



Annual Review  
Powering the Digital Economy

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## Contents

3	2018 highlights
5	Chairman's letter
7	CEO's letter
9	Payments regional traffic flows
11	Operational performance
13	SWIFT global payments innovation (gpi)
15	Financial crime compliance
16	Customer Security Programme
17	Market Infrastructures
19	Instant Payment initiatives
20	Standards
21	SWIFT worldwide
23	SWIFT2020
24	Corporate Social Responsibility
25	Messaging facts and figures
27	Board and Executive
29	SWIFT Governance
31	Oversight
33	Security audit and financial performance
37	SWIFT offices

## SWIFT is a global member owned cooperative and the world's leading provider of secure financial messaging services.

We provide our community with a platform for messaging and standards for communicating, and we offer products and services to facilitate access and integration, identification, analysis and regulatory compliance.

Our messaging platform, products and services connect more than 11,000 banking and securities organisations, Market Infrastructures and corporate customers in more than 200 countries and territories.

While SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby supporting global and local financial flows, as well as trade and commerce all around the world.

As their trusted provider, we relentlessly pursue operational excellence; we support our community in addressing cyber threats; and we continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs.

SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern. SWIFT's strategic five year plan, *SWIFT2020*, challenges SWIFT to continue investing in the security, reliability and growth of its core messaging platform, while making additional investments in existing services and delivering new and innovative solutions.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

### 2018 highlights

# 99.9999%

SWIFTNet availability

# 99.9998%

FIN availability

# 92%

Services exceeded availability targets

# 11,000+

Institutions connected to SWIFT

# 200+

Countries and territories

# 7.8+ billion

Total FIN messages

# 31.3+ million

Average daily number of FIN messages

# 35.2+ million

FIN messaging peak day

# +11.3%

FIN growth

# 5.4+ billion

Total FileAct traffic (Kchar)

# 21.7+ million

Average daily FileAct traffic (Kchar)

# +7.6%

FileAct growth (Kchar)

# 2.4+ billion

Total InterAct messages

# 9.7+ million

Average daily InterAct messages

# +12.1%

InterAct traffic increase

## Chairman's letter



**Yawar Shah**  
Chairman of the Board

By any measure, 2018 was another great year for SWIFT and I am pleased to report once again that the cooperative is in excellent shape. Messaging traffic is at an all-time high and growth is strong in all regions, both domestically and cross-border. We also recorded double digit growth in securities traffic, which now accounts for more than half of our overall traffic. Furthermore, operational performance is excellent. The cooperative is delivering in all business areas – and the community is rallying behind it.

I would like to thank outgoing CEO, Gottfried Leibbrandt, who steps down in June 2019 after seven years in the role. Over that period, SWIFT has transformed itself to become a much stronger, more modern and agile organisation, against a backdrop of unprecedented change. Ensuring a managed transition, Gottfried leaves behind a strong management team and an excellent successor in Javier Pérez-Tasso whose appointment was endorsed by the full Board in April 2019, after a comprehensive internal and external search.

I would like to highlight three great accomplishments SWIFT and the community have made over the last year: the acceleration of gpi, the continued rollout and adoption of the Customer Security Programme (CSP) and developments in SWIFT's Financial Crime Compliance offering. All these accomplishments are a tribute to SWIFT and the community; their design, development and success are the result of banks large and small from all across the world working together with SWIFT to define the future.

SWIFT has met an aggressive delivery plan in rolling out gpi, and the community has responded by rapidly adopting it, immediately benefiting from its speed and transparency. gpi is transforming the payments landscape. Banks are now sending and receiving funds quickly and securely anywhere in the world, with full traceability and transparency over where payments are at any given moment. The community is benefitting from the step change in speed that sees payment messages reaching end beneficiaries in minutes – even seconds. Less than two years since its launch, gpi is rapidly becoming the cross-border standard – but it is not stopping there. SWIFT continues to develop and enhance the service as we transition to universal adoption by the end of 2020.

While gpi is transforming the landscape, the threat of cyberattacks remains ever-present. Continued instances of attempted payment fraud in our customers' local environments demonstrate the need for industry-wide collaboration. Through the CSP, SWIFT continues to provide the tools, information, framework and advice to help the community secure itself. Many of the attempted attacks have been identified thanks to the community's response to the CSP – by adopting the tools, sharing information and collaborating to counter the threat.

A cornerstone of the CSP, the Customer Security Controls Framework (CSCF) is a set of mandatory and advisory cyber security criteria that SWIFT revises annually. By 31 December 2018, 94% of customers, representing 99% of SWIFT's FIN payments traffic had attested to their level of compliance with the mandatory security controls. Furthermore, global transaction banks are now consuming that attestation data and incorporating counterparty information into their risk management processes and decisions. This is proof of how SWIFT and the community are tackling the cyber threat head on.

SWIFT offers a portfolio of innovative solutions inspired by the SWIFT community to help its users meet financial crime compliance challenges. And in 2018, SWIFT's Financial Crime Compliance portfolio continued to grow to cover even more requirements. The launch of our Payment Controls service provides banks with a real-time in-flight monitoring, alerting and blocking capability to help mitigate payments fraud risk. In addition, SWIFT continued to deliver improvements to its range of easy-to-use tools – including The KYC Registry and Sanctions Screening services; The KYC Registry now counts more than 5,100 banks representing more than 80% of SWIFT traffic, whilst the Sanctions Screening service has more than 700 users.

SWIFT continues to operate in a fluid and changing geo-political environment. As a utility with a global systemic character, SWIFT's mission is to be a neutral provider to the financial services community. SWIFT acts in the interests of its entire community, supporting the resilience and integrity of the global financial system. Its governance is designed to reflect usage of SWIFT messaging services and ensure its global relevance. That governance is strong and multinational – and is an important component in its neutrality.

As Board Chairman, I am honoured to serve the community and look forward to working with Javier. I am confident that under his leadership SWIFT will continue to build on its tradition of excellence and innovation in support of the global financial community. Together with his management team, he will also provide essential continuity as SWIFT accelerates the areas highlighted in our collective strategy:

Innovating responsibly, as the banking industry's fintech, in payments, securities and financial crime compliance.

Continuing to deliver on security, reliability and resiliency.

Finally, maintaining our global neutrality and broad appeal to the 11,000 institution-strong community, spread across more than 200 countries and territories.

**Yawar Shah**  
Chairman of the Board  
May 2019

## CEO's letter



**Gottfried Leibbrandt**  
CEO

It has been seven years since I was appointed CEO of SWIFT and what a journey that has been – we have achieved a lot to be proud of, especially given the vast changes in the environment in which we operate.

The opportunities made possible by emerging technologies – such as AI, APIs, blockchain and cloud, and the interest, investment and rising competition in the sector – are but some of the many considerations. Alongside all this, the industry faces shifting regulatory frameworks, an acceleration in international commerce, and, crucially, changing customer demands – namely for speed, transparency, and traceability. There is no sign that the pace of change is slowing as the correspondent banking community adapts and rises to the challenges and opportunities that are upending some of the industry's fundamentals.

Against this backdrop of change, SWIFT and its community have made important strides. With SWIFT gpi, we are radically innovating the very core of correspondent banking. SWIFT gpi has gone from strength to strength since we launched it in 2017 and it is not an exaggeration to say it is transforming cross-border payments; end-to-end, these are now typically made within minutes or even seconds.

I am also proud of the central role SWIFT is playing in helping the financial services industry adopt APIs. Encouraged by regulation and pressure from customers to provide more convenient ways to access banking services, SWIFT is taking a lead role as the industry shifts towards API technologies.

Consumers across the world are demanding to pay and be paid in real-time. We have made significant advances in delivering instant payments solutions over the last year through major initiatives all around the world. The New Payments Platform (NPP) launched in Australia; we successfully trialled a cross-border real-time payments solution across the Asia Pacific region, and in Europe, we went live with our instant payments solutions for RT1 and TIPS.

Alongside all this, there has of course also been a significant evolution in the cyber threat facing the global financial industry. The determination, patience and cunning the attackers continue to demonstrate makes it more imperative than ever that customers rapidly deploy and maintain all of the elements set out in our Customer Security Programme. A recently published study of attacks on banks in 2018 evidenced how, by promoting robust cyber security standards, introducing security-enhancing tools and increasing the scope and quality of cyber threat intelligence sharing, the Programme is delivering tangible results.

SWIFT continues to operate in a fluid geo-political environment. As a neutral utility with a global systemic character, we play a pivotal role in supporting the global economy. We always act in the interest of the entire community, in keeping with our mission of supporting the resilience and integrity of the global financial system.

Our work reflects SWIFT's culture of excellence and innovation; we are relentlessly focused on protecting our network and empowering our community. SWIFT's core continues to be very strong. SWIFT continued its strong operating record in 2018 with near perfect availability for all our core services.

We also saw very robust 11% growth on our FIN messaging service. Over the past seven years, SWIFT's FIN messaging volumes have nearly doubled, rising from 4.6 billion a year to almost 8 billion last year – while FileAct volumes have tripled, and InterAct traffic has risen sevenfold. Over the same time period, SWIFT has reduced average message prices by more than 60%, demonstrating our commitment to the community.

Throughout my time at SWIFT, I have never failed to be enthused by the ethos, the people and the mission of SWIFT and its community, and I will miss it!

I want to thank my colleagues over many years of working together, the Board's guidance and our wider community, all of whom collectively make SWIFT the unique organisation it is.

Thank you for your trust and support over the past seven years, and I wish you well for the future.

**Gottfried Leibbrandt**  
CEO  
May 2019

## Payments regional traffic flows

**7.8+ billion**

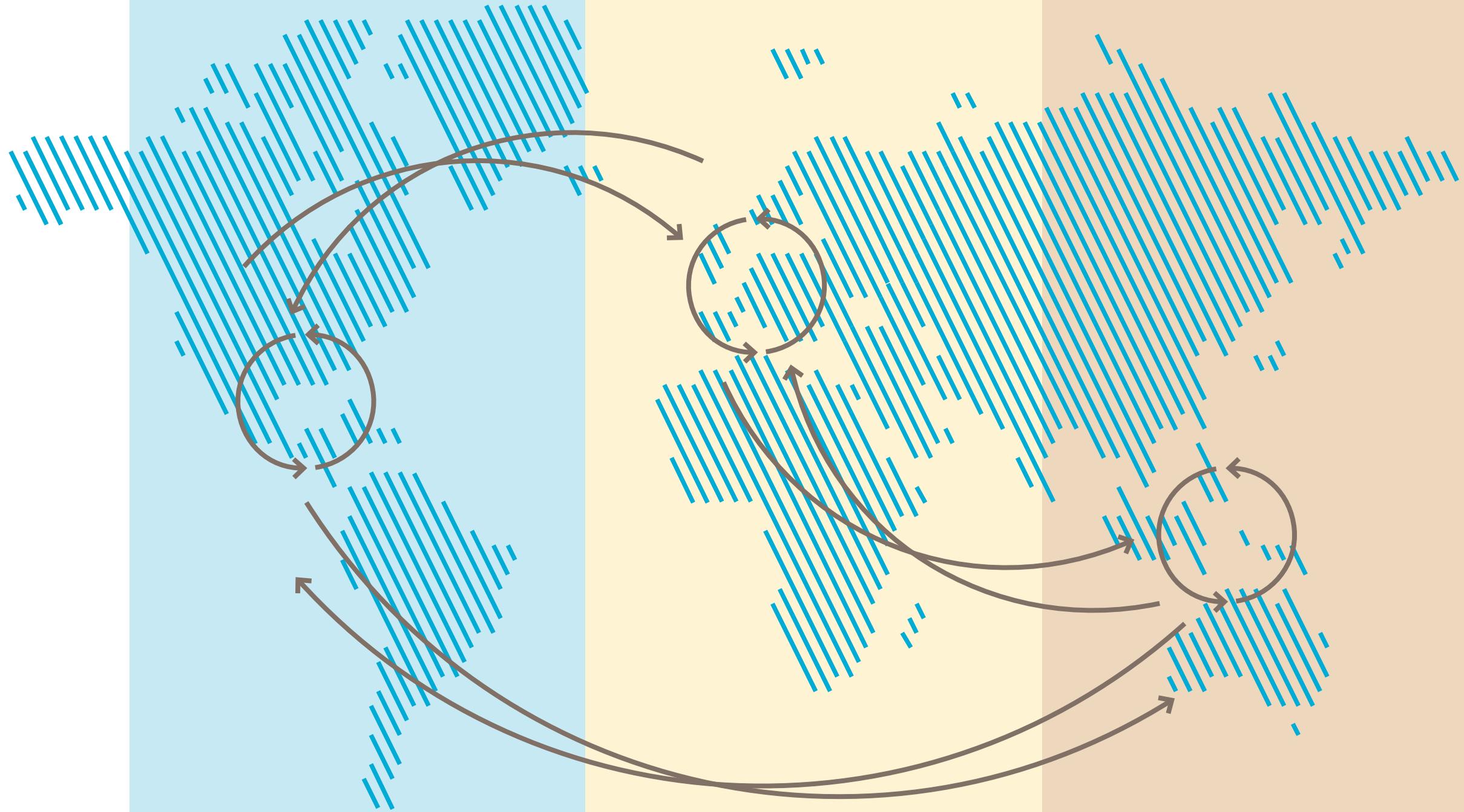
Total FIN messages

**31.3+ million**

Average daily number of FIN messages

**35.2+ million**

FIN messaging peak day



### 2018 average daily FIN messaging volume (in Kmsgs) and growth versus 2017

These traffic figures compare year-on-year growth rates for regional payment flows in 2018. SWIFT observed traffic growth in all regions and for all routes between regions. Strong intra-regional traffic growth is recorded in all three regions. EMEA intra-region payments traffic represents the highest share of the volume.

Figures are based on user-to-user live payment traffic.

#### Americas

**Sent:** 3,261 Kmsgs (+10.8%)  
**Received:** 3,027 Kmsgs (+11.3%)

**Intra-Americas:** 1,461 Kmsgs (+14.4%)  
**Sent to APAC:** 663 Kmsgs (+5.7%)  
**Sent to EMEA:** 1,137 Kmsgs (+9.6%)

#### EMEA

**Sent:** 7,275 Kmsgs (+10.0%)  
**Received:** 7,387 Kmsgs (+10.2%)

**Intra-EMEA:** 5,842 Kmsgs (+10.4%)  
**Sent to APAC:** 323 Kmsgs (+4.4%)  
**Sent to Americas:** 1,110 Kmsgs (+9.2%)

#### Asia Pacific

**Sent:** 1,647 Kmsgs (+7.2%)  
**Received:** 1,769 Kmsgs (+5.7%)

**Intra-APAC:** 782 Kmsgs (+6.1%)  
**Sent to EMEA:** 408 Kmsgs (+9.3%)  
**Sent to Americas:** 457 Kmsgs (+7.4%)

## Operational performance

**In 2018, SWIFT's continued focus on reliability and security resulted in 99.998% availability for FIN and 99.999% availability for SWIFTNet messaging services. This achievement is particularly impressive given that it occurred against a backdrop of the continued rollout of SWIFT gpi, strong traffic growth and increasingly sophisticated cyber threats.**

**In 2018, SWIFT won several prestigious industry awards**

### SWIFT

Best Bank Connectivity at the Treasury Management International Awards

### SWIFT gpi

Best Payments and Settlement Technology Provider at the Central Banking Awards

### SWIFT gpi

Corporate Payments Initiative at the Banking Technology Awards

### SWIFT gpi

Best Product Innovation at the Economic Times Awards

### SWIFT Compliance Analytics

RegTech Award for Big Data & Analytics at the Regulation Asia Awards

### The KYC Registry

Award for Best KYC Utility at the Regulation Asia Awards

### Customer Security Programme

Cyber Security Product of the Year at the Risk Awards

We take huge pride in our critical role in the global financial system and we continuously invest in technology, security, people and processes to ensure we deliver on our responsibility for operational excellence. 2018's outstanding operational results are a testament to our Failure is Not an Option (FNAO) mindset, our renowned security expertise and our IT security leadership.

On 31 May 2018, we recorded a new peak day, with 35,223,536 messages sent over the FIN network. It was the second peak day of the year – 4.9% above the previous peak day recorded at the end of February. Our total FIN traffic rose to an all-time high of 7.8 billion messages in 2018, compared to 7.1 billion messages in 2017.

### Accelerating transformation

With an average of 31.31 million messages a day, traffic growth of more than 11% and a new record of more than 35 million messages in a single day, SWIFT's annual traffic rose to an all-time high of more than 7.8 billion in 2018 – testament to the industry's trust in the cooperative. While supporting this growth and innovating our products, services and delivery, our focus on reliability remains relentless.

SWIFT continued to focus on its core mission and commitment to its customers by ensuring high security and continued reliability, with 99.998% availability for FIN and 99.999% availability for SWIFTNet messaging services during the year. Our resilience is the result of continuous testing and improvement. In 2018, we conducted more than 500 business continuity exercises, and carried out in-depth post-incident investigations and analysis on the rare occasions that our services were impacted.

All the more remarkably, this was achieved against a dramatic, fast-paced backdrop of delivery and innovation. During the year we delivered an upgrade of Lite2 infrastructure and made Alliance Gateway Instant (AGI) available to customers. We introduced the SWIFT Translator, a messaging format

translation solution that allows customers to define, validate, and translate messages from and to any messaging format, was launched. Building on the success of The KYC Registry, we continued to enhance the utility by displaying the overall volume of SWIFT traffic between a bank and its counterparties, providing customers with valuable insights into why KYC-requests might have been sent.

In 2018, we forged ahead with our transformation, progressing several multi-year technology initiatives. These included: the renewal of our Public Key Infrastructure, server platform migration and a complete renewal of our back-office operations and tools. These evolutions use exciting new technologies such as containerisation, virtualisation and APIs, which are essential to our solutions, such as gpi, instant payments and our Financial Crime Compliance portfolio.

### Innovation

At SWIFT, we embrace open innovation by connecting with customers, start-ups, universities, vendors and technologists to capitalise on the wide range of emerging ideas and solutions. In doing this, we engage SWIFT teams across the organisation and foster our innovation mind-set through hackathons, IT Tech Days and red team exercises.

We continued to explore Distributed Ledger Technology (DLT) during the year. Having conducted one of the most extensive blockchain proof of concepts (PoC) executed in the industry so far – both in terms of participant engagement and the scale of the infrastructure deployed – we published the final report on our PoC for Nostro reconciliation.

In addition, we signed an MOU to work together with seven central securities depositories (CSDs) to demonstrate how DLT can be implemented in post-trade scenarios, such as corporate actions processing, including voting and proxy voting.

Elsewhere we have run Artificial Intelligence and Application Programming Interface (API) PoCs in our sandboxes, showcasing these to the industry at Sibos.

### APIs

APIs are fast becoming an essential enabler for many of our services and initiatives, offering a powerful way for users to interact with SWIFT. In the first half of 2018 we deployed a new platform to collaboratively define API standards and in parallel, we are conducting innovative pilots with customers and implementing company-wide processes to industrialise the rollout of new API services. At the end of 2018, we deployed a new API gateway to allow us to better manage and scale API usage. This best-in-class software will also allow sophisticated analytics and high performance for more sophisticated API implementations, as well as providing a better and more integrated developer experience.

### Instant payments

With global consumer demand to be able to pay and be paid in real-time continuing to grow, the need for large-scale, trusted and reliable instant payments is becoming ever more pressing. SWIFT made significant advances in instant payment systems in 2018, supporting the community's move to a real-time future. In 2018, our ambition to extend deeper into the real-time area was realised in four major initiatives. Starting in February, we welcomed the launch of the New Payments Platform (NPP) in Australia, which we helped design, build and deliver. In October, using the NPP, together with banks in Australia, China, Thailand and Singapore, we successfully trialled cross-border real-time payments in the Asia Pacific region. And in November, in Europe, we went live with our instant payments solution for RT1 and announced the successful launch of our messaging service for TIPS – TARGET Instant Payment Settlement.

### SWIFT gpi

During 2018, SWIFT gpi continued to radically transform correspondent banking. Underpinned by SWIFT's existing

infrastructure, gpi is a reliable, trusted, cutting-edge service – an expert and creative response to a global challenge that uses cloud and API technology to transform the payment process.

In just its second year of operation, more than \$40 trillion was sent via gpi in 2018, cementing the service as the new standard for banks sending cross-border payments. Rapid adoption saw the share of cross-border messages using gpi rise from 15% at the start of 2018 to 56% by the end of the year – a year-on-year increase of 270%. SWIFT gpi is already carrying more than \$300bn a day in 148 currencies across more than 1,100 country corridors. On average, 40% of SWIFT gpi payments are credited to end beneficiaries within five minutes. Half are credited within 30 minutes; three quarters within six hours; and almost 100% within 24 hours.

During 2018 we continued to build on to the gpi service, adding more and more functionalities and complementary services to support customer demands. We will continue to explore the possibilities, to incorporate emergent technologies and enhance the service to meet changing demands.

### Cyber security

SWIFT's relentless focus on security continued during 2018, with the completion of an assessment of our cyber resilience capabilities against extreme, but plausible, scenarios. As part of our 2018 Cyber roadmap, and following the outcome of the assessment, we launched additional investments and implemented a rollout plan to enforce new cryptographic standards with customers, established a Cyber Business Continuity Plan (BCP) testing framework and completed our 2018 patching activities objective. The Security Operations Center (SOC) detection and response capabilities have been increased to a higher level to improve our protections against script based attacks and detections of Indicators of Compromise (IOCs).

### CSP

2018 saw developments in SWIFT's Customer Security Programme (CSP). In June, we enhanced the Customer Security Controls Framework, a set of security controls – 16 mandatory and 11 advisory – that set a security baseline for banks. Attesting compliance with these controls is an essential step for our customers to take towards securing their systems. By the end of year deadline, more than 94% of all SWIFT customers, representing 99% of SWIFT's FIN payments traffic had attested their level of compliance with the mandatory controls.

The year was also marked by the launch of an innovative new anti-fraud tool, our Payment Controls service. A new in-flight solution for fraud prevention and detection, it helps customers to monitor and protect their payments by flagging and blocking suspicious transactions in real-time. The tool was developed in collaboration with 14 banks and at the request of the whole community, and was deployed in record time. As part of CSP Quality Assurance, SWIFT designed and developed an Independent Assessment Framework and process to substantiate customer self-attestations.

### Agile

Like many global organisations, SWIFT is embarking on an Agile transformation. Focused on customer value, Agile working allows us to create and respond to change in an uncertain and turbulent environment, and typically uses iterations to deliver small increments to a product. SWIFT started its Agile transformation in 2018 by piloting the first 'tribe' in July with Financial Crime Compliance. The second pilot to go live was on APIs, identity and connectivity, in January 2019. This collaborative approach is ensuring we are developing and delivering value for our customers, responding to their changing and evolving needs and driving innovation.

## SWIFT global payments innovation (gpi)



**Building on the success since its launch in 2017, SWIFT gpi continued to transform the world of cross-border payments in 2018, cementing its position as the most important development in correspondent banking for decades.**

The share of cross-border messages using gpi soared from 15% at the start of 2018, to 56% by the end of the year, a year-on-year increase of 270%.

Already the new standard, SWIFT gpi has dramatically improved the customer experience in cross-border payments by increasing the speed, transparency and traceability of payments. A payment using SWIFT gpi, is typically made within minutes or even seconds – and any that take longer typically have clear known reasons, such as being subject to payment regulations in the receiving country. On average, 40% of SWIFT gpi payments are credited to end beneficiaries within five minutes. Half are credited within 30 minutes; three quarters within six hours; and almost 100% within 24 hours.

More than 3,500 banks, accounting for 85% of SWIFT's total payments traffic, are now committed to adopting gpi – reflecting the transformation of the cross-border payments landscape just two years since its launch.

For banks, gpi helps to reduce the capital requirements needed to support international payments, while for banks' end customers it frees up cash and enables goods to move faster.

The transparency gpi offers eliminates many of the issues that have previously led to time-consuming and costly enquiries. Not only does it reduce the total number of enquiries, but also the time needed to handle those that are left.

SWIFT gpi is not just for banks. In 2018, Ebury became the first fintech to go live with gpi. This addition marks an important milestone for gpi with new entrants now joining up in addition to traditional banks, evidencing the widespread appeal of the new service.

In June 2018, the decision to move to universal gpi adoption was taken against this backdrop of success and the exceptionally fast adoption rate to date. With the full support of the SWIFT Board, representing the entire SWIFT community, this decision will drive global take-up of gpi. By the end of 2020, it will be mandatory for all financial institutions receiving cross-border payments (MT 103 messages) to confirm when a payment has been processed and credited to the account of the beneficiary.

We announced a number of significant enhancements to gpi during 2018:

### **Unique end-to-end tracking reference (UETR)**

A UETR is a string of unique characters attached to payment messages, designed to provide complete transparency for all parties in a payment, and to facilitate new functionality from gpi such as the payment tracker. All users processing payments now need to carry a UETR as standard.

### **Basic tracker**

The basic tracker is a version of the gpi tracker that will be available by the end of 2019 to all our customers. All banks on the SWIFT network – not just those signed up to gpi – will be able to trace and confirm their SWIFT payment instructions and have visibility over their payment activity. The rollout offers all SWIFT customers end-to-end tracking, quickly and efficiently – bringing greater transparency and cost reduction.

### **Instant cross-border payments**

Using the Australian New Payments Platform (NPP), together with banks in Australia, China, Thailand and Singapore, we successfully trialled an instant cross-border payments service in the Asia Pacific region. The fastest SWIFT gpi payment in the trial was sent from China, reaching the end beneficiary account in Australia via NPP in 18 seconds.

### **Pre-validation pilot**

We began piloting an integrated pre-validation gpi payments service with 14 major banks from around the world. The initial focus of the pilot is on enabling the fast identification and elimination of errors in payment messages. A real-time API-based mechanism will enable sending banks to send and receive API calls over SWIFT to seamlessly check beneficiary account information with the ultimate receiving banks. This will allow banks to speedily remedy any inaccurate or missing information, reducing delays and costs.

### **gpi for Corporates**

We launched a new payments tracking solution on SWIFT gpi enabling corporates to initiate and track their gpi payments to and from multiple banks in a single format. A mix of 22 banks and corporates took part in a pilot to test the new standard which enables corporates to initiate and track gpi payments, to and from multiple banks, directly from their ERP and treasury management systems. The service is designed to improve corporate payment and cash management processes while reducing the complexity, cost and burden of handling enquiries and investigations.

### **Observer Analytics**

We introduced a new resource for gpi banks to gain more comprehensive business insights into their gpi traffic flows. The unique market and competitive analysis that Observer Analytics provides allows financial institutions to act on information to understand the current itinerary and speed of their payment instructions. This will allow them to optimise payment routings and steer their cross-border payment strategies. It will enable financial institutions to fine-tune Service Level Agreements with their correspondent banks, leading to lower costs, faster payments and, ultimately, an improved customer value proposition.

**3,500 banks, representing 85% of SWIFT traffic, signed up to gpi**

**\$300bn+**  
sent every day in 148 currencies

**1,100+**  
country corridors

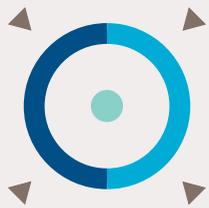
**40%**  
payments are credited to end beneficiaries within 5 minutes

**50%**  
payments are credited within 30 minutes

**75%**  
payments are credited within 6 hours

**100%**  
almost all payments are credited within 24 hours

## Financial crime compliance



**Financial crime compliance (FCC) has never been more important. As banks adapt to meet the challenges of the digital age, the need for robust compliance practices and fraud prevention programmes is ever more urgent. By leveraging industry-defined standards, a common infrastructure and shared costs, and by collaborating closely with our customers, we are expanding our solutions portfolio to help customers address evolving regulatory requirements.**

The 2018 launch of the Payment Controls service marked an important milestone in the expansion of our fraud solutions portfolio. The Payment Controls service helps payment operations teams mitigate fraud risk in real-time through its unique alerting and reporting capabilities. The service can be set to flag, hold, release or reject high-risk or uncharacteristic payments in real-time, according to business needs. Initially targeted at smaller financial institutions, the utility service is hosted in the SWIFT cloud to allow users immediate access, with no hardware or software installation or maintenance.

By understanding the patterns of payments sent over time, the Payment Controls service allows businesses to develop more effective and robust controls. Monitoring rules can be deployed in real-time to enforce policies and protect payment operations. Doing this reduces the risk of fraud and gives operations teams tighter overall control.

Robust business monitoring and reconciliation capabilities allow businesses to validate their internal records against SWIFT's secure record of their payments. The Payment Controls service helps identify unusual payment behaviours, even if attackers have tampered with systems, databases or log files.

More than 5,100 banks, representing more than 80% of SWIFT traffic, now use The KYC Registry. SWIFT's world-leading KYC utility is an online portal for financial institutions to exchange institutional KYC due diligence information.

The successful launch of Correspondent Monitoring – an optional online add-on to Compliance Analytics that enables the ongoing monitoring of correspondent banking relationships – further strengthens our offering. Developed in collaboration with the industry, it delivers the global, top-down reports needed for in-depth KYC reviews of correspondents' activities, with patterns flagged for investigation as they occur.

Our Sanctions Screening service continued to grow in 2018 with more than 200 new customers signing up to the service. This fully-managed, securely-hosted service screens incoming and outgoing messages against the latest sanctions lists and instantly alerts customers. In Asia Pacific, our Sanctions Testing tool meanwhile saw 50% growth in uptake. Sanctions Testing is a secure web-based product which enables customers to validate that the lists they are using are correct, and to align their filter configurations to business needs and risk appetites.

## Customer Security Programme



**SWIFT launched the Customer Security Programme (CSP) in 2016 to help customers ensure the security of their SWIFT-related infrastructure, and to defend against, detect and recover from cyber crime.**

The CSP continues to focus on three mutually reinforcing areas: the need for SWIFT users to secure and protect their own environments; the importance of managing relationships with counterparties; and the need to share information within the SWIFT community about threats.

Over the past year we have made strong progress in supporting our users in all three areas and customers continued to engage productively with the CSP's security requirements.

A cornerstone of the CSP, the Customer Security Controls Framework (CSCF) is a set of mandatory and advisory cyber security criteria that SWIFT revises annually. In 2018, we asked that users not only provide a self-attestation, but also that they ensure compliance with the CSCF's 16 mandatory controls – and we have undertaken to report non-compliant organisations to their supervisors in 2019. More than 94% of customers attested their level of compliance with the CSCF's controls by the 31 December 2018 deadline, up from 89% at the end of 2017. These institutions account for more than 99% of all FIN messages carried over the SWIFT network.

Last year, our users made nearly 25,000 requests for access to attestation data from their counterparties, demonstrating substantial take-up of the feature offered through the KYC Registry Security Attestation Application (KYC-SA).

We have continued to make live, anonymised cyber threat intelligence available to the community via the SWIFT ISAC (Information Sharing and Analysis Centre). This online portal helps institutions to assess risk levels, take any necessary mitigating action and share threat information securely with other member institutions.

As part of the CSP, SWIFT has introduced two new fraud solutions – Daily Validation Reports and the Payment Controls service.

Daily Validation Reports help smaller financial institutions enhance existing fraud controls by providing an independent daily snapshot of SWIFT transaction activity. Activity reporting allows institutions to verify their payment message activity against SWIFT's own record – which is critical if customer environments are compromised.

The Payment Controls service forms part of the CSP's package of measures to detect and safeguard against cyber crime.

## Market Infrastructures

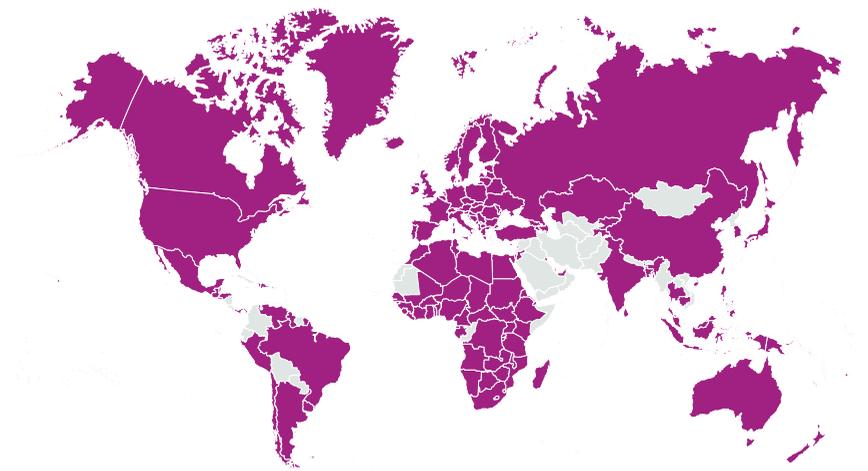


**SWIFT provides robust, reliable and secure financial messaging solutions to more than 235 payment, securities and treasury infrastructures globally. In addition to being able to use our standardised messaging solutions and value added services, market participants can reuse their existing SWIFT infrastructure to connect to multiple MIs and achieve significant economies of scale.**

Our Market Infrastructures (MI) franchise continues to contribute more than a third of SWIFT's total revenue and around 45% of our messaging volumes. The 2018 traffic increase was the result of steady growth on both FIN and SWIFTNet across all continents, in both the payments and securities markets.

As the MI market segment is facing major shifts in the coming years, we are closely monitoring the renewal of the many MIs across the world. A particular focus of MIs in 2018 has been on instant payments and solutions we have developed in support of this shift will now be positioned for re-use in targeted markets around the world.

## 140 countries with at least one Market Infrastructure connected to SWIFT at year end 2018



### 850 million

High-value payments (HVP) messages

### 3.1 billion

Central Securities Depository (CSD) and Central Counterparty (CCP) messages

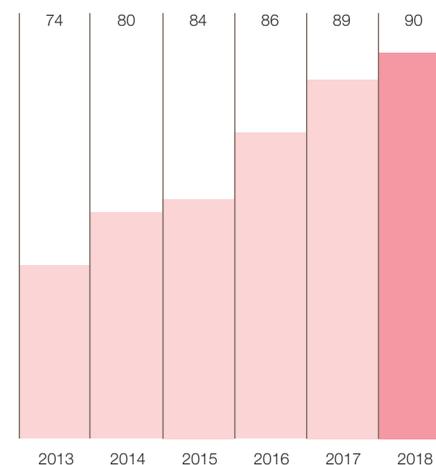
### 255

Live MI systems

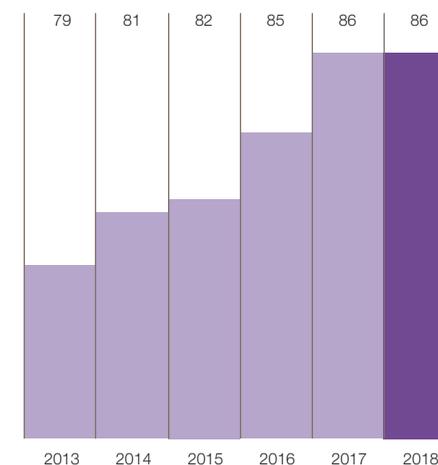
### 30 billion

Low-value payments (LVP) transactions

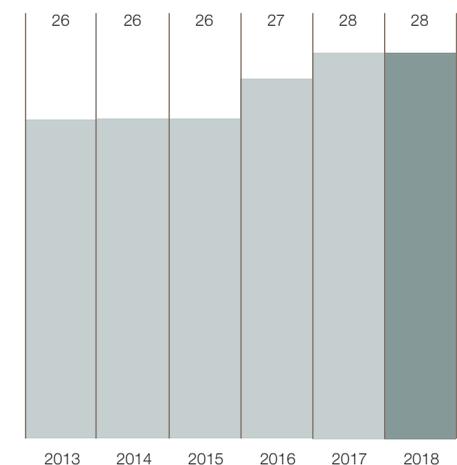
CSDs connected to SWIFT



HVPs connected to SWIFT



LVPs connected to SWIFT



## Instant Payment initiatives



**Instant payments technology has driven global demand to be able to pay and be paid in real time, putting the onus on Market Infrastructures to meet these expectations. In 2018, SWIFT made huge strides on instant payments around the world.**

### New Payments Platform (NPP)

Australia's NPP is a real-time system designed, built, tested and delivered by SWIFT in conjunction with the domestic industry in Australia to enable instant payments. Just 30 months after winning the contract to build the NPP for the Australian market, SWIFT delivered a working solution that is revolutionising domestic payments on the continent. We also launched a secure testing environment that allows fintechs and other payments providers to test the capabilities of the NPP. Hosted in the cloud and protected with state of the art security, it will enable developers to start testing the benefits of the NPP via APIs.

### RT1 system

SWIFT successfully launched its messaging solution for instant payments on EBA CLEARING's RT1 system. The new service allows payment service providers within the Single Euro Payments Area (SEPA) to make instant payments through RT1 over SWIFTNet Instant. The availability of SWIFTNet Instant for customers making instant payments via the pan-European RT1 platform marks another chapter in the long-standing partnership between SWIFT and EBA CLEARING.

### TIPS

SWIFT successfully implemented the same messaging service for TIPS – TARGET Instant Payment Settlement – which went live in November. SWIFT's solution for TIPS is designed as a key building block for access to the future Eurosystem Single Market Infrastructure Gateway (ESMIG). The next major milestone for ESMIG will be the technical consolidation of TARGET2 and TARGET2-Securities in 2021.

### Instant cross-border payments trial in Asia Pacific

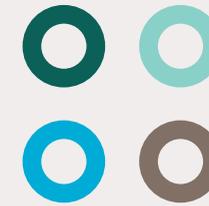
Using the NPP, together with banks in Australia, China, Thailand and Singapore, SWIFT successfully trialled an instant cross-border payments service in the Asia Pacific region. The trial demonstrated that by enabling gpi in real-time domestic systems, cross-border payments could be made almost instantly, even when they involve domestic settlement and non-gpi banks.

Twelve participating banks participated in this trial, with nine banks sending cross-border SWIFT gpi payments to Australia, and three banks in Australia processing the payments domestically via the NPP. The trial covered three country corridors – China-Australia, Singapore-Australia and Thailand-Australia.

Most real-world requirements were simulated in the test to ensure comprehensiveness, including: screening, payment validations, liquidity management, message transformation and real-time status updates to the gpi Tracker. The extension of operating hours was validated with incoming payments processed both during and outside business hours in Australia.

The fastest gpi payment in the trial was sent from China, reaching the end beneficiary account in Australia via NPP in 18 seconds. The fastest test payments from Singapore and Thailand were similarly credited to Australian end beneficiaries via the NPP within 30 seconds. All the payments sent during the trial were processed end-to-end within 60 seconds.

## Standards



**SWIFT remains at the centre of efforts to avoid fragmentation and to eliminate the needless complexities that can frustrate industry progress. Work to improve efficiency and reduce risk through standardised data, information and processes continued in 2018 on two broad fronts.**

### ISO 20022

In 2018, SWIFT launched an industry consultation to assess the community's appetite for migration to ISO 20022, and on proposals to address the practical challenges of such a migration. The feedback was presented to the SWIFT Board in September, with a recommendation that SWIFT facilitate a community migration of international payments and cash traffic from MT to ISO 20022 starting in 2021. This recommendation was approved and initial details of the planning and timeline were shared with the community in December.

Use of ISO 20022 continues to grow around the world, driven by Market Infrastructure adoption of the standard, from the US (Fed and CHIPS) and UK (RTGS) to the Eurozone (TARGET2).

SWIFT Standards continued its efforts to drive harmonisation of these many implementations to reduce industry costs. Two Market Infrastructure Summits were held in New York and Sydney, and the High Value Payment System Plus (HVPS+) market practice group, working with MIs and commercial banks, delivered a full set of common baseline specifications for use of ISO 20022 in high-value payments.

ISO 20022 migration was a key topic discussed at a number of Standards Forum events around the world, including in Paris, Moscow and Sydney.

### APIs

APIs are at the core of SWIFT's strategy and a key part of how we deliver a faster, more transparent experience to our customers. This technology is emerging as a new way to realise automation in the financial industry, and has already transformed other sectors – enabling ecosystems that challenge existing business models from transport (Uber) to hospitality (Airbnb).

Throughout 2018, we worked with several industry API initiatives to test and refine the approach and look forward to extending and consolidating this work in 2019.

In October, we published a blueprint for common API standards following collaboration with the European banking standards bodies, STET and Berlin Group – who together represent many of the region's banks and payment service providers. Titled *Towards a global platform for the financial services API economy*, it concluded that a successful transition to an API-based financial ecosystem is only possible if financial standards bodies converge towards a shared business standardisation methodology.

We also added a new product to our standards portfolio – SWIFT Translator. This provides fast and reliable translation between different business standards and can be used to create standard messages from users' internal proprietary data. SWIFT Translator is fully integrated with MyStandards to provide a standards implementation solution from specification to testing and production.

## SWIFT worldwide

### Bringing the community together Debating topics of shared interest Showcasing innovative solutions and new thinking

#### Asia Pacific

In March, we hosted the Business Forum Indonesia – the first since opening a local office in the country. The event brought together 350 delegates in Jakarta to discuss payment systems modernisation and the importance of continued collaboration on issues such as cyber security. Following this, 150 customer experts came together for a SWIFT Standards Masterclass.

In Indonesia, we also hosted a Corporates Forum to talk to local conglomerates about how we can assist with their cash pooling and liquidity management needs.

In April, over 400 delegates attended the Hong Kong Business Forum. The challenges of cyber security and compliance were discussed alongside innovation and digital transformation. After the Hong Kong Business Forum, we hosted a Corporates Forum for over 80 customers and potential SWIFT users.

In May, over 350 delegates attended the India and South Asia Regional Conference in Mumbai. This was our inaugural conference for India and the neighbouring countries in South Asia (including Nepal, Sri Lanka, Bangladesh, Mauritius and the Maldives). Following this conference, we invited corporates in India to learn more about being a SWIFT Corporate user.

In June, the Greater China Conference took place in Shanghai, bringing together 450 people over two days. Senior figures from state-owned enterprises, financial services and fintech firms discussed the importance of working together in a competitive landscape.

#### EMEA

SWIFT's 25th African Regional Conference (ARC) was the largest yet. ARC 2018 gathered more than 530 participants from 53 countries in June in Kigali, Rwanda, to talk about the future of Africa's financial services sector. Discussions over three days focused on the role of technology in driving growth in Africa, transforming the continent's economies, and addressing some of the critical challenges facing Africa's financial sector, including cyber crime and financial crime compliance.

We published a whitepaper on Transaction Banking in Africa. Based on analysis of SWIFT traffic, the paper offers valuable insights into transaction flows between African countries, and between Africa and other regions. The paper identified the forces that are driving change in cross-border transaction flows and reshaping pan-African banking, and looked at the future of cross-border banking in Africa.

In September, 400 delegates from 25 countries came together in Dubai for the SWIFT Middle East Regional Conference. The event explored the evolution of the financial sector, and the role of technology in driving this change.

The Premium Services Forum Europe and the SWIFT Operations Forum Europe took place in November in Amsterdam. These events brought more than 500 experts from 40 countries together to debate the industry's operational challenges and discuss how to achieve and maintain levels of operational excellence and security.

Business Forums in Benelux, Germany, Portugal, Russia, Switzerland, Romania, Ukraine and Austria looked at the key trends in each market and what SWIFT is doing to support each local community. Many of these events also featured a SWIFT demo zone through which customers could gain hands-on experience of our products and services. They also allowed customers a chance to see what our R&D team is doing with new technologies such as DLT and AI.

#### Americas

In 2018, SWIFT welcomed members of the community to forums and events held across the region. The key theme discussed at all events in the region was 'Seizing the Opportunity' – which explored how the financial services industry can collaborate and harness the power of data and emerging technologies.

We kicked off our events with the Business Forum Nordics in March, where 250 of region's financial leaders gathered in Helsinki. Later that month, SWIFT hosted Business Forum Canada in Toronto, with 300 financial industry representatives joining to discuss key developments and innovations in Canada's payments market. In April, 1,300 delegates gathered for the Business Forum London to debate and discuss the key themes of innovation in financial services, community collaboration and managing the cyber threat.

In May, we hosted the Premium Services Forum in New York – welcoming 100 delegates from 44 of our premium services customers. In June, 550 business leaders and industry experts from 22 countries gathered at SWIFT's Latin American Regional Conference, hosted in Miami for the first time. SWIFT Business Forum New York closed out the region's 2018 events – attracting 700 business leaders from 13 countries. This was an opportunity to share ideas and develop new solutions to ensure the next generation of financial services remain relevant, competitive and resilient.

#### Sibos

Sibos 2018 took place in Sydney and was attended by 7,526 delegates from 144 countries. A total of 166 exhibitors presented financial and IT solutions and services.

Under the theme of '*Enabling the digital economy*', more than 250 conference sessions explored the industry's most topical issues, including the future of payments and technology, cyber security, data, trust and identity.

The conference programme featured around 600 speakers, including AI experts, Dr. Ayesha Khanna and anthropologist Prof. Genevieve Bell.

#### Innotribe

Innotribe was created to identify emerging trends in financial services innovation and generate discussion about how these trends could impact the industry going forward. Innotribe continued its mission to showcase innovation and new thinking from around the industry, and to help connect fintechs and startups with financial institutions to foster collaboration.

In 2018, Innotribe once again provided a platform to help understand the dynamics behind technology changes, focusing on the opportunities for transformation. With an impressive programme at Sibos in Sydney focusing on quantum computing, AI and cyber, Innotribe brought together speakers and academics to help drive the innovation agenda in our community.

#### SWIFT Institute

The SWIFT Institute is now firmly established as a provider of thought leadership in the financial industry. In 2018, new research grants were issued to fund a deeper look into subjects including: the European banking landscape resulting from the implementation of PSD2; global instant payment; measures to improve cyber security in smaller financial institutions; and an assessment of blockchain use in the financial industry.

Newly published papers include a comparison of fintech in China and Western countries, the regulation of derivatives comparing the US, EU and the UK, and look at the future of correspondent banking for cross-border payments.

Attendance at SWIFT Institute sessions at Sibos totalled nearly 2,000 delegates – a 65% increase on the previous year. At Sibos, the 2018 Student Challenge culminated in eight finalists presenting their ideas on how to keep personal data safe in an open banking environment. The winning team from Monash University won AUD30,000 for their idea of using a combination of behavioural economics and blockchain to create a secure platform to share customer data.

In 2018, the SWIFT Institute established a partnership with Knowledge@Wharton to create and publish articles on topics defined by the SWIFT Institute. Topics so far include blockchain, instant payments, Sweden's experience going cashless and financial sector reforms in China.

## SWIFT2020

## Grow the core Build the future

**Published in 2015, the strategy is designed to respond effectively to external challenges and drivers of change by building on previous successes and taking a 'grow the core, build the future' approach.**

In March, we undertook an assessment of the plan. Following this, it was proposed that the original strategy be adapted to respond to changing market and technology conditions, and that the visions outlined in the original *SWIFT2020* – 'grow the core, build the future' initiative – be accelerated.

Assessing the *SWIFT2020* strategy, the Board identified three additional accelerated strategic areas of focus: new technology with particular emphasis on Application Programming Interfaces (APIs), SWIFT's supporting role with ISO 20022 migration, and the increased use of data analytics.

# 2020

### API Strategy

In 2018, the Board endorsed our strategy to accelerate investment in APIs. This will help the SWIFT community harmonise API specifications as well as simplify access to SWIFT's shared services.

We will enable customers to expose their own APIs over SWIFT's network, leveraging SWIFT's standards expertise, connectivity, security, aggregated metrics, and reach. Furthermore, we will provide a way to bridge our messaging solutions with APIs through the evolution of our new cloud platform.

### ISO 20022 migration

Prompted by the emergence of ISO 20022 as a global standard for Market Infrastructures, SWIFT executed a study into the use of ISO 20022 for cross-border traffic on the SWIFT network, looking specifically at the impact on payments.

Based on the outcome of that exercise, we plan to facilitate a migration of cross-border payments traffic to ISO 20022 starting in 2021, and to develop a centrally managed translation service to facilitate migration during a four-year coexistence phase.

### Data analytics

With the potential and need for data analytics in the financial industry growing dramatically over the last decade, and an even greater impact forecast for the future, we will further our role in data analytics and leverage the data we transport.

We have the opportunity to generate more value out of the broader transaction data set we manage both for the improvement of our product development processes and to deliver better business intelligence services to our customers.

## Corporate Social Responsibility

**We remain committed to reducing our environmental impact, supporting the communities in which we operate, facilitating dialogue on corporate social responsibility (CSR) within the industry. We also remain focused on reinforcing business sustainability in emerging countries through financial inclusion and education partnerships.**

In 2018, SWIFT made progress on its three CSR priorities: operating responsibly and sustainably; caring for our communities; and facilitating business sustainability. Amongst the many initiatives we have undertaken, are the following highlights:

### Greening SWIFT

Since 2007, SWIFT has been calculating and proactively reducing the impact of its activities on the environment. In 2018, we invested in two offsetting projects – one in Brazil focusing on forest preservation and one in India on solar thermal power – to compensate for some of the emissions we could not avoid generating.

### Energy efficiency

In SWIFT's headquarters, we implemented additional energy reduction measures identified in a recent energy audit. This led to consumption remaining stable, despite a higher occupancy rate. We also finalised a four-year project in one of our data centres where a new electrical infrastructure will improve energy consumption.

### Cycling to work

SWIFT Belgium was awarded 5\* Tous Vélo-Actifs award for the fifth consecutive year in 2018, recognising the continued effort of the company to promote cycling to work. In total, Belgian employees cycled 128,000km to work, a 22% increase on 2017.

### Waste

In our headquarters, we began eliminating single use plastics such as coffee stirrers and plastic cutlery. Following a successful awareness campaign, we reduced the use of plastic cups by 50%.

### Sibos

At Sibos 2018, we developed initiatives to meet social, environmental and economic goals – focusing on everything from recycling to community engagement. By partnering with local charities and companies, we donated 150 exhibitor stand items, 170 potted plants and more than 2,500 meals to local communities, achieving a waste diversion rate of 62.5%. Delegates also participated in reforestation projects through WeForest, an international NGO thriving to restore forest landscapes across the world.

### Diversity and inclusion

In 2018, we maintained our focus on creating a more diverse and inclusive workplace with a series of events with senior women working in the industry. We also held workshops and training sessions relating to women's empowerment and professional success.

During the year, 39% of our new hires were women, meaning that globally 35% of our workforce is female.

### Ethics in finance

Together with the SWIFT Institute, we developed a new strategic partnership with the Ethics and Trust in Finance Prize. The award – held every two years – encourages awareness among young people on the benefits of ethics in finance, encouraging high-quality management of banking and financial services based on trust and integrity.

### Caring for our communities

In 2018, through our various programmes and initiatives, we were active with 166 organisations spread over 41 countries. More than 20% of our staff engaged in fundraising efforts, volunteering for charities and participating in solidarity team events, among much else.

We continued partnering with organisations to support financial inclusion and education in emerging countries, mainly through Fundación Capital and the Teach for All network – developing new projects in Bolivia, Mozambique, Paraguay and the Philippines.

**20%**  
of employees engaged  
in CSR activities

**35%**  
of employees are female

**166**  
organisations supported by  
SWIFT in 41 countries

**128,000km**  
cycled to work in Belgium

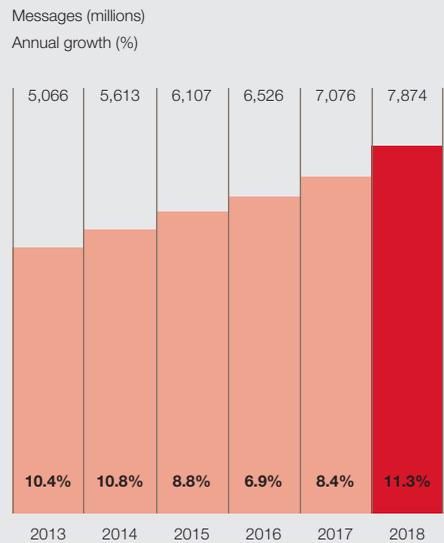
# Messaging facts and figures

## 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.

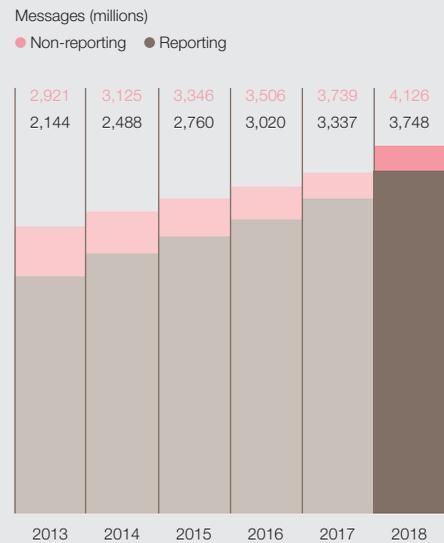
In 2018 more than 7.8 billion FIN messages, or an average of 31.3 million messages per day, were sent over the SWIFT network. This is an increase in total FIN volume of 11.3% on 2017.

SWIFT recorded two FIN peak days in 2018. The latest one was on 31 May when more than 35.2 million messages were sent over the SWIFT network. This peak was the result of strong Securities volumes, combined with typical end of month reporting.



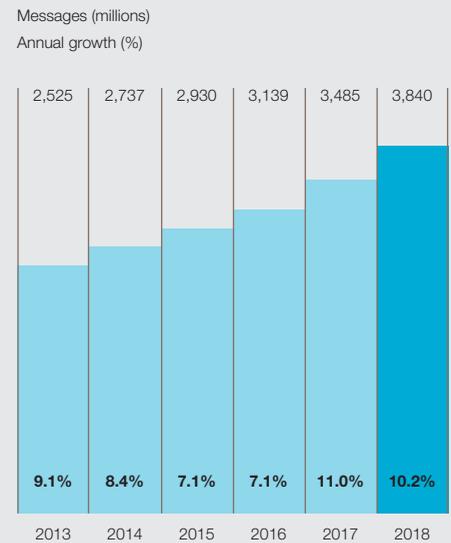
## Reporting messages

Reporting messages grew by 12.3% in 2018, outperforming the non-reporting messages growth of 10.3%. Reporting messages drove slightly more than half of the SWIFT total volume growth. Over the five years from 2013-2018, the proportion of reporting messages as a percentage of total FIN traffic has increased from 42% to 48%.



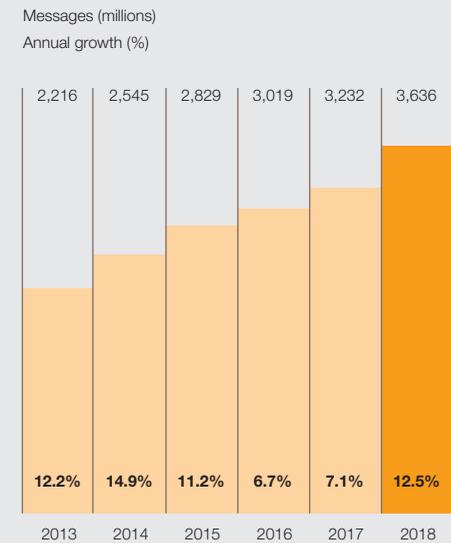
## Payment messages

Payments volume recorded a strong increase (10.2%) compared to historical trends, although the growth rate is slightly lower than in 2017. This solid performance reflects overall positive economic conditions and outlook as well as the growth of gpi. Growth was driven almost equally by reporting and non-reporting messages. As usual, the highest performing month volume-wise was December, when Payments volumes reached a new all-time high of 16.8 million messages/day on average.



## Securities messages

Securities traffic grew by 12.5% during 2018, driven by strong market volatility combined with significant reporting message growth by large players. Reporting flows accounted for 56% of the growth in Securities. December was again a high performing month in terms of volume, as Securities traffic reached a new all-time high of 15.7 million messages per day on average.

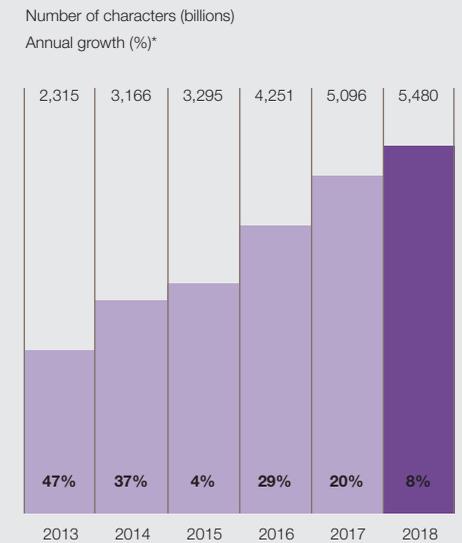


## FileAct

FileAct is an advanced, secured and resilient file transfer protocol tailored to the customers' need to exchange freely formatted transactions in bulk mode. It is primarily used to exchange large batches of low-value payments and the corresponding reporting.

FileAct recorded 7.6% traffic growth in 2018, when on average more than 21.7 million KCharacters were sent over the SWIFT network per day. Low-value payments remained the largest FileAct volume contributor and continued to grow as a result of gains in the European cards clearing business and new Market Infrastructures on SWIFT. The Corporates segment maintained its steady growth rate during 2018.

FileAct volume in billions of characters	5,480
FileAct volume in millions of files	161
Live and pilot users	3,075
Services using FileAct	174



\* Growth rate 2013 is based on adjusted 2012 volumes taking into account the increase file compression rate. The compression rate changed due to customer migration to a new version of SWIFTNet Link (SNL) which applies compression automatically.

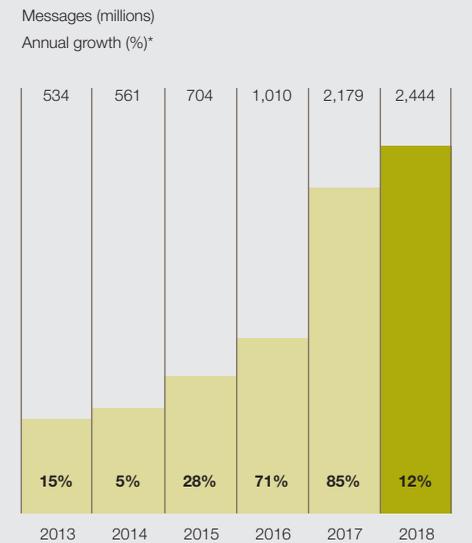
## InterAct

InterAct is a versatile protocol that supports different types of usage and business. It is primarily used by Market Infrastructures to support ISO 20022 messaging. Our Store and Forward version of InterAct has been enriched to provide the same level of functionalities as FIN.

Following the completion of the official TARGET2-Securities migration plan in 2017, InterAct traffic continued to record a steady growth of 12.1% in 2018, when on average more than 9.7 million messages were sent over the SWIFT network per day. In 2018, TARGET2-Securities represented close to 70% of total InterAct traffic.

InterAct messages (*)	2,444 million
Live and pilot users (**)	2,351
Services using InterAct (*)	74

(\*) including CREST  
(\*\*) including CREST, excluding RMA



\* Growth rates 2015-2017 are based on adjusted historical volumes, neutralising the impact of the CLS platform migration.

## Board and Executive

### SWIFT Board

#### Yawar Shah

Managing Director, Citi, USA and Chairman of the Board of Directors, SWIFT

#### Stephan Zimmermann

Divisional Vice-Chairman, Wealth Management, UBS AG, Switzerland and Deputy Chairman of the Board of Directors, SWIFT

#### Eddie Astanin

Chairman of the Executive Board of NSD, Russia

#### Gianfranco Bisagni

Co-Head of Corporate and Investment Banking (CIB), Unicredit, Italy

#### Mark Buitenhek

Global Head of Transaction Services, ING, The Netherlands

#### Jose Lu s Calder n Igareda

Managing Director, Global Head of GTB, Santander Global Corporate Banking (GCB), Member of GCB Executive Committee, Santander, Spain

#### Bernard Carless

Head Settlement and SWIFT, FirstRand Group Treasury, South Africa

#### Fabrice Den le

Senior Vice President, Partnerships & Interbank Relationships and Head of Consumer Solutions, Natixis Payment Solutions, France

#### John Ellington

Director, Shared Services, RBS, United Kingdom

#### Yaosheng Fan

General Manager, Head Office Clearing Department, Bank of China, China

#### G ran Fors

Deputy Head of Investor Services, SEB, Sweden

#### Mark Gem

Member of the Executive Board, Clearstream International S.A., Luxembourg

#### Frederic Hannequart

Chairman, Euroclear Bank & Chief Business Officer, Euroclear Group, Belgium

#### S ren Haugaard

Global Head of Trade & Supply Chain Finance, Danske Bank, Denmark

#### Lisa Lansdowne-Higgins

Vice President, Business Deposits and Treasury Solutions, RBC, Canada

#### Martin Kobler

Managing Director, Head Financial Institutions, Credit Suisse (Switzerland) Ltd. Institutional Clients, Switzerland

#### Emma Loftus

Managing Director, Head of Global Payments and Receivables, J.P. Morgan, USA

#### Lynn Mathews

Chairman of the Australian National Member Group, Australia

#### Stephan M ller

Divisional Board Member and Group CIO, Commerzbank, Germany

#### Hiroshi Nakatake

General Manager, Transaction Banking Division, The Bank of Tokyo-Mitsubishi UFJ, Japan

#### Bock Cheng Neo

Executive Vice President, Head of Global Transaction Banking, OCBC Bank, Singapore

#### Olivier Onclin

Member of the Management Board, Chief Operating Officer, Chief Information Officer, Belfius Bank, Belgium

#### Alain Pochet

Head of Clearing, Custody and Corporate Trust Services, BNP Paribas, Securities Services, France

#### Russell Saunders

Managing Director, Payments Strategy, Lloyds Banking Group, United Kingdom

#### Christian Westerhaus

Managing Director, Global Head of Clearing Products, Cash Management, Global Transaction Banking, Deutsche Bank, Germany

During the course of 2018, the following Directors left the Board:

Patrick Tans, KBC Bank and Insurance, Belgium

Ulrich Stritzke, Cr dit Suisse, Switzerland

Rob Green, Firstrand Ltd., South Africa

Jianguang Wu, Bank of China, China

Stephen Lomas, Germany

### Our executive team

#### Gottfried Leibbrandt

##### Chief Executive Officer

Gottfried Leibbrandt was appointed Chief Executive Officer of SWIFT in July 2012. He joined SWIFT in 2005 to focus on the development of the *SWIFT2010* strategy. Upon completion of the strategy, he was appointed Head of Standards, and then in 2007 he was promoted to Head of Marketing. Leibbrandt was a key architect behind the *SWIFT2015* strategy. Prior to joining SWIFT, Leibbrandt worked at McKinsey & Company for 18 years as a partner in the Amsterdam office and a co-leader of the European payments practice.

#### Stephen Gilderdale

##### Chief Operations Officer

Stephen Gilderdale was appointed Chief Operations Officer in January 2019. He is responsible for SWIFT's Operations group which ensures the day-to-day delivery of SWIFT's services. The group manages and operates the services used by customers on a 24/7 basis, including the running of SWIFT's operational centres and global network. The group also includes platform and customer support services, the incident and crisis management function and enterprise systems management.

#### Luc Meurant

##### Chief Marketing Officer

Luc Meurant was appointed Chief Marketing Officer in October 2017. The Marketing group delivers all the products and services aimed to respond to the needs of our banking, securities, Market Infrastructure and corporate customers. The Marketing group also delivers Sibos, SWIFT's flagship annual financial industry event.

#### Javier P rez-Tasso

##### Chief Executive, Americas & UK Region

Javier P rez-Tasso is Chief Executive Americas, UK, Ireland and Nordics at SWIFT. Appointed in September 2015, he is responsible for key client relationships and business development across the region. Previously, P rez-Tasso served as Chief Marketing Officer, whilst earlier in his career, he held several senior leadership positions in SWIFT's sales and marketing divisions.

#### Alain Raes

##### Chief Executive, EMEA and Asia Pacific

Alain Raes was appointed Head of the EMEA Region in September 2007 and added the role of Chief Executive Asia Pacific in January 2013. He was previously Director of the Continental Europe region, having joined SWIFT in 1990. Prior to joining SWIFT, he worked at Citibank, Belgium, and Fortis Bank, Singapore.

#### Anna Agafonova

##### Chief Financial Officer

Anna Agafonova joined SWIFT in October 2018 from American Express. She has experience working in audit and control, forecasting, budgeting and reporting across a range of business types and industries.

The Finance and Administration group is responsible for financial management, corporate planning, monitoring Company performance, billing, customer contracts management, purchasing, logistics and general administration services.

#### Craig Young

##### Chief Information Officer

Craig Young joined SWIFT in February 2015. He has also served as SWIFT's CTO, with responsibility for developing the company's long-term technology vision and strategy. Young has more than 20 years of industry experience including executive leadership of large-scale, complex, global organisations.

The General Counsel, the Chief Risk Officer, the Chief Auditor, and the Head of HR report directly to the CEO. The CEO represents the General Counsel, the Chief Risk Officer, the Chief Auditor, and the Head of HR on the Executive Committee.

Rosemary Stone, Head of Human Resources  
Patrick Krekels, General Counsel and Board Secretary  
Dina Quraishi, Chief Risk Officer  
Peter De Koninck, Chief Auditor

During the course of 2018, the following people served on the executive team:

Marcel Bronmans, Chief Operations Officer  
Francis Vanbever, Chief Financial Officer

## SWIFT Governance

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

### Board Director nominations

SWIFT's Board composition is designed to reflect usage of SWIFT messaging services, ensure SWIFT's global relevance, support its international reach and uphold its strict neutrality.

Each nation's usage of SWIFT's messaging services determines both SWIFT shareholding allocations and the number of Board Directors that each nation is entitled to.

SWIFT shareholdings are determined by a set formula, and the nomination process and the composition of the Board follow rules set out in SWIFT's by-laws. Shares are reallocated based on the financial contribution of shareholders for network-based services. This ensures that the composition of the Board reflects SWIFT's shareholders around the world. Depending on a nation's shareholder ranking, it may propose one or two Directors to the Board or join other nations to collectively propose a Director:

- a. 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 must not exceed 12.
- b. 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 must not exceed 10.

- c. The shareholders of those nations which do not qualify under 1. or 2. above may join the shareholders of one or more other nations to propose a Director for election. The number of Directors proposed in this way must not exceed 3.

The total number of Directors cannot exceed 25.

### Director elections

Once the proposed Director nominees have been vetted, they are elected as Board Directors by SWIFT shareholders at the Annual General Meeting for a renewable three-year term. Every year the Board elects a Chair and a Deputy Chair from among its members. It meets at least four times a year.

### Director remuneration

Members of the Board do not receive any remuneration from SWIFT. They are reimbursed for the travel costs incurred in the performance of their mandate. SWIFT reimburses the employer of the Chair of the Board for the share of the Chair's payroll and related costs that represent the portion of the time dedicated to SWIFT.

### Board committees

The Board has seven committees. The Committees provide strategic guidance to the Board and the Executive Committee and review progress on projects in their respective areas.

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; Ethics programmes; Risk management (in cooperation with the Franchise Risk Committee (FRC)); Audit oversight.

The AFC meets at least four times per year with the CEO, CFO, General Counsel and the Chief Auditor, or their pre-approved delegates.

The AFC may request the presence of any member of SWIFT staff at its discretion. External auditors are present when their annual statements/opinions are discussed and whenever the AFC deems appropriate.

The Franchise Risk Committee (FRC) assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The FRC's role includes oversight of risk management of SWIFT. The FRC coordinates with the Chairs of the AFC and TPC, and focuses on risks not covered by those committees. The FRC is chaired by the Chair of the Board, and includes the Vice-Chair and the Chairs of the AFC, TPC and BSC. The Committee meets at least three times a year, out of the normal Board cycle.

The Human Resources Committee (HRC) oversees executive compensation. It assesses the Company's performance and decides on the remuneration packages for members of the Executive Committee 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 Executive Committee and assists in the development of the organisation, including succession planning. The Board Chair and Deputy Chair are routinely members of the HRC, which meets at least four times per year with the CEO, the

Head of Human Resources and the CFO on financial and performance measures. The HRC has delegated powers from the Board in these matters. The HRC also meets without SWIFT executives several times a year.

The Technology & Production Committee (TPC) covers technology and production developments.

The Banking & Payments Committee (BPC) and the SWIFT Securities Committee (SSC) focus on segment specific developments, while the Banking Services Committee (BSC) focuses on Standards, Data and APIs (principles of business architecture).

### Audit process

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

### Two mandates for external audit

Ernst & Young, Brussels has held the Financial Audit mandate since June 2000. Their mandate was renewed in June 2018 and runs to June 2021. Their financial Audit Report can be found in the 2018 Consolidated Financial Statements.

PwC, London has held the Security Audit mandate since September 2003. In 2016 their mandate for third-party assurance reporting (ISAE 3000) was renewed for three years, to end in 2019. For the 2018 calendar year, SWIFT is providing standalone ISAE 3000 Type 2 reports for SWIFTNet and FIN, T2S, Alliance Lite2, AUNPP, and Interfaces. Each report includes PwC's opinion on the

design adequacy and operating effectiveness of the control activities that help achieve the control objectives in the areas of risk management, security management, technology management, resilience and user communication (in line with CMPI-IOSCO's Expectations for Critical Service Providers).

ISAE 3000 is an international standard enabling service providers, such as SWIFT, to give independent assurance on their processes and controls to their customers and their auditors. The ISAE 3000 reports for SWIFTNet and FIN, Alliance Lite2 and Interfaces are made available to shareholding institutions or registered SWIFT users on request. The distribution of ISAE 3000 report for T2S is restricted to the Eurosystem and T2S Directly Connected Actors, the AU-NPP report is provided only to NPP Australia and users of the service should contact NPP Australia directly if they have questions about the report.

### Oversight

SWIFT maintains an open and constructive dialogue with its oversight authorities. SWIFT is overseen because of its importance to the smooth functioning of the worldwide financial system, in its role as provider of messaging services. SWIFT is overseen by the central banks of the G-10 countries. Under an arrangement with the G-10 central banks, the National Bank of Belgium, the central bank of the country in which SWIFT's headquarters is located, acts as lead overseer. In 2012 this framework was reviewed and a SWIFT Oversight Forum was established, through which information sharing on SWIFT oversight activities was expanded to a larger group of central banks. The issues to be discussed may include the five High Level Expectations that relate to risk identification and management, information security, reliability and resilience, technology planning, and communication with users.

### User representation

SWIFT's National Member Groups and National User Groups help to provide a coherent global focus by ensuring a timely and accurate two-way flow of information between SWIFT and its users. The National Member Groups comprise all SWIFT shareholders from a nation, and propose candidates for election to the SWIFT Board of Directors. They act in a consultative capacity to the Board and Management, and serve the interests of their nation's shareholders by coordinating their views. Each National Member Group is chaired by a representative who is elected by the SWIFT shareholders of that nation. National User Groups comprise all SWIFT users from a nation and act as a forum for planning and coordinating operational activities. Each National User Group is chaired by a representative who is a prime line of communication between the national user community and SWIFT.

## Oversight

### International cooperative oversight Effective controls and processes Open and constructive dialogue Reviewing operational risk

#### SWIFT's oversight objectives centre on the security, operational reliability, business continuity, risk identification, and resilience of the SWIFT infrastructure.

Central banks 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 is therefore not regulated as such by central banks or bank supervisors, it is subject to central bank oversight as a critical service provider. A large and growing number of systemically important payment systems have become dependent on SWIFT, which has thereby acquired a systemic character.

As a result, the central banks of the G-10 countries agreed that SWIFT should be subject to cooperative oversight by central banks. SWIFT has been subject to oversight since 1998.

The arrangement was last reviewed in 2012 when the SWIFT Oversight Forum was set up. Information-sharing on SWIFT oversight activities was thereby expanded to a larger group of central banks.

#### An open and constructive dialogue

SWIFT is committed to an open and constructive dialogue with its oversight authorities. The National Bank of Belgium (NBB) acts as the lead overseer, and is supported by the G-10 central banks. The oversight primarily focuses 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 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 for payment systems oversight, the main instrument for oversight of SWIFT is moral suasion.

Overseers place great importance on the constructive and open dialogue that is conducted on the basis of mutual trust with the SWIFT Board and senior management. Through this dialogue, overseers formulate their recommendations to SWIFT.

A protocol signed between the NBB and SWIFT lays down the common understanding of overseers and SWIFT. The protocol covers the oversight objectives and the activities that are undertaken to achieve those objectives. The protocol is revised periodically to reflect evolving oversight arrangements.

#### Objectives, areas of interest and limitations

In their review, overseers seek assurances that SWIFT has put in place appropriate governance arrangements, structures, processes, risk management procedures and controls that enable it to effectively manage potential risks to financial stability and to the soundness of financial infrastructures, to the extent that they are under SWIFT's control. In 2007 the overseers developed specific oversight expectations applicable to SWIFT, known as the 'High level expectations for the oversight of SWIFT' (HLEs). The High Level Expectations document the five categories of expectations that overseers have vis-à-vis the services SWIFT provides to the global financial infrastructure. The five Expectations relate to: risk identification and management, information security, reliability and resilience, technology planning, and communication with users.

Overseers review SWIFT's identification and mitigation of operational risks, including cyber security, and may also review legal risks, transparency of arrangements and customer access policies. The overseers may also discuss SWIFT's strategic direction with the SWIFT Board and senior management.

This list of oversight fields is indicative, not exhaustive. 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. 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 together with the G-10 central banks: 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.

In the SWIFT Oversight Forum, these central banks are joined by other central banks from major economies: Central Bank of Argentina, Reserve Bank of Australia, People's Bank of China, Hong Kong Monetary Authority, Reserve Bank of India, Bank Indonesia, Bank of Korea, Banco de Mexico Bank of Russia, Saudi Arabian Monetary Agency, Monetary Authority of Singapore, South African Reserve Bank, Banco de Espana and the Central Bank of the Republic of Turkey. The SWIFT Oversight Forum provides a forum for the G-10 central banks to share information on SWIFT oversight activities with a wider group of central banks.

#### Oversight structure – oversight meetings

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

#### Access to information

In order to achieve their oversight objectives, the overseers need timely access to all information that they consider relevant. Typical sources of information are SWIFT Board papers, security audit reports, incident reports and incident review reports. Presentations by SWIFT staff and management represent another important source of information for the overseers.

Finally, SWIFT assists the 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 Memoranda of Understanding between the NBB and each of the other cooperating central banks. The official description of the NBB's oversight role can be found in the *Financial Market Infrastructures and Payment Services Report* published by the National Bank of Belgium and available on its website [www.nbb.be](http://www.nbb.be).

## Security audit and financial performance

### 2018 Security audit statement

The Directors and management acknowledge their responsibility for maintaining an effective system of internal control. Management is satisfied that, for the period 1 January 2018 to 31 December 2018, the control policies and procedures were operating with sufficient effectiveness to ensure that the control objectives with regard to risk identification and management, information security, reliability and resilience, technology planning and communication with users were met.

The control objectives were specified by SWIFT management, in line with the overseers' High Level Expectations for SWIFT and CMPI-IOSCO's Expectations for Critical Service Providers. PwC was retained by the Directors to review the adequacy of design and the operating effectiveness of the manual and computer-based controls and the control policies for the FIN and SWIFTNet messaging services, Alliance Lite2, Interfaces and T2S specified by SWIFT management covering the period from 1 January to 31 December 2018.

Their examination was made in accordance with the International Standard for Assurance Engagements (ISAE) 3000, established by the International Auditing and Assurance Standards Board (IAASB). ISAE 3000 is an international standard enabling service providers, such as SWIFT, to give independent assurance on their processes and controls to their customers and their auditors. The ISAE 3000 reports provide information and assurance on the security and reliability of SWIFT's FIN and SWIFTNet messaging services, Alliance Lite2, Interfaces and T2S.

### Key figures

(in millions)	2018 EUR	2017 EUR	2016 EUR	2015 EUR	2014 EUR
Operating revenue before rebate	811	780	745	710	628
Rebate	-	-	-	(33)	(31)
Revenue after rebate	811	780	745	677	597
Operating expenses	(760)	(697)	(691)	(653)	(559)
Profit before taxation	53	69	47	35	38
Net profit	34	45	26	19	29
Net cash flow from operating activities	31	155	53	64	104
Capital expenditure of which:	59	80	51	48	38
Property, plant and equipment	52	53	42	38	29
Intangibles	7	27	9	10	9
Shareholders' equity	408	469	415	388	326
Total assets	898	804	797	763	714
Number of employees at end of year	2,835	2,779	2,629	2,328	2,163

For the year ended 31 December 2018



To download the full set of financial statements, including the accompanying notes referred to below, please visit: [www.swift.com](http://www.swift.com)

### Consolidated statement of comprehensive income

For the year ended 31 December 2018

(in thousands)	Note	2018 EUR			2017 EUR		
		Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Profit for the year</b>	<b>(A)</b>	<b>52,698</b>	<b>(19,185)</b>	<b>33,513</b>	69,499	(24,380)	45,119
<b>OCI items that may be reclassified subsequently to profit or loss:</b>							
Foreign currency translation		(1,102)	-	(1,102)	(1,419)	-	(1,419)
Cash flow hedges:							
Current year gain / (loss) on financial instruments	31	3,573	(1,057)	2,516	(5,504)	1,627	(3,877)
Prior year (gain) / loss transferred to income statement	31	5,504	(1,627)	3,877	(1,469)	500	(969)
<b>OCI items that will not be reclassified to profit or loss:</b>							
Recognition of actuarial gains and losses	24	(4,671)	200	(4,471)	27,622	(15,301)	12,321
<b>Other comprehensive income</b>	<b>(B)</b>	<b>3,304</b>	<b>(2,484)</b>	<b>820</b>	19,230	(13,174)	6,056
<b>Total comprehensive income for the year</b>	<b>(A) + (B)</b>	<b>56,002</b>	<b>(21,669)</b>	<b>34,333</b>	<b>88,729</b>	<b>(37,554)</b>	<b>51,175</b>
Attributable to:							
Equity holders of the parent				35,377			53,089
Non-controlling interests				(1,044)			(1,914)
				34,333			51,175

### Consolidated statement of profit and loss

For the year ended 31 December 2018

(in thousands)	Note	2018 EUR	2017 EUR
<b>Revenue</b>			
Traffic revenue	2	377,006	357,259
One-time revenue	3	5,537	17,267
Recurring revenue	4	249,516	227,508
Interface revenue	5	175,691	175,940
Other operating revenue		3,244	2,436
		810,994	780,410
<b>Expenses</b>			
Royalties and cost of inventory	12	(8,345)	(7,038)
Payroll and related charges	6	(382,050)	(331,743)
Network expenses	7	(15,105)	(14,361)
External services expenses	8	(283,744)	(274,738)
Depreciation of property, plant and equipment	13	(48,055)	(46,459)
Amortisation of intangible assets	14	(13,658)	(11,630)
Other expenses	9	(8,567)	(10,850)
		(759,524)	(696,819)
<b>Profit from operating activities</b>		<b>51,470</b>	83,591
Financing costs	10	(1,396)	(1,287)
Other financial income and expenses	10	2,624	(12,805)
<b>Profit before tax</b>		<b>52,698</b>	69,499
Income tax expense	11	(19,185)	(24,380)
<b>Net profit</b>		<b>33,513</b>	45,119
Attributable to:			
Equity holders of the parent		34,250	46,554
Non-controlling interests	15	(737)	(1,435)
		33,513	45,119

## Security audit and financial performance (continued)

### Consolidated statement of financial position

For the year ended 31 December 2018

(in thousands)	Note	2018 EUR	2017 EUR
<b>Non-current assets</b>			
Property, plant and equipment	13	197,091	193,207
Intangible assets	14	29,850	36,628
Other investments	16	-	250
Deferred income tax assets	17	73,817	36,887
Other long-term assets	21	13,728	12,969
<b>Total non-current assets</b>		<b>314,486</b>	<b>279,941</b>
<b>Current assets</b>			
Cash and cash equivalents	18	266,332	294,659
Other current financial assets	18	137,887	74,000
Trade receivables	19	89,521	82,895
Other receivables	20	26,162	20,981
Prepayments to suppliers and accrued income	21	48,049	40,335
Inventories	22	5,070	1,645
Prepaid taxes	23	10,128	9,425
<b>Total current assets</b>		<b>583,149</b>	<b>523,940</b>
<b>Total assets</b>		<b>897,635</b>	<b>803,881</b>
<b>Shareholders' equity</b>		<b>407,529</b>	<b>469,330</b>
Equity attributable to equity holders of the parent		401,365	462,122
Non-controlling interests	15	6,164	7,208
<b>Non-current liabilities</b>			
Long-term employee benefits	24	121,328	104,597
Deferred income tax liabilities	17	4,433	3,765
Long-term provisions	26	12,430	18,721
Contract liabilities	5	111,768	-
Other long-term liabilities	27	651	215
<b>Total non-current liabilities</b>		<b>250,610</b>	<b>127,298</b>
<b>Current liabilities</b>			
Amounts payable to suppliers	27	56,219	53,460
Short-term employee benefits	25	73,790	67,169
Short-term provisions	26	11,105	8,207
Contract liabilities	5	23,246	-
Other liabilities	27	71,268	73,319
Accrued taxes	28	3,868	5,098
<b>Total current liabilities</b>		<b>239,496</b>	<b>207,253</b>
<b>Total equity and liabilities</b>		<b>897,635</b>	<b>803,881</b>



To download the full set of financial statements, including the accompanying notes referred to below, please visit: [www.swift.com](http://www.swift.com)

### Consolidated statement of cash flows

For the year ended 31 December 2018

(in thousands)	Note	2018 EUR	2017 EUR
<b>Cash flow from operating activities</b>			
Profit before taxation		52,698	69,499
Depreciation of property, plant and equipment	13	48,055	46,459
Amortisation of intangible assets	14	13,658	11,630
Net (gain)/loss and write-off on sale of property, plant and equipment, and intangible assets		1	399
<i>Other non-cash operating losses/(gains)</i>			
Increase/(decrease) in provisions, pensions and government grants		15,879	(20,657)
(Increase)/decrease in other net long-term assets		(323)	2,514
Net financial (income)/costs		1,414	1,306
Net unrealized exchange (gain)/loss		4,384	(4,845)
Increase/(decrease) in other non-cash operating items		462	(1,658)
<i>Changes in net working capital</i>			
(Increase)/decrease in trade and other receivables and prepayments	19-20-21	(19,860)	(2,320)
(Increase)/decrease in inventories	22	(3,424)	600
Increase/(decrease) in trade and other payables and contract liabilities		7,066	5,313
Investments in other financial assets	18	(63,841)	57,750
<b>Net cash flow before interest and tax</b>		<b>56,169</b>	<b>165,990</b>
Interest received		1,252	828
Interest paid		(2,583)	(2,084)
Tax paid		(24,164)	(9,538)
<b>Net cash flow from operating activities</b>		<b>30,674</b>	<b>155,196</b>
<b>Cash flow from investing activities</b>			
Capital expenditures			
Property, plant and equipment	13	(52,010)	(53,380)
Intangibles	14	(6,881)	(27,319)
Proceeds from sale of fixed assets		70	213
Capital increase in partly-owned subsidiaries		-	3,309
<b>Net cash flow used in investing activities</b>		<b>(58,821)</b>	<b>(77,178)</b>
<b>Cash flow from financing activities</b>			
Net payments for reimbursement of capital		(1,104)	(470)
<b>Net cash flow from (used in) financing activities</b>		<b>(1,104)</b>	<b>(470)</b>
<b>Increase/(decrease) of cash and cash equivalents</b>		<b>(29,251)</b>	<b>77,548</b>
<b>Movement in cash and cash equivalents</b>			
At the beginning of the year		294,659	219,049
Increase/(decrease) of cash and cash equivalents		(29,251)	77,548
Effects of exchange rate changes		924	(1,938)
<b>At the end of the year</b>	<b>18</b>	<b>266,332</b>	<b>294,659</b>
<b>Cash and cash equivalent components are:</b>			
Cash	18	40,167	41,467
Liquid money market products	18	226,462	253,192
Credit loss allowance	18	(297)	-
<b>At the end of the year</b>	<b>18</b>	<b>266,332</b>	<b>294,659</b>

## SWIFT offices

**Global presence**  
**28 offices worldwide**  
 Connecting more  
 than 200 countries  
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57424 - May 2019

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