

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

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
Profit for the year	(A)	52,698	(19,185)	33,513	69,499	(24,380)	45,119
OCI items that may be reclassified subsequently to profit or loss:							
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)
OCI items that will not be reclassified to profit or loss:							
Recognition of actuarial gains and losses	24	(4,671)	200	(4,471)	27,622	(15,301)	12,321
Other comprehensive income	(B)	3,304	(2,484)	820	19,230	(13,174)	6,056
Total comprehensive income for the year	(A) + (B)	56,002	(21,669)	34,333	88,729	(37,554)	51,175
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
Revenue			
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
Expenses			
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)
Profit from operating activities		51,470	83,591
Financing costs	10	(1,396)	(1,287)
Other financial income and expenses	10	2,624	(12,805)
Profit before tax		52,698	69,499
Income tax expense	11	(19,185)	(24,380)
Net profit		33,513	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
Non-current assets			
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
Total non-current assets		314,486	279,941
Current assets			
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
Total current assets		583,149	523,940
Total assets		897,635	803,881
Shareholders' equity		407,529	469,330
Equity attributable to equity holders of the parent		401,365	462,122
Non-controlling interests	15	6,164	7,208
Non-current liabilities			
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
Total non-current liabilities		250,610	127,298
Current liabilities			
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
Total current liabilities		239,496	207,253
Total equity and liabilities		897,635	803,881



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Consolidated statement of cash flows

For the year ended 31 December 2018

(in thousands)	Note	2018 EUR	2017 EUR
Cash flow from operating activities			
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
Net cash flow before interest and tax		56,169	165,990
Interest received		1,252	828
Interest paid		(2,583)	(2,084)
Tax paid		(24,164)	(9,538)
Net cash flow from operating activities		30,674	155,196
Cash flow from investing activities			
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
Net cash flow used in investing activities		(58,821)	(77,178)
Cash flow from financing activities			
Net payments for reimbursement of capital		(1,104)	(470)
Net cash flow from (used in) financing activities		(1,104)	(470)
Increase/(decrease) of cash and cash equivalents		(29,251)	77,548
Movement in cash and cash equivalents			
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)
At the end of the year	18	266,332	294,659
Cash and cash equivalent components are:			
Cash	18	40,167	41,467
Liquid money market products	18	226,462	253,192
Credit loss allowance	18	(297)	-
At the end of the year	18	266,332	294,659