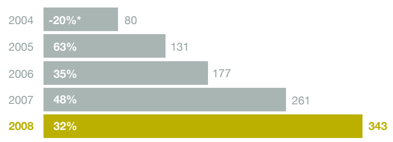
Driven by increased market infrastructure traffic, InterAct volumes grew by 32 percent up to 343 million messages. The number of customers increased by 233 and four new services were introduced.

InterAct messages (*)	343.4 million
Live and pilot users (*)	1,438
Services using InterAct (*)	40

(*) Including CREST

InterAct traffic evolution

Messages (millions)
Annual growth (%)



*2003 data contained a large amount of test messages

Top 25 InterAct countries

		Number of messages* (millions)	Growth	Share
1	United Kingdom	164.51	40.0%	47.9%
2	United States	34.60	9.1%	10.1%
3	Switzerland	30.16	48.4%	8.8%
4	Germany	16.61	10.5%	4.8%
5	Netherlands	16.19	57.3%	4.7%
6	France	9.91	16.7%	2.9%
7	Japan	9.30	18.9%	2.7%
8	Italy	8.70	103.7%	2.5%
9	Sweden	8.21	-10.7%	2.4%
10	Belgium	6.71	-10.1%	2.0%
11	Spain	5.38	16.0%	1.6%
12	Australia	4.78	14.3%	1.4%
13	Denmark	3.53	23.4%	1.0%
14	Canada	3.51	14.4%	1.0%
15	Hong Kong	3.44	103.6%	1.0%
16	Singapore	3.39	9.7%	1.0%
17	Ireland	2.52	14.6%	0.7%
18	Korea, Republic of	2.39	60.1%	0.7%
19	South Africa	2.05	13.3%	0.6%
20	Israel	1.86	231.8%	0.5%
21	Luxembourg	1.75	62.3%	0.5%
22	Portugal	1.09	30.5%	0.3%
23	Norway	0.93	19.7%	0.3%
24	Greece	0.60	>999%	0.2%
25	New Zealand	0.52	>999%	0.2%
	Others	0.80	33.6%	0.2%
	Total	**343.41**	**31.6%**	**100.0%**

(*) Including CREST

FileAct

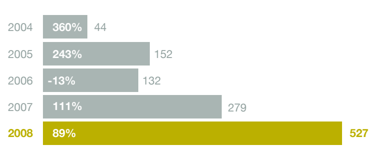
Financial institutions use FileAct to send batches of structured financial messages and large reports. It is primarily tailored for the reliable transmission of large volumes of less critical information.

Powered by a strong increase of low value payment traffic, FileAct volumes increased by 89 percent. The number of services increased by 31, and the number of users by 81.

FileAct volume in billions of characters	527
FileAct number of files	5,823,281
Live and pilot users	1,297
Services using FileAct	115

FileAct traffic evolution

Number of characters (billions)
Annual growth (%)



Top 25 FileAct countries

		Volume (billions of characters)	Growth	Number of files (thousands)
1	United Kingdom	145.63	276.7%	768
2	Italy	63.20	89.6%	258
3	Netherlands	62.51	258.0%	1,314
4	Germany	54.57	46.4%	452
5	United States	37.67	25.8%	258
6	France	34.12	74.3%	1,300
7	Luxembourg	29.29	93.6%	94
8	Spain	24.66	57.4%	252
9	Belgium	15.67	-55.0%	199
10	Austria	8.00	60.7%	46
11	Zimbabwe	5.19	2.8%	25
12	Finland	4.94	127.1%	51
13	Sweden	4.81	-8.0%	41
14	South Africa	4.72	8.6%	79
15	Switzerland	4.34	260.3%	55
16	Canada	3.97	20.5%	97
17	Slovenia	3.52	155.3%	10
18	Denmark	3.46	81.3%	96
19	Portugal	3.43	219.1%	47
20	Ireland	2.32	349.1%	45
21	Poland	1.89	170.2%	6
22	Latvia	1.83	77.9%	12
23	Greece	1.71	69.0%	31
24	Norway	1.02	249.4%	60
25	Cyprus	0.69	51.0%	10
	Others	3.71	48.7%	217
	Total	**526.87**	**88.8%**	**5,823**

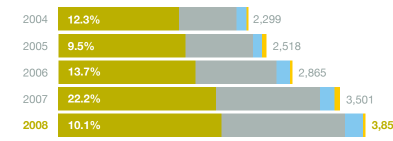
FIN

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

FIN traffic in 2008 grew another 10.1 percent to a level of 3.8 billion messages. As in 2007, this result was driven primarily by strong securities traffic which showed an end-of-year increase of 17.3 percent.

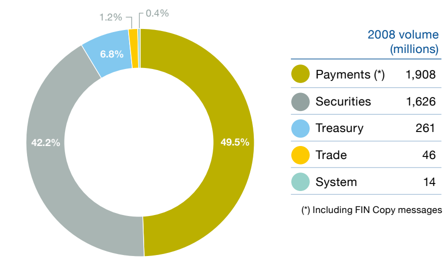
FIN messages – growth by market

Messages (millions)
Annual growth (%)



FIN share by market

2008 share (%)



Payments messages

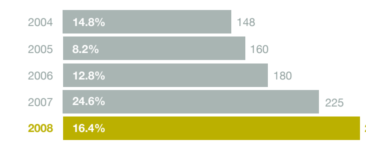
Payments message volumes increased by 4.2 percent. Payments growth is impacted by reduced test volumes and by the migration to TARGET2, which introduced a centralised, more efficient, platform.

Messages (millions)
Annual growth (%)

Treasury messages

Treasury volumes grew 16.4 percent, driven by foreign exchange volatility and securities trading.

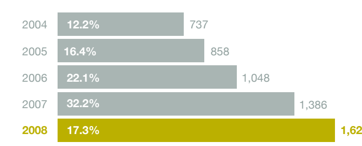
Messages (millions)
Annual growth (%)



Securities messages

Securities traffic increased by 17.3 percent up to more than 1.6 billion. This growth was mainly driven by increased market volatility, in particular during September and October.

Messages (millions)
Annual growth (%)



Trade messages

Trade messages went down by 4.5 percent due to decreased international trade in the last quarter.

Messages (millions)
Annual growth (%)

FIN Copy

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

FIN Copy traffic grew by 18 percent.

FIN Copy messages

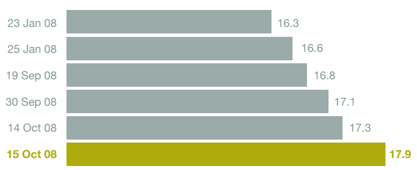
Messages (millions)
Annual growth (%)

Facts and figures (continued)

Peak days 2008

FIN Traffic hit its 2008 peak on 15 October, with 17,860,068 messages processed.

Messages (millions)



Europe, Middle East and Africa (EMEA)

SWIFT continues to play a significant advisory and infrastructure role for its members in European harmonisation. In securities, we are positioned as a key partner to help drive the success of major initiatives such as CCI and Link Up Markets. In payments, we have seen through successful completion of the migration to the European Central Bank's TARGET2 RTGS system. The need for payments with immediate finality is growing and we have had success in providing standards and connectivity to various low value payments systems which will continue to be a major focus going forward. In parallel, we have strengthened our presence in both the payments and securities market infrastructure landscape in Eastern Europe, Middle-East and Africa. The financial crisis impacted messaging levels throughout the year, with sharp decreases partially compensated by volatility driven September and October peaks in securities and treasury.

Asia Pacific

The first three quarters of 2008 saw steady growth in Asia Pacific driven by the increasing activity of global investment banks in the region's markets, as well as solid gains in volumes from global transaction banks and market infrastructures within Asia Pacific. We had seen a noticeable slowdown in trade message volumes from August, reflecting weaker export activity. The impact of the events of Q4 2008 was considerable. In securities, this was primarily due to reduced activity from investment banks. While the region's major financial centres continue to contribute more than two thirds of volumes, growth rates in China and India exceeded the region's average and are expected to continue to grow in importance.

Americas

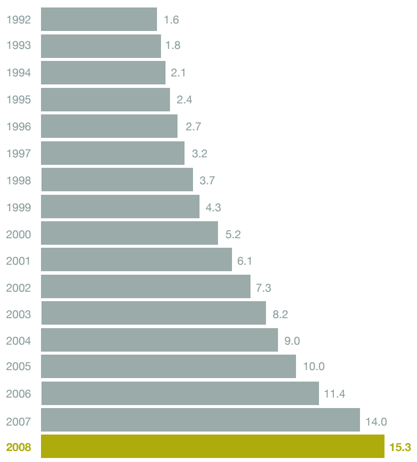
Despite deteriorating global economic conditions, the United States and Canada witnessed significant growth in both securities and payments messaging during 2008. The Americas benefited from key member banks continuing to expand their SWIFT automation programs across an increasing base of corporate and investment management clients. That said, the financial crisis caused a sharp downturn in messaging volumes from all players at the end of the year, with the broker dealer community particularly affected. Latin America experienced strong growth through the year at double the SWIFT average, primarily driven by payments projects.

Institutions connected to SWIFT

In 2008, the total number of institutions connected increased by 498 to 8,830. Because of consolidation in the industry, the number of members decreased by five.

Average daily traffic

Messages (millions)

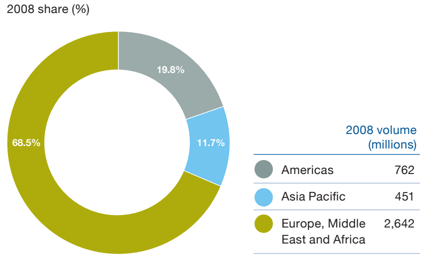


FIN messages – growth by region

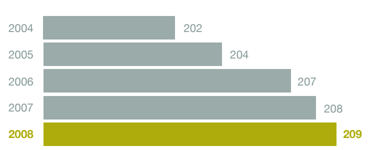
Growth (%)

FIN messages by region

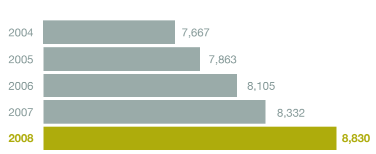
2008 share (%)



Countries/territories connected



Institutions connected



Top 25 FIN countries

Rank based on traffic for all users in the country

		Traffic (millions)	Growth	Share
1	United States	664.50	11.9%	17.2%
2	United Kingdom	657.08	12.0%	17.0%
3	Germany	326.43	1.9%	8.5%
4	Belgium	266.93	17.0%	6.9%
5	France	179.83	8.5%	4.7%
6	Switzerland	131.87	7.4%	3.4%
7	Netherlands	130.03	-2.1%	3.4%
8	Luxembourg	122.53	7.9%	3.2%
9	Japan	120.88	8.9%	3.1%
10	Italy	113.13	-10.5%	2.9%
11	Australia	81.04	18.8%	2.1%
12	Sweden	68.43	19.3%	1.8%
13	Spain	67.75	14.5%	1.8%
14	Hong Kong	63.91	5.7%	1.7%
15	South Africa	58.41	10.7%	1.5%
16	Norway	57.64	36.3%	1.5%
17	Canada	56.54	11.6%	1.5%
18	Finland	52.34	18.9%	1.4%
19	Singapore	47.32	11.5%	1.2%
20	Denmark	47.28	27.2%	1.2%
21	Austria	42.04	-2.7%	1.1%
22	Russia	28.82	18.0%	0.7%
23	Korea, Republic of	28.65	9.2%	0.7%
24	China	20.97	14.0%	0.5%
25	Ireland	20.87	-0.9%	0.5%
	Others	399.35	13.5%	10.4%
	Total	**3,854.58**	**10.1%**	**100.0%**

Rank based on traffic allocated to the country of the parent institution

		Traffic (millions)	Growth	Share
1	United States	1066.82	10.6%	27.7%
2	United Kingdom	546.59	34.7%	14.2%
3	France	288.80	13.6%	7.5%
4	Belgium	266.65	15.3%	6.9%
5	Germany	262.31	4.6%	6.8%
6	Switzerland	183.55	6.2%	4.8%
7	Italy	128.26	-7.5%	3.3%
8	Sweden	100.90	29.6%	2.6%
9	Luxembourg	90.53	12.2%	2.3%
10	Finland	86.65	26.9%	2.2%
11	Japan	84.21	8.6%	2.2%
12	Netherlands	83.41	-50.6%	2.2%
13	Canada	75.40	14.0%	2.0%
14	Spain	56.01	16.9%	1.5%
15	South Africa	55.81	9.1%	1.4%
16	Australia	55.59	6.7%	1.4%
17	Austria	40.31	-5.1%	1.0%
18	China	33.37	11.4%	0.9%
19	Norway	27.91	7.2%	0.7%
20	Denmark	25.53	5.4%	0.7%
21	Russia	24.80	12.4%	0.6%
22	Greece	16.40	1.3%	0.4%
23	Singapore	15.59	8.5%	0.4%
24	Korea, Republic of	14.27	2.5%	0.4%
25	Ireland	14.14	-6.9%	0.4%
	Others	210.73	12.4%	5.5%
	Total	**3,854.58**	**10.1%**	**100.0%**

Members, users and FIN traffic by country or territory

Americas

	Member banks	Institutions connected to FIN	Messages sent (thousands)	Messages received (thousands)	Growth sent & received vs 2007
Anguilla	1	4	41	51	59.2%
Antigua and Barbuda	3	13	185	189	8.8%
Argentina	17	48	1,757	1,950	10.1%
Aruba	2	4	108	111	-3.0%
Bahamas	3	55	895	1,371	4.7%
Barbados	3	12	309	390	23.2%
Belize	2	8	66	73	39.8%
Bermuda	2	12	1,262	2,887	-24.6%
Bolivia	4	12	249	565	4.7%
Brazil	24	86	6,947	6,859	12.6%
Canada	14	65	56,535	40,405	10.1%
Cayman Islands	2	69	732	1,015	14.0%
Chile	9	30	5,940	5,643	11.2%
Colombia	19	30	1,574	1,602	6.4%
Costa Rica	1	12	436	608	2.4%
Cuba	6	10	550	914	-0.8%
Dominica	0	4	53	57	22.8%
Dominican Republic	4	14	508	696	48.1%
Ecuador	11	20	1,232	1,949	5.0%
El Salvador	3	9	164	408	11.4%
Falkland Islands (Malvinas)	0	1	1	2	-65.9%
Grenada	1	5	64	78	34.5%
Guatemala	1	10	335	343	20.0%
Guyana	1	4	50	75	4.7%
Haiti	0	7	68	62	-0.2%
Honduras	1	13	199	256	13.3%
Jamaica	2	6	305	343	12.2%
Mexico	12	33	10,155	7,048	28.0%
Montserrat	0	2	7	5	11.8%
Netherlands Antilles	7	24	895	1,075	2.5%
Nicaragua	2	8	117	178	7.1%
Panama	6	49	1,039	1,569	23.7%
Paraguay	0	15	226	273	13.9%
Peru	5	17	1,038	1,486	11.3%
Saint Kitts and Nevis	2	8	111	123	12.7%
Saint Lucia	1	7	97	107	2.4%
Saint Vincent and the Grenadines	2	5	69	87	43.3%
Suriname	1	6	77	132	7.8%
Trinidad and Tobago	3	10	452	431	8.6%
Turks and Caicos Islands	0	4	84	82	29.0%
United States*	109	631	664,649	775,536	13.5%
Uruguay	5	22	678	1,055	10.3%
Venezuela	12	49	1,318	901	-17.8%
Virgin Islands, British	0	2	74	130	32.9%
Total Americas	303	1,455	761,652	859,118	13.1%

Asia Pacific

	Member banks	Institutions connected to FIN	Messages sent (thousands)	Messages received (thousands)	Growth sent & received vs 2007
Australia	12	94	81,041	69,186	18.6%
Bangladesh	22	46	1,352	5,664	29.3%
Bhutan	0	3	16	32	19.2%
Brunei Darussalam	1	8	134	91	-1.9%
Cambodia	5	25	204	315	28.5%
China	40	236	20,966	51,822	8.8%
Cook islands	0	2	24	29	25.3%
Fiji	1	6	234	243	9.3%
Hong Kong	24	221	63,908	61,108	5.3%
India	44	92	13,860	17,612	13.7%
Indonesia	29	73	9,904	9,645	9.6%
Japan	121	259	120,876	93,224	8.5%
Kiribati	0	1	5	5	10.8%
Korea, Democratic People's Rep. of	9	17	21	26	21.1%
Korea, Republic of	19	72	28,645	18,898	9.3%
Lao People's Democratic Republic	1	9	50	85	27.6%
Macao	4	25	800	927	3.9%
Malaysia	13	61	12,104	5,822	7.3%
Maldives	1	7	135	132	6.2%
Myanmar	2	4	104	75	-4.1%
Nepal	6	26	274	513	7.3%
New Zealand	5	20	10,176	8,862	-2.7%
Papua New Guinea	3	5	208	132	7.3%
Philippines	18	49	4,978	6,459	10.8%
Samoa	1	5	30	38	0.2%
Singapore	8	164	47,317	48,853	12.4%
Solomon Islands	1	4	51	37	-2.7%
Sri Lanka	9	33	3,451	3,901	23.3%
Taiwan	31	76	16,073	17,546	4.6%
Thailand	11	34	11,464	11,955	5.0%
Timor-Leste	0	2	15	14	31.7%
Tonga	1	3	26	27	-32.5%
Tuvalu	0	1	4	5	-4.7%
Vanuatu	0	5	59	85	23.4%
Vietnam	11	69	2,341	3,308	7.7%
Total Asia Pacific	453	1,757	450,850	436,675	10.0%

EMEA

	Member banks	Institutions connected to FIN	Messages sent (thousands)	Messages received (thousands)	Growth sent & received vs 2007
Afghanistan	2	16	122	165	18.1%
Albania	4	17	483	498	22.2%
Algeria	6	25	1,468	1,709	11.4%
Andorra	4	6	523	816	-2.8%
Angola	8	20	1,071	869	23.4%
Armenia	12	23	261	385	14.4%
Austria	50	112	42,039	39,384	-2.0%
Azerbaijan	10	48	1,263	1,452	8.7%
Bahrain	18	80	3,069	2,905	14.8%
Belarus	8	29	1,745	2,264	14.9%
Belgium	20	100	266,934	162,755	17.1%
Benin	4	12	129	259	25.4%
Bosnia and Herzegovina	19	31	2,867	2,914	7.0%
Botswana	3	11	625	431	22.3%
Bulgaria	14	32	4,577	5,030	17.5%
Burkina Faso	0	13	138	291	14.8%
Burundi	0	8	42	67	25.6%
Cameroon	8	14	390	347	56.8%
Cape Verde	3	8	70	132	9.6%
Central African Republic	0	4	20	28	4.7%
Chad	2	8	42	65	18.8%
Comoros	0	2	12	14	54.8%
Congo	1	7	68	65	72.5%
Congo, The Democratic Republic of the	0	14	221	255	38.0%
Côte d'Ivoire	7	22	402	720	18.3%
Croatia	21	38	3,897	4,025	2.8%
Cyprus	7	42	3,636	3,337	7.2%
Czech Republic	7	28	13,144	10,027	7.2%
Denmark	27	62	47,283	29,852	20.4%
Djibouti	1	4	43	56	12.6%
Egypt	30	101	6,608	6,480	23.6%
Equatorial Guinea	1	5	52	54	53.9%
Eritrea	0	3	6	16	-9.7%
Estonia	1	14	2,896	2,126	0.1%
Ethiopia	2	12	165	336	3.5%
Faeroe Islands	1	2	48	58	1.1%
Finland	8	24	52,339	20,403	23.8%
France*	45	255	180,297	186,765	9.0%
Gabon	3	7	171	157	25.0%
Gambia	0	11	53	101	22.8%
Georgia	2	21	331	450	21.9%
Germany	105	315	326,427	289,545	1.5%
Ghana	9	27	571	763	33.4%
Gibraltar	0	12	161	409	8.0%
Greece	16	41	20,624	12,982	-3.4%
Greenland	0	1	20	18	6.1%
Guernsey, C.I.	2	28	1,272	2,229	-0.7%
Guinea	1	9	48	72	31.5%
Guinea-Bissau	0	4	13	22	89.6%
Holy See (Vatican City State)	1	2	56	76	3.1%
Hungary	10	43	13,573	9,783	12.5%
Iceland	7	12	1,541	1,527	3.2%
Iran, Islamic Republic of	15	20	1,299	1,207	-22.0%
Iraq	6	29	134	185	42.3%
Ireland	13	87	20,873	20,716	-2.4%
Isle of Man	0	14	342	605	12.7%
Israel	9	18	7,262	7,793	21.7%
Italy	112	269	113,133	108,634	-8.8%
Jersey, C.I.	3	34	4,888	3,921	11.8%
Jordan	12	24	2,566	2,347	11.7%
Kazakhstan	7	41	1,531	1,487	3.6%
Kenya	11	46	1,675	1,957	30.1%
Kuwait	12	35	4,171	3,121	20.2%
Kyrgyzstan	1	21	235	327	-20.4%
Latvia	14	27	6,034	5,079	2.2%
Lebanon	25	62	3,249	3,536	13.6%
Lesotho	1	4	76	90	7.4%
Liberia	0	5	26	40	22.2%
Libyan Arab Jamahiriya	5	19	385	387	6.3%
Liechtenstein	5	14	1,227	2,509	9.1%
Lithuania	5	14	2,753	2,533	-6.7%
Luxembourg	23	157	122,535	99,244	5.4%
Macedonia, The former Yugoslav Republic of	3	18	593	660	10.2%
Madagascar	5	9	246	345	14.9%
Malawi	3	12	132	169	17.6%
Mali	1	14	138	336	3.8%
Malta	8	20	812	780	-9.4%
Mauritania	2	11	50	89	23.0%
Mauritius	6	20	1,273	1,318	15.2%
Moldova, Republic of	2	18	329	564	6.0%
Monaco	3	20	729	1,329	6.9%
Mongolia	6	17	160	223	22.3%
Montenegro, Republic of	3	12	449	303	33.5%
Morocco	9	18	2,066	2,301	8.0%
Mozambique	1	12	175	240	15.0%
Namibia	5	10	685	733	26.7%
Netherlands	24	101	130,029	156,204	2.0%
Niger	0	10	68	161	11.6%
Nigeria	14	26	1,746	2,137	42.6%
Norway	13	35	57,636	20,221	30.6%
Oman	6	19	981	626	27.6%
Pakistan	13	38	2,396	4,404	4.3%
Palestinian Territory, occupied	2	13	218	317	-40.5%
Poland	20	52	18,136	13,910	15.0%
Portugal	19	50	11,190	8,065	1.1%
Qatar	8	27	3,880	3,272	30.4%
Romania	15	44	11,597	11,058	25.7%
Russian Federation	106	530	28,820	26,640	15.6%
Rwanda	3	9	64	120	21.6%
San Marino	2	6	42	67	15.5%
Sao Tomé and Principe	0	8	41	51	71.2%
Saudi Arabia	13	26	13,799	3,226	20.1%
Senegal	3	18	1,254	847	5.6%
Serbia, Republic of	15	37	2,462	2,497	7.5%
Seychelles	1	5	92	72	8.4%
Sierra Leone	1	11	40	79	15.7%
Slovakia	9	30	5,240	4,794	16.4%
Slovenia	13	25	4,212	4,134	-1.5%
Somalia	1	1	-	-	-
South Africa	9	106	58,410	52,708	10.7%
Spain	48	139	67,755	50,375	15.4%
Sudan	3	35	232	362	-16.0%
Swaziland	1	5	124	119	10.6%
Sweden	6	32	68,433	38,853	15.7%
Switzerland	98	278	131,868	132,164	6.4%
Syrian Arab Republic	4	14	296	548	16.0%
Tajikistan	1	11	108	204	18.1%
Tanzania, United Republic of	1	30	781	957	14.9%
Togo	3	13	99	213	21.8%
Tunisia	17	24	1,770	1,937	5.2%
Turkey	29	56	17,471	15,900	33.3%
Turkmenistan	0	6	38	82	38.3%
Uganda	3	22	1,799	1,922	30.6%
Ukraine	19	146	3,135	5,214	9.1%
United Arab Emirates	21	80	16,034	14,435	27.5%
United Kingdom	85	482	657,085	882,524	12.6%
Uzbekistan	3	23	313	528	15.8%
Yemen	5	15	266	346	2.9%
Zambia	4	15	1,288	1,281	35.4%
Zimbabwe	13	29	14,746	14,611	22.3%
Total EMEA	1,520	5,618	2,642,074	2,558,783	9.2%
Total SWIFT	**2,276**	**8,830**	**3,854,576**	**3,854,576**	**10.1%**

* Including overseas territories
Data includes all market, system and market infrastructure messages

Leadership Council

— Individual contribution, collective accountability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01 Lázaro Campos
Chief Executive Officer
Nationality: *Spanish*

Succeeded Leonard H. Schrank as CEO of SWIFT on 23 April 2007. Joined SWIFT in 1987, with postings in Education and Standards. Served as Manager, FIN Products and Value Added Services from 1993 until 1995. From 1995 until 1998, was Director of Market Infrastructure Services with responsibility for multiple domestic and international market infrastructure projects, including ECHO, CHAPS Euro, EBA Clearing and TARGET. Served as Director of Treasury Markets, where he managed the CLS project for SWIFT from 1998 until 2000. He was then appointed Head of Marketing where he led the SWIFT strategy initiative. In October 2003 he became Head of the Banking Industry Division until his CEO appointment. Has over 20 years international banking and telecommunications experience. Prior to joining SWIFT he served in the international division of Banc Agricol.

02 Chris Church
Chief Executive Americas and Global Head of Securities
Nationality: *British and American*

Chris Church joined SWIFT in August 2008 from BT Global Financial Services where he had been Managing Director of Radianz Services since 2006. In this role he was responsible for global sales, marketing, customer service, finance, product development and operations of the Radianz Shared Market Infrastructure. He also held senior positions at Reuters in both London and the US. He was part of the executive team that founded Radianz in 2000, taking on the role of Head of Global Sales and Marketing until its acquisition by BT in 2005.

03 Ian Johnston
Chief Executive, Asia Pacific
Nationality: *Australian*

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

04 Alain Raes
Chief Executive, EMEA
Nationality: *Belgian*

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

05 Michael Fish
Chief Information Officer, Head of Information Technology and Operations
Nationality: *American*

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

06 Gottfried Leibbrandt
Head of Markets
Nationality: *Dutch*

Gottfried Leibbrandt is currently Head of Markets, the group responsible for defining the value proposition for SWIFT's customer segments, including standards and solutions. He was previously Head of Standards. Gottfried joined SWIFT in 2005. Prior to joining SWIFT, he worked for McKinsey & Company for 18 years.

07 Brian Haughan
Head of Products
Nationality: *Irish*

Brian Haughan is currently Head of Products. He was previously Head of Customer Operations. He joined SWIFT in 1988. Prior to SWIFT, he consulted with Logica.

08 Amanda Westwood
Head of Customer Service
Nationality: *British*

Amanda Westwood was appointed Head of Customer Service in September 2007. The group is responsible for SWIFT's Partner Management and Customer Training, Integration Consultancy, Support Services, Ordering and Provisioning, and migrations and deployments. Amanda joined SWIFT in 2003. Before joining SWIFT she was General Manager and Vice President of Services for IONA Technologies.

09 Francis Vanbever
Chief Financial Officer
Nationality: *Belgian*

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

10 Rosie Halfhead
Head of Stakeholder Relations
Nationality: *British*

Rosie Halfhead was appointed Head of Stakeholder Relations in September 2007. She joined SWIFT in 1987. In 2001 she was recruited by ACNielsen. In 2003, Rosie created her own brand communications consultancy. Her clients have included Toyota, American Standard Company and Tetra Pak as well as the European Central Bank and the European Payments Council.

11 Mark Waller
Head of Human Resources
Nationality: *British*

Mark Waller joined SWIFT in April 2001 to head the company's human resources function. Mark joined SWIFT from Alcatel where he was Area Director, Resourcing and Development, EMEA.

12 Blanche Petre
General Counsel & Board Secretary
Nationality: *Belgian*

Blanche Petre was appointed General Counsel of the company in 1998 and Board Secretary in 2000. She joined SWIFT in 1980 as legal counsel. Prior to SWIFT, Blanche worked as a practising lawyer at the Brussels Bar.

13 Kosta Peric
Deputy Head of Products
Nationality: *Belgian*

Kosta Peric was appointed Head of Product Innovation in 2007. He was previously Head of Securities Market Infrastructures in the sales division, with responsibility for negotiating and acquiring key strategic programmes. He was also the chief architect for SWIFTNet. Kosta joined SWIFT in 1990. Prior to SWIFT, he worked for Solvay & Cie, Control Data Corporation and the Université Libre de Bruxelles.

14 David Pryce
Managing Director, Americas
Nationality: *British*

David Pryce is Managing Director and Deputy Head of the Americas region. He was appointed acting Head of the Americas Region in September 2007 and was previously Head of Commercial Channels and Developing Markets. Prior to joining SWIFT in 1985, he worked for Burroughs Machines Ltd in their International Banking Division in London, handling both sales, support and education activities.

15 Didier Verstichel
Deputy Chief Information Officer
Nationality: *Belgian*

Didier Verstichel has been Director of the Enterprise Security and Architecture department at SWIFT since 2005. Prior to joining SWIFT in 1994, Didier spent 12 years with Europay (now Mastercard Europe) in different ICT functions.

16 Jean Sonneville
Deputy Head of Markets
Nationality: *Belgian*

In 2008 Jean Sonneville was Managing Director of Fund and Investment Management at SWIFT, with responsibility for strategy, product development and sales activities within the sector. He joined SWIFT in 2007 from ING Investment Management. With effect from 1 January 2009, Jean took the position within SWIFT of Global Key Account Director within EMEA. He left the Leadership Council at the end of 2008.

Board of Directors

— Experienced industry practitioners, pro-active governors and advisors

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01 Yawar Shah

Chairman of the Board of Directors, SWIFT. Chief Operations Officer, Shared Services, Citi, USA

Yawar Shah has been a SWIFT Director since 1995, Deputy Chairman of the Board since 1996, and Chairman since June 2006. He is the Chief Operations Officer for Citi Shared Services globally. Prior to this, Mr. Shah was at J.P.Morgan for over 20 years. Positions there have included Global Operations Executive for Worldwide Securities Services, Retail Service and Operations Executive, Chief Operating Officer of the Global Private Bank, and General Manager of the Treasury Management Services business.

02 Stephan Zimmermann

Deputy Chairman of the Board of Directors, SWIFT. COO, Wealth Management & Swiss Bank, UBS AG, Switzerland. Chairman of Human Resources Committee of the Board, SWIFT

SWIFT Director since 1998. Vice Chairman SFMS, Swiss Financial Market Services, Switzerland. Member of SWIFT's Compensation Committee.

03 Udo Braun

Divisional Board Member, TXB Markets, Commerzbank AG, Germany

SWIFT Director since 2007. Joined Commerzbank in 1988. Currently responsible for all operations services for Financial Market Instruments of Commerzbank Group. Previously held several managerial functions in information technology, securities and capital markets at Commerzbank in Europe and US.

04 Ignace Combes

Deputy Chief Executive Officer, Euroclear SA/NV, Belgium

SWIFT Director since 2006. Deputy Chief Executive Officer, Vice Chairman of the Management Committee and member of the Executive Committee of Euroclear SA/NV. Chairman of the Board of Directors of Euroclear France, Euroclear Nederland, Euroclear Belgium and NCSD Holding (parent company of Euroclear Sweden & Euroclear Finland) and Member of the Board of Directors of Euroclear Bank. He is Chairman of TransConstellation a.s.b.l./v.z.w. and he is also a Board Member of Febelfin and of Partena. Previously held several managerial positions with J.P.Morgan in Brussels and New York.

05 Arthur Cousins

Director Strategy and Product Development, The Standard Bank of South Africa, South Africa

SWIFT Director since 2003. Joined Standard Bank in 1969. Currently responsible for strategy and product development at Corporate and Investment Banking Division. Previously Head of Treasury Operations, International Banking Operations including Trade Finance, and Custody. CLS Board Member. Previous Board Member of STRATE (national CSD). Member of the JSE Securities Exchange Advisory Committee for Clearing and Settlement. Chairman of Financial Industry Standards Association of South Africa. Chairman of national ISO TC68 Standards Committee and a Member of the Global Payments Forum Steering Committee.

06 Erik Dralans

CEO of ING South West Europe and Member of the Retail Committee of ING Bank, Belgium. Chairman of Audit and Finance Committee of the Board, SWIFT

SWIFT Director since 2003. Started his career with Bank Brussels Lambert in 1972 and gained extensive international experience while working in Tokyo, Northeast Asia, Singapore and New York. Between 1997 and 2007 responsible for the processing of global operations and the related IT applications and platforms for ING Bank. Chairman of the Supervisory Board of Equens, Chairman of the European Debit Advisory Committee of MasterCard.

07 John Ellington

Director, Global Transaction Services Operations, UK & Europe, The Royal Bank of Scotland, United Kingdom

SWIFT Director since 2005. Joined The Royal Bank of Scotland (previously NatWest) in 1985 and held several senior positions in international payment and trade operations. Currently responsible for GTS Operations UK & Europe, with c4000 staff across 24 countries. GTS Ops UK & Europe provides transaction services including payments, trade, cash management and card processing services to global corporate, commercial, retail clients and financial institutions. Director, SWIFT (UK), and Director, Vocalink.

08 Giorgio Ferrero

Head of Payment Systems Development and Strategy, Intesa Sanpaolo, Italy

Over thirty years of banking experience. Currently responsible for the strategic development in the payment systems area and the implementation of best practices and new payment schemes. Chair of the EBA Clearing Company. Member of the COGEPS, of the European Payments Council Plenary and Co-ordination Committee and Board Member of Consorzio Bancomat. He also participates in the ECB SEPA High Level Meetings as Intesa Sanpaolo Representative.

09 Wolfgang Gaertner

CIO, Deutsche Bank AG, Germany. Chairman of Technology and Production Committee of the Board, SWIFT

SWIFT Director since 2001. Joined Deutsche Bank in 1998 and serves as Chief Information Officer. His group provides IT solutions and operations services to the Global Banking, Private & Business Clients and Private Wealth Management divisions. Previous functions included management of Deutsche Bank's cash business for financial institutions, as well as managerial positions in IT at Commerzbank. Holds a degree in economics and technology from the University of Karlsruhe.

10 Günther Gall

Executive Vice President, Division Head of Transactions Services, Raiffeisen Zentralbank, Austria

SWIFT Director since 2001. Joined the Genossenschaftliche Zentralbank, Vienna (formerly Raiffeisen Zentralbank) in 1969. Currently Divisional Head of Transaction Services, which comprise cash management, custody, cards and infrastructure. Represents the Raiffeisen Banking Group on the Supervisory Board of STUZZA, the Austrian platform for non-competitive co-operation in payments, at the management committee of APC (Austrian Payments Council), of the Supervisory Board of Paylife, the Austrian Card Acquiring and Issuing company, and A-TRUST, the accredited Austrian Certification Authority. Internationally, he is Member of the EBA Association Board and the European Payment Council Plenary.

11 Jean-Yves Garnier

Deputy Manager, Natixis, France

SWIFT Director since 2002. Joined Natixis (formerly Natexis Banques Populaires) in 1988 and was appointed Head of Interbank Relationships for Payments in 2000. Previously supervised the back offices for card and payment systems and the project management team. Previously held functions at Banque Internationale pour l' Afrique Occidentale and Société Générale. Currently EBA board member and chair of ISO TC 68 SC7.

12 Alan Goldstein

Managing Director & Chief Information Officer, Asset Management & International, The Bank of New York Mellon, USA. Chairman of Standards Committee of the Board, SWIFT

SWIFT Director since 2006. Alan oversees Technology for the Asset Management businesses globally, and for all businesses internationally at Bank of New York Mellon. Previous management responsibilities at the company include Technology Risk Management, Enterprise Architecture, Financial Messaging Systems, Software Development, Distributed Application Infrastructures, Data and Database Administration. Before joining The Bank of New York, Alan was Chief Technology Officer for BondNet Trading Systems, an industry leader in Fixed Income Trading Systems acquired by the Bank in 1997. Prior to this, Alan worked for a number of firms in the US and EMEA as a technology consultant.

Board of Directors (continued)

— Experienced industry practitioners, pro-active governors and advisors

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13 Finn Otto Hansen

Head, Clearing and Settlement Strategies, DnB NOR Bank ASA, Norway. Chairman of Banking and Payments Committee of the Board, SWIFT

SWIFT Director since 2004. Joined DnB NOR in 1974. Held various positions in Credit, Payments and Cash Management. Currently heads the department for Clearing and Settlement Strategies. Has represented his institution and Norwegian banks on various national committees over the last two decades, including the SWIFT National Member Group. Representative of DnB NOR to EBA Clearing.

14 Hideo Kazusa

General Manager, Transaction Services Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan

Over twenty five years of international banking experience. Currently responsible for Japanese yen payments, clearing, security clearing and custodial services. Previous experience includes strategic planning, resource allocation and risk management at regional and international levels.

15 Colin Klipin

Managing Director, Global Payments, Barclays Bank, United Kingdom

Has been involved in the payments industry for over twenty years. Currently responsible for Barclays Group-wide payments including payment operations, technology and risk. Chairman of Faster Payments, Chairman of APACS Director of Payments Council. Previously served as a SWIFT Board member, representing the USA, from 1992 to 1994 and is currently a member of SWIFT's UK Board.

16 Yves Maas

Head International Operations, Managing Director, Credit Suisse, Switzerland

SWIFT Director since 2003. Started his career with Credit Suisse in 1999 (Credit Suisse Private Banking). Held positions in Securities, Treasury, IT, Operations as well as managerial positions at Cedelbank in Luxembourg. Member of the Board of Credit Suisse Private Advisors.

17 Jacques-Philippe Marson

President and CEO, BNP Paribas Securities Services, France. Chairman of Securities Committee of the Board, SWIFT

SWIFT Director since 2001. Joined Paribas in 1998 as Head of Global Securities Services and Member of the Investment Bank Management Board. Formerly Executive Vice President of State Street. Held managerial positions at Cedel, SWIFT and J.P.Morgan. Member of the Board of Trustees of the International Charter School of New England, Member of the SICOVAM Holding Board, Member of the Board of Omgeo, Member of the ISSA Board, Member of the EURO CCP Board and Member of various BNP Paribas subsidiary boards.

18 Lynn Mathews

Chairman of the Australian National Member Group and Asia Pacific and Latin American Representative of CLS Services, Australia

SWIFT Director since 1998. Formerly, Head of Payments, Products and Industry Policy and Strategy in the Global Transaction Services Group at Westpac Banking Corporation and General Manager of the Corporate and Investor Services Group at Citibank in Australia. Former Deputy Chairman of Australclear Ltd.

19 Alfredo Rodríguez Pinilla

CEO, OP PLUS, Operaciones y Servicios, BBVA Group, Spain

SWIFT Director since 2003. Formerly Head of Operations at Banco Bilbao Vizcaya Argentaria (BBVA) London.

20 Eli I Sinyak

Chief Technology & Services Officer, HSBC, Asia Pacific, Hong Kong

SWIFT Director since 2006. Joined HSBC Asia Pacific region in 2005 and now holds the position of Chief Technology & Services Officer. Responsible for all aspects of HSBC Information Technology and Operations in Asia Pacific and the CMB technology globally. Member of the Executive Committee of HSBC Hong Kong, member of the Hong Kong Bank Foundation, member of the Digital 21 Strategy Advisory Committee for the Hong Kong Government, Director of Hong Kong Note Printing Limited. Previously CEO of HSBC.com, Vice President Distribution Systems of HSBC North America and held other managerial positions in information technology.

21 Per-Eric Skotthag

Senior Advisor and Head of Transition Office, Nordea Bank AB (publ), Sweden

SWIFT Director since 2006. Joined Nordea Bank AB after senior positions as Deputy Regional Manager at SEB, and Deputy CEO and CEO of Postgirot Bank. Member of number of Credit, Executive and other committees at SEB, the Swedish Post, Postgirot Bank, Nordea and Swedish Central Bank.

22 Jeffrey Tessler

Chairman Clearstream Bank AG, Member of the Board of Directors, Clearstream International S.A., Luxembourg

SWIFT Director since 2006. Chief Executive Officer of Clearstream International S.A., President and Chairman of the Group Executive Management of Clearstream International S.A., Member of the Executive Board of Deutsche Börse AG, Chief Executive Officer of Clearstream Banking S.A., Chairman of the Group Executive Management of Clearstream Banking S.A.. Chairman of Edmond Israel Foundation. Previously held several managerial positions at Bank of New York, and BNY Securities Group in New York.

23 Dirk Vanderschrick

Member of the Management Board and Head of Financial Markets, Dexia Bank, Belgium

SWIFT Director since 2007. Board Member of Dexia Bank, Dexia Capital Ireland, Dexia Investments Ireland, Dexia Real Estate Capital Markets and Quest for Growth (Private Equity fund quoted on the Brussels Stock Exchange).

24 Ingrid Versnel

Head, Payments & Trade – Global Technology & Operations, Royal Bank of Canada, Canada

SWIFT Director since 2007. Currently leads the RBC's Payments and Trade transaction processing. Includes after-sales support for retail and wholesale payments products including cheques clearing, cash and electronic payment products for all wholesale and retail clients. Acts as the senior bank representative on industry forums including the Board of the Canadian Payments Association and the Bank of Canada BNDS Committee and Canadian Bankers' Association Interbank Operations Committee. Previously was Managing Director, Global Capital Markets – Operations and Administration. At the RBC Financial Group held various positions in Money Markets, Foreign Exchange, Derivatives, and Financial Engineering operations.

25 Jee Hong Yee-Tang

Technology Advisor to ABS, Singapore

SWIFT Director since 1999. Currently Technology Advisor to the Association of Banks in Singapore and Member of Computerisation Steering Committee of National Health Care Group, Singapore and Singapore Pools Pte Ltd. Previously Managing Director and Head of IT at DBS Bank. As EVP (Corporate Services) had responsibility for risk management and various operational departments, including Finance, Human Resources, Trade Finance, Credit Administration and Settlements. Was Board Member of DBS Asset Management and DBS Card Centre Pte Ltd.

Directors who left the Board in 2008

During the course of 2008, three directors left the Board.

Takashi Kimori, General Manager of Transaction Services Division, The Bank of Tokyo-Mitsubishi UFJ Ltd, Japan, left in 2008 having joined the Board in 2005. He was replaced by Mr Kazusa.

Maurizio Mistura, Interbank Relations Director, SIA-SSB SpA, Italy, left in 2008 having joined the Board in 2000. He was replaced by Mr Ferrero.

Marilyn H. Spearing, Managing Director, Global Head of Trade Finance & Cash Management Corporates, Deutsche Bank AG, United Kingdom, left in 2008 having joined the Board in 2005. She was replaced by Mr Klipin.

Governance at SWIFT

SWIFT is a cooperative society under Belgian law and is owned and controlled by its shareholders. The shareholders elect a Board of 25 independent Directors, which governs the Company and oversees the management of the Company. The Leadership Council is a group of full-time employees headed by the Chief Executive Officer.

Elections

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

Board committees

The Board has six committees:

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

- Accounting;
- Financial reporting and control;
- Legal and Regulatory oversight;
- Security;
- Budget, finance and financial long-term planning;
- Responsibility and liability/Code of conduct; and
- Audit oversight.

The AFC meets at least four times per year with CEO, CIO, CFO, General Counsel and Chief Auditor, or their pre-approved delegates. The Committee may request presence of any member of SWIFT staff at its discretion. External auditors are present when their annual statements/opinions are discussed and when the Committee deems appropriate.

— The Human Resources Committee oversees executive compensation. It assesses Company performance and decides on the remuneration package for members of the Leadership Council and other key executives. It monitors employee compensation and benefits programmes, including the provisioning and funding of the pension plans. It also approves appointments to the Leadership Council and assists in the development of the organisation, including succession planning. The Board Chairman and Deputy Chairman are members of the Committee and meet four to five times per year with the CEO, the Head of Human Resources, and the CFO on financial and performance measures. The Human Resources Committee has delegated powers from the Board in these matters. The Committee also meets without the SWIFT executives several times a year.

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

— Two technical committees: Standards, and Technology and Production.

The Committees provide strategic guidance to the Board and the Leadership Council, and review project progress in their respective areas.

Remuneration of Directors

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

Audit process

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

— Ernst & Young, Brussels has held the Financial Audit mandate since June 2000. Their mandate was renewed in June 2006, and runs to June 2009. Their financial audit statement is on page 31 of the Annual Report 2008.

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

Oversight

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

User representation

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

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

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

Board nominations

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

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

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

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

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

Oversight of SWIFT

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

While SWIFT is neither a payment nor a settlement system and, as such, is not regulated by central banks or bank supervisors, a large and growing number of systemically important payment systems have become dependent on SWIFT, which has thus acquired a systemic character.

Because of this, the central banks of the Group of Ten countries (G-10) agreed that SWIFT should be subject to cooperative oversight by central banks. The oversight of SWIFT in its current form dates from 1998.

An open and constructive dialogue

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

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

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

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

Objectives, areas of interest and limitations

The objectives of oversight of SWIFT centre on the security, operational reliability, business continuity and resilience of the SWIFT infrastructure. To review whether SWIFT is pursuing these objectives, overseers want to obtain comfort that SWIFT has put in place appropriate governance arrangements, structures, processes, risk management procedures and controls that enable it to effectively manage the potential risks to financial stability and to the soundness of financial infrastructures.

Overseers review SWIFT's identification and mitigation of operational risks, and may also review legal risks, transparency of arrangements and customer access policies. SWIFT's strategic direction may also be discussed with the Board and senior management.

This list of oversight fields is indicative, not exhaustive. In short, overseers will undertake those activities that provide them comfort that SWIFT is paying proper attention to the objectives described above. Nevertheless, SWIFT continues to bear the responsibility for the security and reliability of its systems, products and services. It should be understood that the oversight of SWIFT does not grant SWIFT any certification, approval or authorisation.

International cooperative oversight

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

Oversight structure — oversight meetings

The NBB monitors SWIFT on an ongoing basis. It identifies relevant issues through the analysis of documents provided by SWIFT and through discussions with the management. It maintains a continuous relationship with SWIFT, with ad hoc meetings on a regular basis, and serves as the G-10 central banks' entry point for the cooperative oversight of SWIFT. In that capacity, the NBB chairs the senior policy and technical groups that facilitate the cooperative oversight, provides the secretariat and monitors the follow-up of the decisions taken.

Access to information

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

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

Financial performance

2008 represented a year of unprecedented volatility and challenges for the financial industry. In spite of the turmoil, SWIFT delivered a strong financial performance which enabled us to provide further price reductions to the community and to continue funding strategic projects such as Distributed Architecture.

In 2008, FIN traffic, our main source of revenue, grew 9.8 percent compared to 2007. This growth was fuelled by a significant level of volatility through the year and we recorded six peak days in total. The last peak day was on 15 October, with 17,860,068 messages exchanged over the network. The volume of activity dropped significantly in the last two months of the year due to the financial crisis and the related drop in trading volumes. Overall, year on year growth in our major markets remained strong, primarily in securities and treasury, with 17 percent and 16 percent respectively.

In January 2008, following our commitment to reduce the average messaging price by 50 percent between 2006 and 2011, we reduced FIN messaging prices by 5 percent. We also offered our large customers the option of having a fixed annual fee covering all their messaging services. The fixed fee scheme gives customers the opportunity to sign up for a three-year period and increase messaging usage in value by up to 50 percent a year at no extra cost. During 2008, 33 customers signed up. In addition, the Company granted a 5 percent rebate on all messaging services, representing a EUR 19 million saving for customers.

Total operating revenue before rebate decreased by 4.3 percent year on year, from EUR 625 million in 2007 to EUR 598 million in 2008. The message volume growth has been more than offset by the impact of the various pricing initiatives, which resulted in a 10.3 percent decrease of the average message price between 2007 and 2008. In 2007, interface and security systems sales were exceptionally high due to the SWIFTNet Phase 2 migration. This was combined with the effect of the US dollar depreciation in 2008 on US dollar denominated sales.

Operating expenses increased by 4.7 percent compared to 2007. This was primarily the result of the Distributed Architecture project and additional manpower, mainly in commercial functions. The 2008 income statement also includes a EUR 5 million one-time charge for the VPN box upgrade programme that will take place over the coming years.

As a result of the above, 2008 profit before tax was EUR 31 million.

In 2008, SWIFT generated a net operating cash flow of EUR 24 million after the 2007 rebate (EUR 57 million). Capital investments amounted to EUR 96 million, including EUR 24 million for Distributed Architecture. The Company maintains a very strong balance sheet, with no debt and a EUR 96 million net cash balance at year-end 2008.

Key figures

— year ended 31 December 2008

(in millions)	2008 EUR	2007 EUR	2006 EUR	2005 EUR	2004 EUR
Operating revenues before rebate	598	625	588	559	588
Rebate	(19)	(57)	(26)	(23)	(33)
Revenues after rebate	579	568	562	536	555
Operating expenses	(560)	(535)	(539)	(524)	(536)
Profit before taxation	31	36	29	16	18
Net profit	25	23	25	8	10
Net cash flow from operating activities	24	86	83	112	94
Capital expenditure of which:	96	51	46	67	55
– Property, plant and equipment	73	41	38	57	45
– Intangibles	23	10	8	10	10
Shareholders' equity	262	255	238	216	156
Total assets	502	480	473	424	406
Number of employees end of year	2,138	2,001	1,890	1,821	1,737

Report of the independent financial auditors

To the shareholders of S.W.I.F.T. SCRL

We have audited the accompanying financial statements of S.W.I.F.T. SCRL, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 control 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 financial statements give a true and fair view of the financial position of S.W.I.F.T. SCRL as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Reviseurs d'Entreprises SCCRL

Represented by

Marc Van Steenvoort
Partner, Brussels, 11 March 2009

Security audit statement

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

Management is satisfied that, for the period 1 January 2008 to 31 December 2008, the control policies and procedures relating to the SWIFTNet and FIN services were operating with sufficient effectiveness to provide reasonable assurance that appropriate governance was in place and the confidentiality, integrity, availability and change management objectives were met. The control objectives were specified by SWIFT Management.

PricewaterhouseCoopers were retained by the Directors to review the control policies and controls, both manual and computer-based, related to the FIN and SWIFTNet messaging services, specified by SWIFT Management for the period 1 January 2008 to 31 December 2008.

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

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

Consolidated statement of income

— year ended 31 December 2008

(in thousands)	Note	2008 EUR	2007 EUR
Revenues			
Traffic revenues	2	361,040	332,854
One-time revenues	3	8,038	12,379
Recurring revenues	4	106,023	106,210
Interface revenues	5	101,414	112,945
Other operating revenues		2,974	3,985
		579,489	568,373
Expenses			
Royalties and cost of inventory		(12,982)	(16,805)
Payroll and related charges	6	(264,771)	(258,605)
Network expenses	7	(20,116)	(21,828)
Rental, maintenance, office and outside service expenses	8	(196,021)	(182,536)
Depreciation of property, plant and equipment	13	(42,853)	(38,543)
Amortisation of intangible fixed assets	14	(10,740)	(9,965)
Other expenses	9	(12,101)	(6,735)
		(559,584)	(535,017)
Profit from operating activities		19,905	33,356
Financing costs		(705)	(715)
Other financial income and expenses	10	3,651	3,256
Gain on sale of subsidiary	12	7,797	-
Profit before tax		30,648	35,897
Income tax expense	11	(5,918)	(12,860)
Net profit		24,730	23,037

Consolidated statement of recognised income and expense ('SoRIE')

— year ended 31 December 2008

(in thousands)		2008 EUR	2007 EUR
Net profit		24,730	23,037
Foreign currency translation		(296)	(144)
Cash flow hedges:			
– Current year gains/(losses) on financial instruments		1,186	(5,469)
– Prior year (gains)/losses transferred to income statement		5,469	(420)
Recognition of actuarial gains and losses	24	(34,095)	(2,641)
Deferred taxes recognised in shareholders' equity	17	11,565	2,901
Income and expense recognised in shareholders' equity		8,559	17,264

The accompanying notes on pages 42 to 68 are an integral part of these financial statements.

Consolidated balance sheet

— year ended 31 December 2008

(in thousands)	Note	2008 EUR	2007 EUR
Non-current assets			
Property, plant and equipment	13	167,568	137,408
Intangible assets	14	27,540	16,148
Investments in associated companies	15	549	549
Other investments	16	-	-
Deferred income tax assets	17	32,434	23,703
Total non-current assets		228,091	177,808
Current assets			
Cash and cash equivalents		96,153	171,817
Trade receivables	18	64,243	34,365
Other receivables	19	26,891	13,628
Prepayments to suppliers	20	38,592	48,170
Inventories	21	799	3,279
Prepaid taxes	22	46,883	31,300
Total current assets		273,561	302,559
Total assets		501,652	480,367
Shareholders' equity	23	262,281	254,809
Non-current liabilities			
Long-term employee benefits	24	98,005	70,336
Deferred income tax liabilities	17	-	11,976
Total non-current liabilities		98,005	82,312
Current liabilities			
Amounts payable to suppliers		21,420	21,352
Short-term employee benefits	25	57,597	64,840
Short-term provisions	26	1,971	1,910
Other liabilities	27	49,568	38,662
Advance payments from current and prospective members		-	40
Accrued taxes	28	10,810	16,442
Total current liabilities		141,366	143,246
Total liabilities and shareholders' equity		501,652	480,367

The accompanying notes on pages 42 to 68 are an integral part of these financial statements.

Consolidated statement of cash flows

— year ended 31 December 2008

(in thousands)	2008 EUR	2007 EUR
Cash flow from operating activities		
Profit from operating activities	19,905	33,356
Depreciation of property, plant and equipment	42,853	38,543
Amortisation of intangible fixed assets	10,740	9,965
Net loss and write-off on sale of property, plant and equipment, and intangible assets	246	819
Other non-cash operating losses	6,962	1,038
Changes in net working capital	(43,654)	11,489
Net cash flow before interest and tax	37,052	95,210
Interest received	7,639	5,761
Interest paid	(705)	(715)
Tax paid	(20,063)	(14,386)
Net cash flow from operating activities	23,923	85,870
Cash flow from investing activities		
Capital expenditures:		
– Property, plant and equipment	(73,215)	(40,758)
– Intangibles	(22,528)	(10,166)
Proceeds from sale of fixed assets	351	904
Net proceeds from sale of subsidiary	(3,629)	-
Net cash flow used in investing activities	(99,021)	(50,020)
Cash flow from financing activities		
Net payments for reimbursement of contributions	(1,087)	(428)
Net cash flow from (used in) financing activities	(1,087)	(428)
Increase/(decrease) of cash and cash equivalents	(76,185)	35,422
Movement in cash and cash equivalents		
At the beginning of the year	171,817	137,090
Increase/(decrease) of cash and cash equivalents	(76,185)	35,422
Effects of exchange rate changes	521	(695)
At end of the year	96,153	171,817
Cash and cash equivalent components are:		
Cash	22,024	33,226
Liquid money market products	74,129	138,591
At the end of the year	96,153	171,817

The accompanying notes on pages 42 to 68 are an integral part of these financial statements.

Notes to the consolidated financial statements

01 Corporate information

The consolidated financial statements of S.W.I.F.T. SCRL (also referred to as SWIFT or the Company) for the year ended 31 December 2008, were authorised for issuance in accordance with a resolution of the Board of Directors on 11 March 2009 and will be proposed for approval at the Annual General Meeting of 10 June 2009.

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 8,800 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 209 countries and employed 2,138 employees as of 31 December 2008.

Summary of significant accounting policies:

Basis of preparation

The consolidated financial statements of S.W.I.F.T. SCRL have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 IFRSs. The significant accounting policies used in the preparation of these financial statements are set out below.

Use of estimates

The preparation of financial statements in conformity with IFRSs 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.

Changes in accounting standards

The application by the Company of the following new standards, interpretations and amendments, that are effective for the period beginning on 1 January 2008 has been investigated. It was concluded that these are not applicable to the Company.

1/ IFRIC 12 – Service concession arrangements (1 January 2008)

2/ IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (1 January 2008)

3/ IFRIC 11 – IFRS 2 – Group and treasury share transactions (1 March 2007)

New standards, interpretations and amendments, that have been issued but are not yet effective for the period beginning on 1 January 2008, 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/ IFRS 8 – Operating Segments (1 January 2009)

2/ IAS 1 (Revised) – Presentation of Financial Statements (1 January 2009)

3/ IAS 23 (Revised) – Borrowing Costs (1 January 2009)

4/ IFRS 1 (Revised) – First Time Adoption of IFRS (1 July 2009)

5/ IFRS 3 (Revised) – Business Combinations (1 July 2009)

6/ IFRS 2 (Amended) – Share-Based Payment: Vesting Conditions and Cancellations (1 January 2009)

7/ IFRS 1/IAS 27 (Amended) – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate (1 January 2009)

8/ IAS 27 (Revised) – Consolidated and Separate Financial Statements (1 July 2009)

9/ IAS 39/IFRS 7 (Amended) – Reclassification of Financial Assets: Effective Date and Transition (1 July 2008)

10/ IAS 39 (Amended) – Eligible Hedged Items (1 July 2009)

11/ IFRIC 13 – Customer Loyalty Programmes (1 July 2009)

12/ IFRIC 15 – Agreements for the Construction of Real Estate (1 January 2009)

13/ IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (1 October 2008)

14/ IFRIC 17 – Distribution of Non-Cash Assets to Owners (1 July 2009)

15/ IFRIC 18 – Transfers of Assets from Customers (1 July 2009)

16/ Annual Improvements to IFRS (1 January 2009)

The Company opted for early adoption of amendments to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation. SWIFT's shares fall within the definition of puttable instruments as any SWIFT shareholder has the right to sell its shares back to SWIFT and as SWIFT has the obligation to buy its shares back. Adoption of these amendments affected the financial position of the Company as SWIFT shares are considered as puttable financial instruments to classify as equity whereas, prior to the amendments, they were classified as Net assets attributable to members.

SWIFT shares are presented in a Consolidated Statement of changes in equity instead of being presented in a statement of change in Net Assets Attributable to members. The effects of this restatement as at 31 December 2006 are disclosed in Note 23 of these consolidated financial statements.

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, collectively referred to as "the Group".

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 material intercompany transactions are eliminated. Consistent accounting policies are used across the Group.

The liquidation of S.W.I.F.T. Ireland SNC (in liquidation) was finalised end of October 2008. In December 2008, S.W.I.F.T. Re (Luxembourg) SA was sold. The 2008 activities of both subsidiaries until their deconsolidation are included in the 2008 consolidated income statement.

In 2008, two new subsidiaries were opened in Austria and in China: S.W.I.F.T. Austria GmbH and S.W.I.F.T. Beijing Ltd.

The subsidiaries of the Group are listed hereafter:

Name		% Ownership	Country of registration
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.	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
S.W.I.F.T.	SA (Pty) Ltd	100.00	South Africa

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. The Company's investments in associates consist of a 20 percent ownership in AccuMatch AG (Switzerland).

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.

Impairment tests are performed when there is an indication that the asset could be impaired. Further, the carrying amounts are reviewed at each balance sheet date to assess whether or not they are in excess of their recoverable amounts. Where carrying amounts exceed these estimated recoverable amounts, assets are written down to their recoverable amounts.

Financial and operating lease

The Company currently has 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.

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. Depreciation 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 an internal project 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 their useful economic lives. 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.

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.

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 statement of recognised income and expense ("SoRIE") are also recorded in the consolidated statement of recognised income and expense.

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. Economic hedges, which mitigate foreign currency risk but that do not meet the strict IAS 39 hedge accounting rules, are measured at fair value through profit and loss. This is mainly applicable for exotic and vanilla options.

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, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the statement of recognised income and expense (SoRIE) under the line item cash flow hedges. Qualitative and quantitative tests are used to assess hedge effectiveness.

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 SoRIE 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 SoRIE 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.

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.

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 money market products are classified as available for sale. The revaluation of these products is entirely made up of interest recognition in the profit and loss accounts.

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.

Trade receivables

Trade receivables, which generally have 40-90 days payment terms, are recognised and carried at original invoice amount. An impairment loss is recognised for any difference between carrying amount and recoverable amount. Receivables from related parties are recognised and carried at nominal value.

Pension schemes

S.W.I.F.T. SCRL operates a number of defined benefit pension plans covering primarily its Belgian, US 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.

In 2006, the Company decided to report all actuarial gains and losses in the SoRIE, as allowed under IAS 19 (revised 2004).

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

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

Revenues

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 discount 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 revenues consist of fees charged for the sale of software, needed for customers to communicate with their counterparties, which are recognised in income when delivered, as well as software maintenance charges which are recognised in revenues on a pro rata basis over the period of the agreement.

Other operating revenues comprise mainly the recovery of charges incurred on behalf of members, capital gains on the sale of fixed assets, and other non recurring items.

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 SoRIE.

02 Traffic revenues

The increase in traffic revenues from EUR 332.9 million in 2007 to EUR 361.0 million in 2008 is explained by the higher traffic volume in 2008 and by a lower 2008 rebate of 5 percent versus 15 percent in 2007. Those effects are offset by a reduced average unit price and by the introduction of an optional fixed fee pricing scheme for the large users.

03 One-time revenues

The decrease in one-time revenue from EUR 12.4 million in 2007 to EUR 8.0 million in 2008 is mainly explained by a decrease of EUR 3.3 million in revenues coming from the sales of security certificates. The decrease is also driven by the full year impact of the decision to no longer charge membership admission fees as of July 2007.

04 Recurring revenues

(in thousands)	2008 EUR	2007 EUR
Recurring connectivity revenues	33,411	34,922
Recurring service revenues	34,373	31,042
Documentation and directory services	13,906	15,705
Conferences	17,052	16,339
Education	7,281	8,202
	106,023	106,210

The recurring connectivity represents the annual charges paid by users to connect to SWIFT's network.

The recurring service is mainly composed by the annual support charges associated to the security products.

05 Interface revenues

The decrease in interface revenues from EUR 112.9 million last year to EUR 101.4 million in 2008 results from the decrease in the number of new interfaces and security systems sold, partially due to the end of SWIFTNet Phase 2 migration. This decrease is also explained by the weakening of the US dollar compared to 2007, as the pricing for interfaces is denominated in US dollars.

06 Payroll and related charges

(in thousands)	2008 EUR	2007 EUR
Salaries	171,123	168,175
Termination indemnities	2,475	3,923
Social security costs	37,080	33,414
Pension costs – defined contribution plans	1,950	1,874
Pension costs – defined benefit plans (Note 24)	17,711	16,285
Other post-retirement benefits (Note 24)	2,167	2,051
Insurance, training and other personnel expenses	32,265	32,883
	264,771	258,605

The increase in salaries is explained by the 6.9 percent growth in average number of employees from 2007 to 2008, driven by the investments in *SWIFT2010* strategic initiatives and the Distibuted Architecture project as well as the evolution of the remuneration of employees. This increase has been partially offset by gains resulting from the weakening of the US dollar.

07 Network expenses

The decrease in network expenses from EUR 21.8 million in 2007 to EUR 20.1 million in 2008 is mainly explained by the end of the network subsidisation programme for customers in emerging markets. This programme was discontinued due to the availability of new low cost connectivity solutions.

08 Rental, maintenance, office and outside service expenses

(in thousands)	2008 EUR	2007 EUR
Rent of buildings	10,019	8,752
Software operating lease	9,525	10,256
Other rental costs	5,360	5,433
Repair and maintenance costs	45,489	42,298
General office expenses	9,080	8,602
Other outside service expenses	116,548	107,195
	196,021	182,536

The increase in other outside service expenses from EUR 107.2 million last year to EUR 116.6 million in 2008 is primarily explained by the Distributed Architecture project and other IT projects launched in 2008.

09 Other expenses

(in thousands)	2008 EUR	2007 EUR
Taxes other than income taxes	4,497	3,665
Loss on sale or disposal of current and non-current assets	631	1,128
Changes in short-term and voluntary leave provisions	1,585	528
Accrued promotional expenses	4,933	-
Other	455	1,414
	12,101	6,735

The increase in other expenses from EUR 6.7 million last year to EUR 12.1 million in 2008 is primarily explained by the provisioning in 2008 of the costs related to VPN box hardware upgrade programme.

10 Other financial income and expenses

(in thousands)	2008 EUR	2007 EUR
Interest income	8,289	3,870
Money market products income	2,044	4,469
Net foreign exchange gains/(losses)	(1,284)	(1,762)
Net gains/(losses) on financial instruments – derivatives (Note 31)	(5,975)	(3,624)
Bank charges	(530)	(795)
Other financial income	1,107	1,098
	3,651	3,256

Following the financial credit crisis, SWIFT has decreased the amount of cash invested in money market funds and increased the investments in term deposits.

The net increase in interest and money market products income from EUR 8.3 million last year to EUR 10.3 million this year is explained by a EUR 4.1 million additional accrual of interest due by the Belgian Government on blocked funds included in a litigation with the Belgian Tax Administration. The increase is partly offset by less interest gained due to a lower average cash position in 2008 and lower interest rates in the last quarter of the year.

The evolution of net foreign exchange results and the net results on financial instrument derivatives is explained by the relative fluctuations on the foreign exchange markets, and is compensated by the positive effect of mainly the US dollar on the various captions of the income statement.

11 Income tax expense

Major components of the income tax expense are as follows:

(in thousands)	2008 EUR	2007 EUR
Current income taxes		
Domestic:		
– Current year tax expense	(1,247)	(7,145)
– Adjustments of prior year tax income	2,124	903
	877	(6,242)
Foreign:		
– Current year tax expense	(3,470)	(5,346)
– Adjustments of prior year tax income	(498)	18
	(3,968)	(5,328)
Current income tax expense	(3,091)	(11,570)
Deferred income taxes		
Domestic:		
– Current year tax income/(expense)	(587)	(2,318)
– Adjustments of prior year tax income/(expense)	31	(598)
	(556)	(2,916)
Foreign:		
– Current year tax income/(expense)	(2,534)	1,734
– Adjustments of prior year tax expense	263	(108)
	(2,271)	1,626
Deferred income tax income/(expense)	(2,827)	(1,290)
Income tax expense	(5,918)	(12,860)

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 2008 and 2007 is included in the table below.

(in thousands)	2008 EUR	2007 EUR
Income tax charge at statutory rate	(10,417)	(12,201)
Adjustments of prior year current income tax expense	1,625	1,096
Adjustments of prior year deferred income tax expense	294	(706)
Effect of different tax rates in other countries	46	738
Tax incentives	2,304	808
Capital gain exemption on sale of subsidiary	2,650	-
Non deductible items	(2,420)	(2,595)
Income tax charge	(5,918)	(12,860)

The prior year adjustments reflected in the income tax expenses relate primarily to the evolution of pending issues and questions with tax authorities that allowed the Company to adjust the income tax provisions.

12 Gain on sale of subsidiary

The net capital gain realised on the sale of S.W.I.F.T. Re (Luxembourg) SA (EUR 7.8 million) corresponds to the difference between the sale price and the net assets value of the subsidiary at the date of disposal of this entity by S.W.I.F.T. SCRL.

The liquidation of S.W.I.F.T. Ireland SNC (in liquidation) has no impact on the 2008 results.

13 Property, plant and equipment

(in thousands)	Land and buildings EUR	Plant, machinery and equipment EUR	Work in progress EUR	Total EUR
2007				
Opening net book value	65,116	65,231	6,484	136,831
Foreign currency translation	-	(11)	-	(11)
Additions	6,966	24,900	8,892	40,758
Transfers	4,247	2,249	(6,415)	81
Disposals	(1,520)	(188)	-	(1,708)
Depreciation charges	(9,855)	(28,688)	-	(38,543)
Depreciation rates	3-10%	20-33%	-	-
Closing net book value	64,954	63,493	8,961	137,408
At 31 December 2007				
Cost	209,359	236,421	8,961	454,741
Accumulated depreciation	(144,405)	(172,928)	-	(317,333)
Net book value	64,954	63,493	8,961	137,408
2008				
Opening net book value	64,954	63,493	8,961	137,408
Foreign currency translation	-	(19)	-	(19)
Additions	9,137	48,374	15,704	73,215
Transfers	5,778	3,157	(8,961)	(26)
Disposals	(3)	(154)	-	(157)
Depreciation charges	(11,301)	(31,552)	-	(42,853)
Depreciation rates	3-10%	20-33%	-	-
Closing net book value	68,565	83,299	15,704	167,568
At 31 December 2008				
Cost	224,225	270,241	15,704	510,170
Accumulated depreciation	(155,660)	(186,942)	-	(342,602)
Net book value	68,565	83,299	15,704	167,568

The additions in 2008 amounting to EUR 73.2 million relate mainly to the Distributed Architecture project, hardware investments in resilience and scaling of the FIN and SWIFTNet systems, and improvements of internal systems.

14 Intangible assets

(in thousands)	Concessions, patents and licences EUR	Capitalised development costs EUR	Work in progress EUR	Total intangible assets EUR
2007				
Opening net book value	15,084	665	283	16,032
Foreign currency translation	-	-	-	-
Additions	9,202	400	564	10,166
Transfers	202	-	(283)	(81)
Disposals/write-offs	(4)	-	-	(4)
Amortisation charges	(9,652)	(313)	-	(9,965)
Amortisation rates	20-33%	33%	-	-
Closing net book value	14,832	752	564	16,148
At 31 December 2007				
Cost	150,521	8,762	564	159,847
Accumulated amortisation	(135,689)	(8,010)	-	(143,699)
Net book value	14,832	752	564	16,148
2008				
Opening net book value	14,832	752	564	16,148
Foreign currency translation	-	-	-	-
Additions	19,188	1,874	1,466	22,528
Transfers	589	-	(564)	25
Disposals	(5)	(416)	-	(421)
Amortisation charges	(10,294)	(446)	-	(10,740)
Amortisation rates	20-33%	33%	-	-
Closing net book value	24,310	1,764	1,466	27,540
At 31 December 2008				
Cost	110,165	9,760	1,466	121,391
Accumulated amortisation	(85,855)	(7,996)	-	(93,851)
Net book value	24,310	1,764	1,466	27,540

The additions for 2008 amounting to EUR 22.5 million relate mainly to investment in new products, investment in resilience and scaling of the SWIFTNet platform, and to software investments for further improvement of internal systems.

15 Investments in associated companies

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

In 2006, the carrying value of the investment in AccuMatch has been increased to EUR 0.5 million following increased net equity in the accounts of AccuMatch in 2006. In 2008, the carrying value remains unchanged.

The latest published financial statements of AccuMatch, dated 31 December 2007, are summarised below:

Consolidated statement of income:

year ended 31 December 2007

(in thousands)	2007 EUR	2006 EUR
Net result before tax	46	2,584
Taxes and duties	(5)	(58)
Net result after tax	41	2,526

Consolidated balance sheet:

year ended 31 December 2007

(in thousands)	2007 EUR	2006 EUR
Total assets	2,968	2,705
Total equity	2,940	2,686
Total liabilities	28	19
Total equity and liabilities	2,968	2,705

16 Other investments

SWIFT's interest in Bolero.net remains stable at 5.4 percent. This investment of EUR 10.5 million was impaired in 2000.

17 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities at 31 December 2008 are detailed as follows:

(in thousands)	2008 EUR	2007 EUR	Variation	Variation recognised in the SoRIE	Variation recognised in the income statement	Balance sheet movement	Deconsolidation recognised in the income statement
Deferred income tax assets							
Property, plant and equipment	3,251	3,387	(136)	(2)	(134)	-	-
Provisions	31,272	20,833	10,439	13,826	(3,387)	-	-
Other temporary differences	5,038	4,153	885	969	(84)	-	-
Netting of deferred income tax assets and liabilities by tax entities	(7,127)	(4,670)	(2,457)	-	-	(2,457)	-
	32,434	23,703	8,731	14,793	(3,605)	(2,457)	-
Deferred income tax liabilities							
Property, plant and equipment	(260)	(166)	(94)	-	(94)	-	-
Provisions	-	(12,010)	12,010	-	40	-	11,970
Other temporary differences	(6,867)	(4,470)	(2,397)	(3,228)	831	-	-
Netting of deferred income tax assets and liabilities by tax entities	7,127	4,670	2,457	-	-	2,457	-
	-	(11,976)	11,976	(3,228)	777	2,457	11,970
Net deferred income tax assets/(liabilities)	32,434	11,727	20,707	11,565	(2,827)	-	11,970

The increase in the deferred income tax assets results mainly from the actuarial gain and loss on pension plans.

18 Trade receivables

(a) Trade receivables

The increase in trade receivables from EUR 34.4 million in 2007 to EUR 64.2 million in 2008 is mainly explained by a decrease of the traffic rebate from EUR 57.2 million in 2007 (15 percent) to EUR 19.0 million in 2008 (5 percent).

Loans and receivables (in thousands)	Balance sheet carrying amount 2008 EUR	Balance sheet impairment 2008 EUR	Total	Balance sheet carrying amount 2007 EUR	Balance sheet impairment 2007 EUR	Total
Trade receivables	64,738	(495)	64,243	35,114	(749)	34,365
Credit notes to receive (included in other receivables)	1,388	-	1,388	1,012	-	1,012
	66,126	(495)	65,631	36,126	(749)	35,377

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.

The impairment balance of EUR 749 thousand at 31 December 2007 has been fully utilised. The impairment loss of EUR 495 thousand at 31 December 2008 relates to two specific cases.

(b) 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 76 percent of the Company's revenue is paid by direct debit. Any potential trade credit risk is thereby limited to the remaining 24 percent. These customers are individually monitored and are reported each month against strict target limits. The Company evaluates 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.

Financial assets, other than trade receivables which potentially subject the Company to concentrations of credit risk, consist exclusively of cash, short-term deposits, money market products and derivatives. These assets are placed with high credit quality institutions. In addition, the Company's treasury policy limits the amounts which can be placed with a single institution.

(c) Ageing balance of trade receivables

The ageing of trade receivables can be detailed as follows:

			Of which not impaired as of the reporting date and past due				
(in thousands)	Net carrying amount as of 31 December 2008 EUR	Of which neither impaired nor past due on the reporting date 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 between 180 and 359 days EUR
Trade receivables	64,243	59,655	-	426	3,218	402	542
Credit notes to receive	1,388	1,042	169	36	31	83	27

19 Other receivables

The increase in other receivables from EUR 13.6 million last year to EUR 26.9 million in 2008 is driven by an increase in the market value of unrealised hedging contracts. The fair value of hedging contracts amounted to EUR 5.3 million in 2007 versus EUR 15.8 million in 2008 and relates to forward and options contracts concluded to hedge foreign currency exposure.

The financial instruments are described in Note 31.

20 Prepayments to suppliers

The decrease in prepayments to suppliers from EUR 48.2 million in 2007 to EUR 38.6 million in 2008 is explained by the unusual level of advance payments on certain contracts that were made in 2007 in order to benefit from significant commercial discounts.

21 Inventories

(in thousands)	2008 EUR	2007 EUR
Hardware	525	8,124
Impairment on hardware	-	(5,024)
Software	273	179
Total inventories	799	3,279

The decrease in inventory from EUR 3.3 million in 2007 to EUR 0.8 million in 2008 is mainly explained by the write-off of the security hardware following the migration to new technologies as well as by the deployment of the hardware security module.

22 Prepaid taxes

Prepaid taxes amount to EUR 46.9 million and mainly include funds which will be refunded following the positive outcome of a litigation with the Belgian Tax Administration. The increase compared to 2007 is primarily explained by the evolution of the interest expected to be received on those funds and excess advanced tax payments.

23 Changes in shareholders' equity

(in thousands of EUR, except number of shares)	Number of shares	Share Capital	Share Premium	Retained Earnings	Foreign Currency Translation and other reserves	Total Shareholders' Equity
Balances at 31 December 2006	112,072	14,012	114,609	123,934	(14,582)	237,973
Net income (expense) recognised directly in equity	-	-	-	-	(5,773)	(5,773)
Net profit	-	-	-	23,037	-	23,037
Total recognised income and expense for the period	-	-	-	23,037	(5,773)	17,264
Capital increase in cash	36	5	88	-	-	93
Capital reimbursment in cash	(211)	(26)	(262)	(233)	-	(521)
Balances at 31 December 2007	111,897	13,991	114,435	146,738	(20,355)	254,809
Net income (expense) recognised directly in equity	-	-	-	-	(16,171)	(16,171)
Net profit	-	-	-	24,730	-	24,730
Total recognised income and expense for the period	-	-	-	24,730	(16,171)	8,559
Capital increase in cash	49	6	123	-	-	129
Capital reimbursment in cash	(449)	(57)	(870)	(289)	-	(1,216)
Balances at 31 December 2008	111,497	13,940	113,688	171,179	(36,526)	262,281

The Company's members hold interest in the cooperative through shares. 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 by the Board of Directors 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.

The table below shows the Net assets attributable to members as published in 2006 and the restatement to show these Net assets attributable to members as shareholders' equity following the early adoption of Amendments to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation as described in Note 1 to the consolidated financial statements.

Restatement (in thousands of EUR)	31 December 2006 amounts as published	Restatement	31 December 2006 amounts as restated
Net assets attributable to members	237,973	(237,973)	-
Capital	-	14,012	14,012
Share premium	-	114,609	114,609
Retained earnings	-	123,934	123,934
Foreign currency translation and other reserves	-	(14,582)	(14,582)
Shareholders' equity	-	237,973	237,973

24 Long-term employee benefits

(in thousands)	2008 EUR	2007 EUR
Long-term employee benefits		
Retirement benefit obligation	83,968	57,248
Voluntary leave provision	4,177	3,224
Other long-term employee benefits	9,860	9,864
Total long-term employee benefits	98,005	70,336

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

(in thousands)	Pension schemes 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
Present value of wholly or partly funded obligations	233,084	215,000	25,907	17,357	258,991	232,357
Present value of unfunded obligations	2,955	7,532	-	-	2,955	7,532
Defined benefit obligation	236,039	222,532	25,907	17,357	261,946	239,889
Fair value of plan assets	(178,457)	(183,866)	(1,341)	(673)	(179,798)	(184,539)
Unfunded liabilities	57,582	38,666	24,566	16,684	82,148	55,350
Unrecognised past service gains	-	-	1,820	1,898	1,820	1,898
Retirement benefit obligation	57,582	38,666	26,386	18,582	83,968	57,248

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

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

(in thousands)	Pension schemes 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
Current service cost	16,813	15,889	1,322	1,291	18,135	17,180
Interest on obligation	11,234	9,454	1,074	928	12,308	10,382
Expected return on plan assets	(10,336)	(9,058)	(72)	-	(10,408)	(9,058)
Adjustment on past service cost	-	-	-	-	-	-
Amortisation on unrecognised past service gains	-	-	(157)	(168)	(157)	(168)
Total	17,711	16,285	2,167	2,051	19,878	18,336

The adjustment on past service cost is explained by regulatory changes which affected certain pension plans and the impact of new voluntary leave plans.

Retirement benefit obligation amounts recognised in the statement of recognised income and expense are as follows:

(in thousands)	Pension schemes 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
At the beginning of the year	16,815	13,342	9,738	10,570	26,553	23,912
Actuarial (gain)/loss	27,514	4,430	5,855	286	33,369	4,716
Exchange rate differences	288	(957)	438	(1,118)	726	(2,075)
Total recognised in the SoRIE	27,802	3,473	6,293	(832)	34,095	2,641
At the end of the year	44,617	16,815	16,031	9,738	60,648	26,553

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

(in thousands)	Pension schemes 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
At the beginning of the year	38,666	35,352	18,582	19,307	57,248	54,659
Total expense as above	17,711	16,285	2,167	2,051	19,878	18,336
Employer contribution	(26,327)	(16,873)	(1,105)	(949)	(27,432)	(17,822)
Total recognised in the SoRIE	27,802	3,473	6,293	(832)	34,095	2,641
Exchange differences	(270)	429	449	(995)	179	(566)
At the end of the year	57,582	38,666	26,386	18,582	83,968	57,248

The increase of the retirement benefit obligation recognised in the balance sheet is primarily explained by the lower return on plan assets than initially expected. This is mainly the result of the financial crisis.

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 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
At the beginning of the year	222,532	206,986	17,357	17,008	239,889	223,994
Current service cost	16,813	15,889	1,322	1,291	18,135	17,180
Interest on obligation	11,234	9,454	1,074	928	12,308	10,382
Adjustment of past service cost	-	-	-	-	-	-
Actual benefit payment	(15,175)	(7,284)	(352)	(237)	(15,527)	(7,521)
Actuarial (gains)/losses on DBO	(1,187)	1,702	5,509	293	4,322	1,995
Unrecognised past service gains	-	-	-	-	-	-
Exchange rate differences	1,822	(4,215)	997	(1,926)	2,819	(6,141)
At the end of the year	236,039	222,532	25,907	17,357	261,946	239,889

Change in fair value of plan assets:

(in thousands)	Pension schemes 2008 EUR	Pension schemes 2007 EUR	Post-employment medical benefits 2008 EUR	Post-employment medical benefits 2007 EUR	Total 2008 EUR	Total 2007 EUR
At the beginning of the year	183,866	171,634	673	-	184,539	171,634
Expected return on plan assets	10,336	9,058	72	-	10,408	9,058
Actual benefit payment	(15,175)	(7,284)	(352)	(237)	(15,527)	(7,521)
Employer contribution	26,327	16,873	1,105	949	27,432	17,822
Actuarial gains/(losses) on plan assets	(28,701)	(2,728)	(346)	7	(29,047)	(2,721)
Exchange rate differences	1,804	(3,687)	189	(46)	1,993	(3,733)
At the end of the year	178,457	183,866	1,341	673	179,798	184,539

The detail per class of plan asset is as follows:

Asset class	Belgium plan assets 2008 in %	The Netherlands plan assets 2008 in %	United States plan assets 2008 in %	Belgium plan assets 2007 in %	The Netherlands plan assets 2007 in %	United States plan assets 2007 in %
Equities	16.0%	30.0%	59.3%	22.0%	30.0%	64.5%
Bonds	84.0%	70.0%	39.7%	78.0%	70.0%	34.5%
Cash	0.0%	0.0%	1.0%	0.0%	0.0%	1.0%
Total	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.

The principal actuarial assumptions applied at 31 December were:

	Belgium		IME(1) and IPP(2)		The Netherlands		United States	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Weighted average discount rate	5.5%	5.0%	5.3%	5.0%	5.3%	5.3%	6.0%	6.3%
Expected long-term rate of return on assets	5.2%	5.3%	N/A	N/A	5.7%	5.5%	6.5%	6.5%
Rate of increase in future salaries	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5.0%	5.0%

The actual return on the plan assets amounted to EUR (18.6) million. The expected contribution for 2009 amounts to EUR 21.1 million.

(1) IME = International Mobile Employee Pension Plan.

(2) IPP = Individual Pension Promises made to US nationals.

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 2008 EUR	One percentage point decrease 2008 EUR
Effect on the aggregate of the service cost and interest cost	849	(648)
Effect on defined benefit obligation as at 31 December 2008	5,685	(4,414)

5-year trend analysis:

(in thousands)	2008 EUR	2007 EUR	2006 EUR	2005 EUR	2004 EUR
Defined benefit obligation	261,946	239,889	223,994	199,360	164,293
Plan assets	(179,798)	(184,539)	(171,634)	(151,327)	(127,372)
(Surplus)/deficit	82,148	55,350	52,360	48,033	36,921
Actuarial (gains)/losses on DBO	4,322	1,995	9,475	13,544	(3,463)
Actuarial (gains)/losses on plan assets	29,047	2,721	(4,025)	(4,795)	(877)
Total actuarial (gains)/losses of the year	33,369	4,716	5,450	8,749	(4,340)

25 Short-term employee benefits

(in thousands)	2008 EUR	2007 EUR
Short-term employee benefits		
Social security and payroll liabilities	55,301	63,008
Voluntary leave provision	2,296	1,832
Total short-term employee benefits	57,597	64,840

The decrease in social security and payroll liabilities is explained by timing differences in the payment of related invoices between 2007 and 2008, and by the decrease in employee incentive plans.

26 Short-term provisions

(in thousands)	Legal claims	Severance	Other	Total short-term provisions
Balance at beginning of year	320	1,576	14	1,910
Additional provision	177	1,780	-	1,957
Reversal of unused accrual	-	-	-	-
Amounts charged to income in 2008	177	1,780	-	1,957
Amounts utilised during the year	(320)	(1,576)	-	(1,896)
Balance at end of year	177	1,780	14	1,971

27 Other liabilities

(a) Other liabilities

(in thousands)	2008 EUR	2007 EUR
Other liabilities		
Accrued liabilities	30,443	22,924
VAT and withholding taxes payable	1,783	291
Fair value of financial instruments	14,542	10,989
Other liabilities and deferred income	2,800	4,458
Total other liabilities	49,568	38,662

The increase in the accrued liabilities is mainly explained by software development costs related to new products incurred but not yet invoiced.

The fair value of financial instruments relates to the forward and option contracts concluded to primarily hedge the foreign currency exposure of the 2009 budget. The increase compared to last year is explained by the relative evolution of the foreign exchange rates.

(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 42.7 million of committed credit lines of which none is currently used.

The following table provides in undiscounted amounts an overview of the maturities of selected financial assets and liabilities:

(in thousands)	Maturity within 1 year 2008 EUR	Maturity > 1 year 2008 EUR	Maturity within 1 year 2007 EUR	Maturity > 1 year 2007 EUR
Assets				
Cash and cash equivalents	96,153	-	171,817	-
Prepayments to suppliers	28,195	10,398	31,735	16,435
Liabilities				
Amounts payable to suppliers	21,419	-	21,352	-
Accrued liabilities	25,116	5,327	21,871	1,053
Other liabilities and deferred income	2,663	137	3,681	777

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

Accrued taxes amount to EUR 10.8 million at the end of 2008 and mainly include income taxes related to prior years.

29 Related party disclosures

(a) Compensation of the Leadership Council

IAS 24 §16 requires companies to disclose key management personnel compensation. Amounts in foreign currency are converted at the average rate of the year.

(in thousands)	2008 EUR	2007 EUR
Short-term employee benefits		
Salary	3,770	2,947
Bonus	2,048	1,760
Car benefits	272	188
Other	324	389
	6,414	5,284
Post-employment benefits		
Pension	1,566	1,971
Post-retirement medical	4	15
	1,570	1,986
Other long-term employee benefits		
Long-term incentives	2,651	3,495
Other	104	266
	2,755	3,761
Termination benefits	-	564
Total compensation for the Leadership Council	10,739	11,595
Social charges on the above	1,821	1,722
Total cost of compensation for the Leadership Council	12,560	13,317

Due to changes in the composition of SWIFT's leadership team in 2007, the cost of compensation for 2008 is not directly comparable to the 2007 compensation cost. The 2007 figures include the compensation for the eight members of the Executive Steering Group for the period of 1 January through 31 August 2007 and the cost of compensation of 15 members of the Leadership Council for the period September to December. The 2008 figures include the compensation for the 15 members of the Leadership Council for all year. Furthermore, in 2007 there was a period during which the retiring Chief Executive Officer and his successor overlapped.

(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 2008 amounting to EUR 26.6 million primarily related to the renovation of office buildings and machinery and equipment.

(b) Contractual obligations and operating leases

The Company has entered into contractual obligations and operating leases covering certain equipment and rental space. These commitments total EUR 192 million at 31 December 2008, and are estimated to be payable in the following years:

Year	EUR (millions)
2009	96
2010	40
2011	18
2012	9
2013 and beyond	29
Total commitments	192

(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 2008 or in 2007.

Following the positive Court decision on the tax litigations, the Belgian tax authorities have initiated the recomputation process of the assessment notes related to the final settlement of the litigation. SWIFT has started the review of the preliminary draft computation and further contacts with the authorities will be needed to agree on the settlement.

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 specialist 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 Corporate Planning 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.

Fair value is determined based on 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 2008 EUR	Notional amount 2007 EUR	Fair value 2008 EUR	Fair value 2007 EUR
Cash flow hedges				
Amounts to be received under forward contracts				
USD (at rates averaging 1 EUR = 1.48 USD)	157,418	178,483	9,473	(9,374)
GBP (at rates averaging 1 EUR = 0.84 GBP)	24,108	12,910	(2,934)	(341)
JPY (at rates averaging 1 EUR = 119 JPY)	4,102	2,885	(202)	(29)
HKD (at rates averaging 1 EUR = 10.4 HKD)	17,617	9,080	(600)	(42)
CHF (at rates averaging 1 EUR = 1.53 CHF)	10,884	3,341	466	1
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.48 USD)	(99,185)	(65,281)	(6,007)	4,316
GBP (at rates averaging 1 EUR = 0.83 GBP)	(7,301)	-	990	-
Net position on cash flow hedges	107,643	141,418	1,186	(5,469)
Fair value hedges				
Amounts to be received under forward contracts				
USD (at rates averaging 1 EUR = 1.47 USD)	18,500	4,890	912	(201)
GBP (at rates averaging 1 EUR = 0.84 GBP)	2,120	1,463	(304)	(54)
JPY (at rates averaging 1 EUR = 134 JPY)	354	353	21	(1)
HKD (at rates averaging 1 EUR = 11.0 HKD)	1,303	670	13	(31)
CHF (at rates averaging 1 EUR = 1.48 CHF)	983	-	-	-
Amounts to be paid under forward contracts				
USD (at rates averaging 1 EUR = 1.43 USD)	(18,719)	(4,712)	(445)	(40)
GBP (at rates averaging 1 EUR = 0.82 GBP)	(1,349)	-	226	-
Net position on fair value hedges	3,192	2,664	423	(327)

(in thousands)	Notional amount 2008 EUR	Notional amount 2007 EUR	Fair value 2008 EUR	Fair value 2007 EUR
Economic hedges = the effective hedge relationship cannot efficiently be demonstrated				
Amounts to be received upon exercise of the options purchased				
USD (at rates averaging 1 EUR = 1.37 USD)	11,941	10,344	(325)	(152)
CHF	-	10,095	-	(13)
Amounts to be received under forward contracts				
USD	-	10,068	-	(592)
GBP	-	972	-	(23)
HKD	-	719	-	(4)
CHF	-	301	-	-
Amounts to be paid upon exercise options purchased				
USD	-	(46,235)	-	366
Amounts to be paid under forward contracts				
USD	-	(6,231)	-	527
Net position on economic hedges	11,941	(19,967)	(325)	109
Total	122,776	124,114	1,284	(5,687)

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.

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

(in thousands)	Contracts initiated in 2007 2008 EUR	New contracts initiated in 2008 2008 EUR	Total 2008 EUR	Contracts initiated in 2006 2007 EUR	New contracts initiated in 2007 2007 EUR	Total 2007 EUR
Cash flow hedges	(4,129)	(949)	(5,079)	1,030	(1,924)	(895)
Fair value hedges	(499)	(863)	(1,363)	(384)	1,098	715
Economic hedges	792	(325)	467	(3,418)	(26)	(3,444)
	(3,836)	(2,137)	(5,975)	(2,772)	(852)	(3,624)

All hedges mature during the next budget year, except for EUR 5.8 million of cash flow hedges and EUR 1.4 million of fair value hedges maturing in 2010.

Each transaction of the above instruments is recorded at trade date. Derivatives mark-to-market valuations are provided by the respective financial institutions with whom the deals were done.

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)	2008 EUR	2007 EUR
Gains/(losses) on hedged item	2,033	(796)
Gains/(losses) on hedging instrument	(2,094)	779
Net gain/(loss)	(61)	(17)

(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 products priced internationally in US dollars. 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 US dollar positions open at balance sheet date.

(in thousands)	At USD year end closing rate 2008 EUR	USD closing rate -100 bp 2008 EUR	USD closing rate +100 bp 2008 EUR	At USD year end closing rate 2007 EUR	USD closing rate -100 bp 2007 EUR	USD closing rate +100 bp 2007 EUR
Cash flow hedges in reserves in SoRIE	1,186	1,631	734	5,469	4,740	6,209
Fair value hedges in income statement	423	403	456	327	339	338
Economic hedges in income statement	(325)	(229)	(388)	26	69	(84)
Un-hedged position	2,856	2,876	2,836	(2,245)	(2,260)	(2,230)

(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 2008.

(e) Fair values

The carrying amounts of financial instruments not stated at fair value approximate to their fair values due to the short-term maturities of these assets and liabilities.

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