

Payment Transactions European expansion

SIX Group consolidated its leading position in Swiss payment transactions and greatly expanded its international business in 2009. Despite the deteriorating economic conditions and the correspondingly lower average amounts involved in credit card transactions, the Swiss card business continues to benefit from an unabated growth trend in the cashless payments sector. Thanks to the expansion of foreign business and the initial consolidation of transactions at Luxembourg-based CETREL as well as the volumes contributed by SIX Card Solutions Austria, the business field posted record figures: the transaction volume increased by 30% and revenue by 16% to CHF 616.0 million.

The Single Euro Payments Area (SEPA) for the uniform settlement of payment transfers, direct debits, card payments and electronic invoices has led to a strong increase in the cross-border payments processing volume in Europe. The payment processors have responded by focusing more strongly on international growth, which allows them to achieve the economies of scale needed to reduce unit costs. While this situation has led to increased competition in Switzerland, it also offers the Payment Transactions business field new avenues for growth. SIX Group views the current market trend as an opportunity to offer state-of-the-art services from a single source also in Europe.

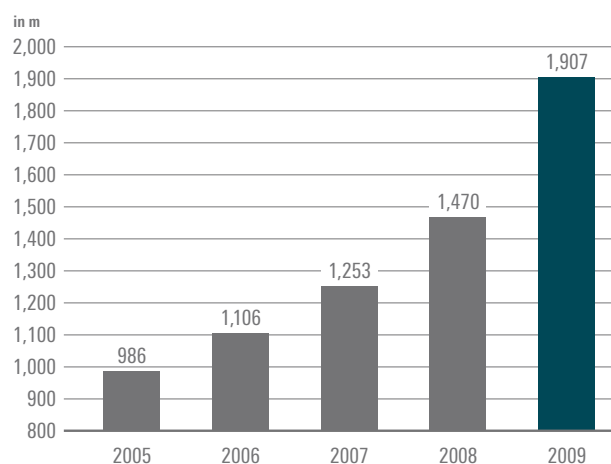
Key figures of the Payment Transactions business field

Multipay division	2009	2008	Change in %
Revenue ¹ (in CHF 1,000)	315,716	324,402	-2.7
Workforce (in full-time equivalents) as at 31.12.	156.4	151.4	3.3
Revenue ¹ per employee ² (in CHF 1,000)	2,051	2,195	-6.6
Credit card turnover (in CHF m)	11,882	12,289	-3.3
Number of debit card transactions (in m)	237.0	222.6	6.6
Number of credit card transactions (in m)	83.6	81.2	3.0
Cards & Payments division			
Revenue ¹ (in CHF 1,000)	300,249	204,885	46.5
– for cards	266,888	170,971	56.1
– for payments	33,361	33,914	-1.6
Workforce (in full-time equivalents) as at 31.12.	880.4	560.6	57.0
Revenue ¹ per employee ² (in CHF 1,000)	417	385	8.4
Number of transactions in card business (in m)	1,477.2	1,052.3	40.4
Number of payment transactions (in m)	429.5	417.4	2.9

¹ Revenue according to the internal management information system

² Calculated on the number of employees based on the average number of full-time equivalents between 1.1. and 31.12.

Transaction processing in the cards and payment transfer business



The figure contains the processed transactions from the acquiring and issuing processing of the card business as well as the processed transactions in the payment transfer business (SIC, euroSIC, LSV, and Paynet). 294.4 million transactions resulted from newly consolidated CETREL and SIX Card Solutions Austria.

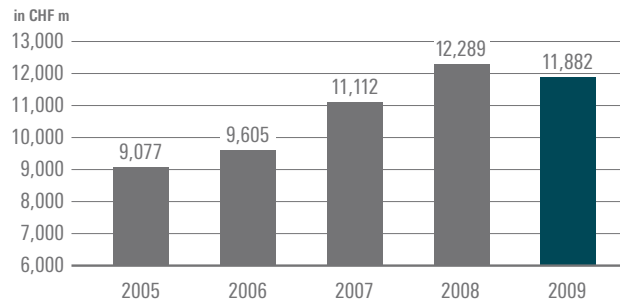
Multipay division: stable development

SIX Group aims to strengthen its position in the Swiss acquiring business by extending its range of cards and value-added services. Its goal is to become the leading provider of integrated solutions for the acceptance of cashless means of payment. The planned expansion of business operations in Europe is expected to generate a strong increase in transaction volumes in the coming years.

Despite the economic slowdown, the Multipay division's revenue decreased only marginally by 2.7% from 324.4 million in the previous year to CHF 315.7 million in 2009. The lower average amounts in credit card payments, declining transaction figures in high-end segments and in tourism as well as lower revenue in the petrol pump business were important factors. In contrast, the debit card business proved to be highly resistant to the economic conditions. The number of transactions deriving mainly from the food and retail sector rose by 237 million, which corresponds to an increase of 6.5% over the previous year. Dynamic Currency Conversion (DCC), which enables card owners to pay in their home currency abroad, also made promising strides. Additionally, rising demand was registered in the distance payment business (e.g. payment via Internet or phone), where the turnover volume grew by 17.8%.

New cards, new services, new markets

SIX Group is further expanding its card offering. In March 2009, a merchant acquisition contract was signed with Diners Club, thanks to which SIX Multipay will be in a position to accept and process the credit cards Diners Club and Discover for its customers. At the end of 2009, SIX Multipay stepped up its cooperation with China UnionPay. The China UnionPay Card will be accepted not only at Swiss ATMs, but also at points of sale in Switzerland in the future.

Transaction turnover with credit cards

The figure contains the turnover in credit card transactions processed by Multipay in Switzerland and abroad.

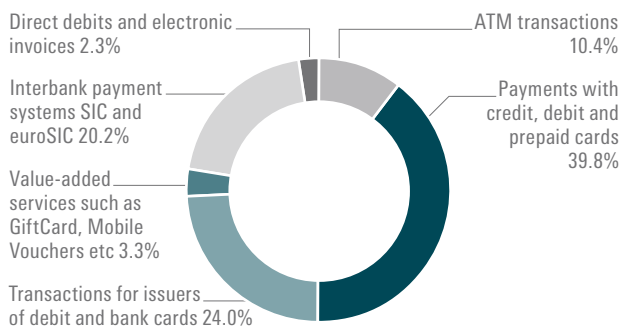
Payment Transactions business field

SIX Group's Payment Transactions business field offers secure, customer-friendly solutions for the card business and electronic payments via its divisions Multipay and Cards & Payments. Over 1,000 staff members assist customers from 27 European and 5 non-European countries in Switzerland and in 8 foreign branches.

As an internationally operating sales and marketing organization, the Multipay division featuring SIX Multipay, SIX Pay and SIX Multi Solutions provides acceptance and processing of card-based means of payment in Switzerland and across Europe. Multipay offers intelligent cashless solutions for all payment amounts via the card products Visa, MasterCard, Diners Club, Discover, JCB, China UnionPay, V-Pay, Maestro, and the prepaid chip CASH. It also offers the merchant value-added services, such as DCC, Mobile Vouchers for prepaid phones, Mobile Coupons for the announcement of offers, and GiftCards that can be processed electronically.

Cashless payments processing is the domain of the Cards & Payments division, comprising SIX Card Solutions, CETREL, SIX Interbank Clearing and SIX Paynet. As the leading Swiss processor of credit, debit and client cards, Cards & Payments develops and maintains an open platform for card-based payments. It operates the SIC interbank payment system for payments in Swiss francs and, on behalf of the Swiss banks, the euroSIC interbank payment system for payments in euro, both of which are supervised by the Swiss National Bank. It also maintains the direct debit procedure LSV and PayNet, an e-bill processing network.

Percentage of transaction types offered by the Cards & Payments division in 2009



Gratifying growth rates were recorded for value-added card services, which hold great appeal for merchants. Mobile Coupon, for instance, the electronic voucher via SMS, was implemented on a trial basis by a leading electronics retailer, who is now extending the offer to the whole of Switzerland. Mobile Voucher allows consumers to top-up their prepaid cell phones at ATMs and retailers' payment terminals. As this service is already available at more than 95% of all ATMs in Switzerland, coverage is now virtually nationwide and round the clock. Finally, Mobile Buy enables consumers to pay via their cell phone in combination with their credit card. Its initial implementation in the Davos-Klosters region proved effective and provided valuable impulses for the further development of this groundbreaking service.

In 2009, SIX Group initiated a number of measures aimed at internationalizing the business. SIX Pay, domiciled in Luxembourg, began operating in mid-year (see page 26). While SIX Multipay runs the acquiring business in Switzerland, SIX Pay operates in other European countries. SIX Pay received the PSP license to operate commercially in the EU from Luxembourg's financial supervisory authority (CSSF) at the beginning of 2010. Either directly or in cooperation with partners such as CETREL, SIX Pay offers merchants and service provid-

ers secure acceptance and processing of all major credit and debit cards as well as sophisticated cashless payment solutions at points of sale or via the Internet. This underscores SIX Group's efforts to support Swiss and European customers in their international business activities by offering them a streamlined and reliable infrastructure for the cross-border settlement of cashless payments.

Cards & Payments: transaction volume to be doubled

Building on its technological advantage and integrated business model, the Cards & Payments division intends to substantially increase transaction volumes. This applies also to the Swiss central payment transfer infrastructure, which includes SIC and euroSIC (interbank payment systems), LSV (direct debit) and PayNet (e-bills).

The Cards & Payments division generated significant growth in 2009 by tapping into foreign markets. Revenue increased by a noteworthy 46.5% – from CHF 204.9 million the year before to CHF 300.3 million. Just as remarkable was the increase in the number of processed transactions by 29.7% – from 1,470 million to 1,907 million. The number of transactions for foreign clients more than quadrupled, climbing to 435 million by year-end. E-bills made further progress in 2009. A total of 75,000 new e-banking customers were registered in the PayNet network in Switzerland. 653 billers and 98.5% of all banks involved in payment transactions offer an e-billing service.

SIX Group took over parts of the processing business of Austrian company First Data along with approximately 130 employees who now comprise SIX Card Solutions Austria. This integration underpins the smooth and secure migration of the portfolio of PayLife, the Austrian market leader for cashless payments, to the systems of SIX Card Solutions. Factoring in the card processing conducted for PayLife, SIX Card Solutions' transaction volumes will double within the next two years (see page 56). The participation in financial infra-

structure provider CETREL in Luxembourg represents a further decisive measure towards strengthening international business. Thanks to these two initiatives, SIX Group is very strongly positioned in the Luxembourg and Austrian markets.

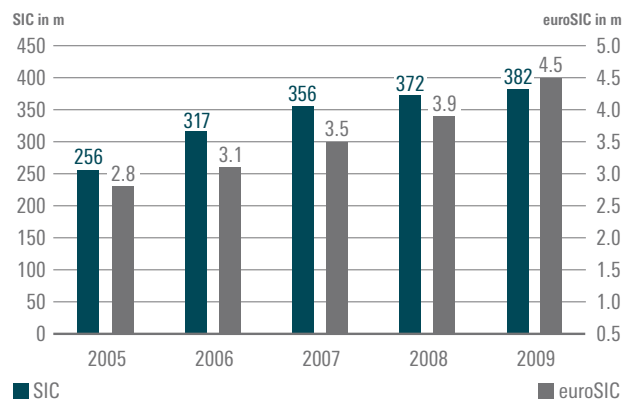
The integrated service offering of the Payment Transactions business field also features payment terminals at points of sale. The davinci terminal was developed with a view to its implementation not only in Switzerland, but also abroad (see page 32). Hence, compliance with security standards promulgated by international card organizations was of central importance. Major card organizations have jointly defined the globally recognized Payment Card Industry Data Security Standard (PCI DSS), which is applied by SIX Group to all soft- and hardware developments for card-based payments.

Growth in interbank payment transactions

In the year under review, SIX Interbank Clearing settled a total of 386 million transactions worth CHF 59.8 billion via the interbank payment systems SIC and euroSIC, 10.6 million or 2.8% more than in the previous year.

SIX Interbank Clearing supports local financial institutions in all procedures related to the Single Euro Payments Area (SEPA) on behalf of the Swiss financial center. From the inception of SEPA transfers in January 2008 through to the end of the report year, the company signed up 157 participants from Switzerland and Liechtenstein. Three-quarters of them execute SEPA transfers via the euroSIC system, which processed 1.1 million SEPA transactions worth EUR 9.7 billion last year. In November 2009, SIX Group launched the new SEPA direct debit procedure in collaboration with the Swiss Euro Clearing Bank (SECB) in Frankfurt. The offer is addressed to financial institutions in Switzerland and in the thirty other SEPA countries who are looking to introduce streamlined pan-European direct debits in euros for their customers.

Interbank clearing transactions



Further internationalization measures

SIX Group aims to increase transaction volumes in the European card business, enhance cross-border acquiring services for customers who operate internationally, and expand its business in the growth markets. With its technological edge and integrated business model, it is well-equipped to expedite international operations. By collaborating with CETREL on card-based payment transactions, SIX Group aims to generate higher volumes in the processing business and establish an international issuing processing offer from Luxembourg. In 2010 and 2011, the entire portfolio of PayLife in Austria will be migrated to the systems of SIX Card Solutions. The expansion measures introduced in the Payment Transactions business field will lead to higher revenue overall. Transaction volumes will increase very substantially in the coming years.