

# ESM Board of Governors approves 2019 Annual Report

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Press releases

ESM

Luxembourg – The Board of Governors of the European Stability Mechanism (ESM) held its eighth Annual Meeting today via videoconference and approved the ESM Annual Report for 2019. The Board of Governors comprises the 19 euro area finance ministers. They discussed the main developments of the ESM over the past year and its key activities, including funding, investment and lending.

“The ESM played a key role in maintaining financial stability in the euro area during the sovereign debt crisis years. At present, confronted with a completely new challenge, the ESM was able to quickly adapt an existing precautionary credit line to create the Pandemic Crisis Support instrument. This shows that euro area countries can rely on the ESM to provide support during times of crises, whatever the circumstances,” said Mário Centeno, Chairperson of the ESM Board of Governors.

The Annual Report includes the ESM’s financial statements for 2019, which were approved by the Board of Governors. The ESM’s net income of €289.7 million was allocated to its Reserve Fund, which now holds €2.6 billion. This represents a strong buffer in a challenging interest rate environment.

“The year 2019 was one of tremendous work and achievement on ESM reform. Intense discussions took place at all levels on the design and finalisation of enhancements to the ESM. A reformed ESM Treaty was agreed in principle by the Eurogroup in December 2019. Once the treaty is ratified by all member states, our additional responsibilities will make monetary union more resilient and stronger. This includes in particular providing the backstop to the Single Resolution Fund, which will enhance the banking union to the benefit of all euro area members,” said ESM Managing Director Klaus Regling.

He added: “After a successful first 10 years, we now turn to how the future looks for the rescue fund. In the context of the corona crisis, the ESM can offer a credit line to its member states that is very different from the financial support provided during the earlier crisis, also in terms of conditionality. ESM members know that until the end of 2022, loans to finance their direct and indirect healthcare costs are available at close to zero interest.”

Since the last Annual Meeting one year ago, ESM/EFSF programme countries were making continued progress in their economic recovery until the outbreak of the Covid-19 pandemic. The year 2019 was the first in EFSF/ESM history with no active programmes and no loan disbursements. Portugal made an early repayment on its EFSF loan, joining Spain as the second country to repay a part of their EFSF/ESM loans ahead of schedule.

An electronic version of the ESM Annual Report for 2019 is available on the [ESM website](#).

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