

# ESM Board of Governors approves 2018 Annual Report

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Press releases

ESM

Luxembourg – The Board of Governors of the European Stability Mechanism (ESM) held its seventh Annual Meeting today at the ESM’s premises in Luxembourg and approved the ESM Annual Report for 2018. 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.

Mário Centeno, Chairperson of the Board of Governors, expressed his positive assessment of the ESM’s achievements: “The ESM played a crucial role in maintaining the integrity of the euro area during the crisis years, providing financial assistance to five countries. Now, following the decisions of the Euro Summit in December last year, the ESM will have a broader mandate that includes acting as a backstop to the Single Resolution Fund. This will make our Economic and Monetary Union more resilient, boosting its ability to weather crises in the future.”

The Annual Report includes the ESM’s financial statements for 2018, which were approved by the Board of Governors. The ESM’s net income of €248.7 million was allocated to its Reserve Fund, which now holds €2.3 billion. This represents a strong buffer in a challenging interest rate environment.

Since the last Annual Meeting one year ago, ESM/EFSF programme countries continued to make progress in their economic recovery. The most remarkable example was Ireland’s 6.7% GDP growth in 2018, the highest among all 28 EU countries. The remaining countries also recorded strong economic growth, with Cyprus, Portugal and Spain above the euro area average.

The Board of Governors also approved the Terms of Reference (ToR) for the independent evaluation of financial assistance to Greece. The ToR define the scope,

themes, criteria and timeline of the evaluation exercise. It will be led by Joaquín Almunia and carried out in the second half of 2019 and the beginning of 2020 (for details, see separate press release [Terms of Reference for the Evaluation of the Greek Programmes](#)).

ESM Managing Director Klaus Regling said: “The ESM reached two milestones in 2018: Greece exited its ESM programme successfully in August and the Euro Summit decided in December on a package of measures to deepen EMU, including steps to strengthen the ESM. The decisions show that the ESM has become a key pillar in the currency union’s institutional architecture. The euro area finance ministers are working on the necessary amendments to the ESM Treaty.”

He added: “The past year showed, once again, how reforms and economic adjustments bring tangible results for countries that borrowed from the EFSF and ESM. This is understood by financial markets, as these five countries can refinance themselves on the market. As a result of ESM and EFSF lending terms, our beneficiary countries saved a total of nearly €18 billion in debt service payments in 2018, compared to the assumed market cost of funding. Greece alone saved €13 billion last year, the equivalent of 7% of the country’s GDP.”

An electronic version of the ESM Annual Report for 2018 is available on the [ESM website](#).

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