

A VIEW FROM EUROPE - ENHANCING GLOBAL ECONOMIC AND FINANCIAL RESILIENCE

Europe, Financial Stability and ESM

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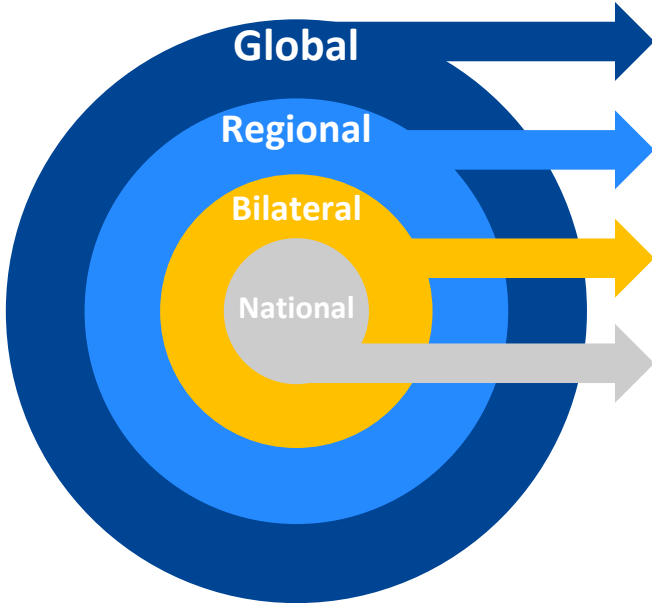
A MORE VOLATILE WORLD: KEY MESSAGES FROM IMF/WB MEETINGS IN MARRAKECH

- Geopolitics top of the agenda
- Higher for longer interest rate risks
- Monetary and fiscal policy mismatch
- Political and electoral uncertainty
- More innovation needed in the market
- Environmental, social, and governance agenda needs refocusing

But we are in a more resilient Economic and Financial Europe

THE GLOBAL FINANCIAL SAFETY NET (GFSN) IS STRONGER THAN DURING THE GLOBAL FINANCIAL CRISIS

GFSN provides insurance against crises, financing to mitigate their impact, and incentives for sound macro-economic policies to ensure long-term prosperity



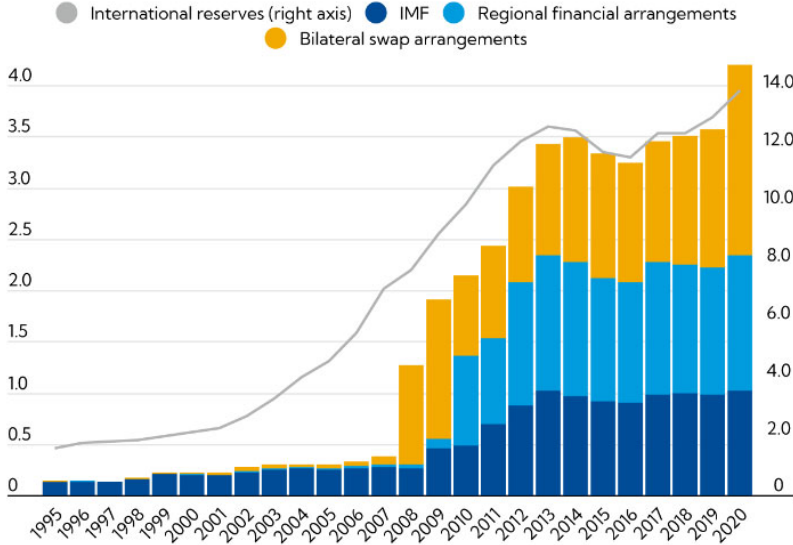
At the **global** level, the IMF provides a financial backstop;

At the **regional** level, protection comes from the **Regional Financial Arrangements (RFAs)**;

At the **bilateral** level, there are swap lines concluded bilaterally among countries;

At the **national** level, countries can self-insure against external shocks using foreign reserves or fiscal space.

GFSN layers and their functions

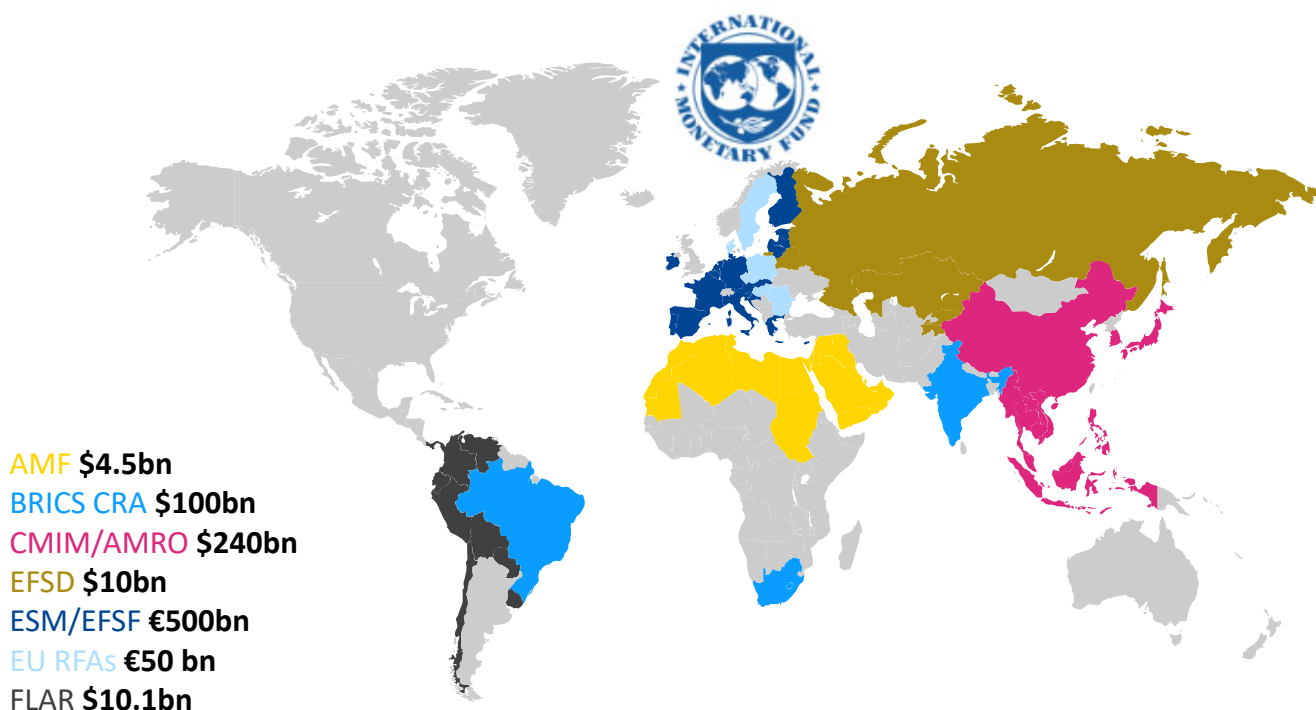


Source: IMF

GFSN firepower expansion (trillions of USD)

Future shocks make a strong case for enhanced cooperation between the regional rescue funds and the IMF

ESM is the largest regional financial institution



RoW

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Annual **High-level Dialogue between RFA and IMF leaders** initiated by ESM, FLAR and AMRO in 2016 fosters policy exchanges

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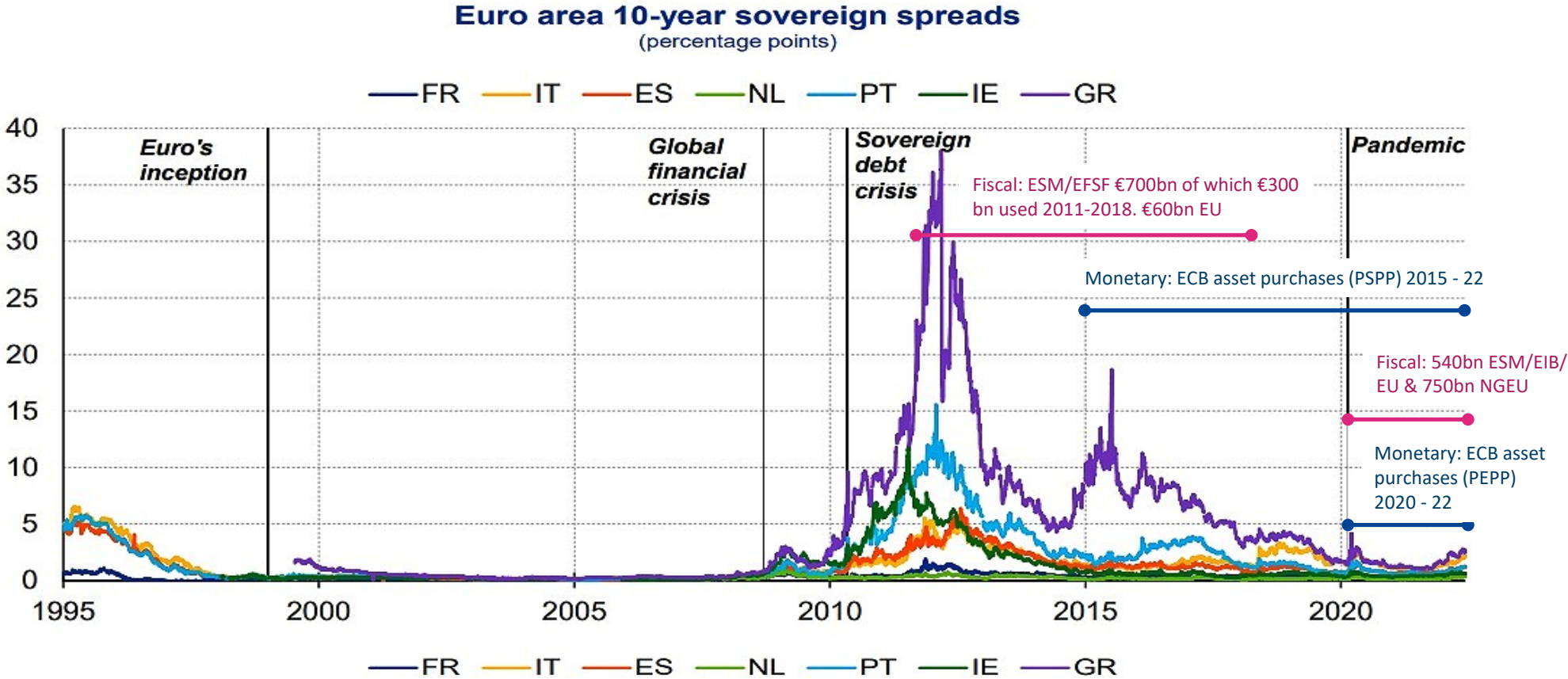
Joint research projects and regular expert interactions help strengthen institutional capacity

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In-crisis cooperation with the IMF through co-financing and financial assistance complementarity



UNITED FISCAL AND MONETARY RESPONSE MADE EURO AREA STRONGER AND CALMED DOWN MARKETS



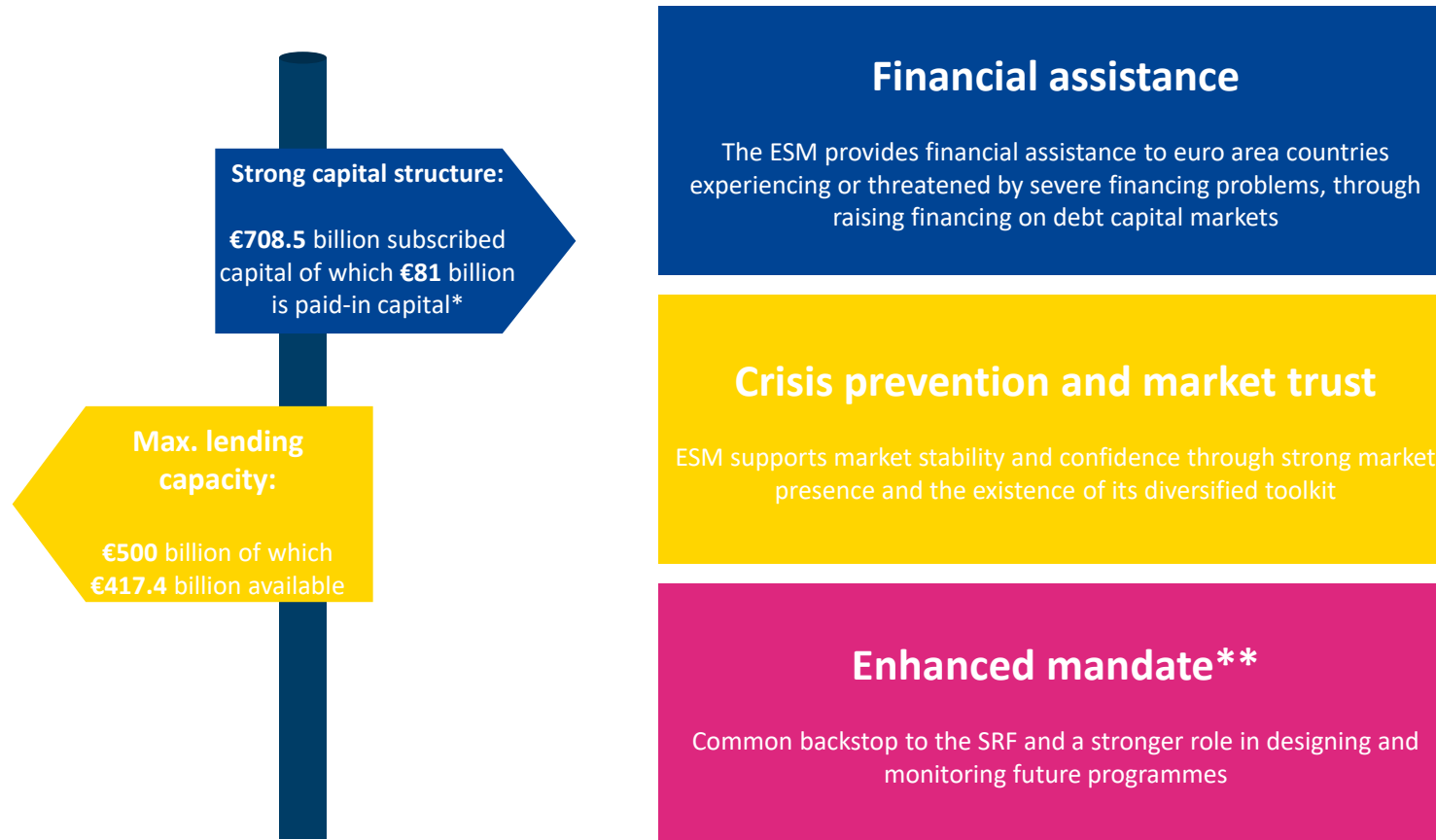
Source: ECB and ESM

ESM WITHIN THE EUROPEAN FINANCIAL ARCHITECTURE



* Ratification of the Amending Agreement to the ESM Treaty ongoing

ESM: EURO AREA'S CRISIS PREVENTION AND RESOLUTION MECHANISM



* This amount reflects the paid-in capital subscribed by Croatia upon accession to the ESM. The payment of the corresponding contribution of €422.29 million is to be paid in five equal annual instalments of €84.46 million. The first instalment was paid on 30 March 2023.

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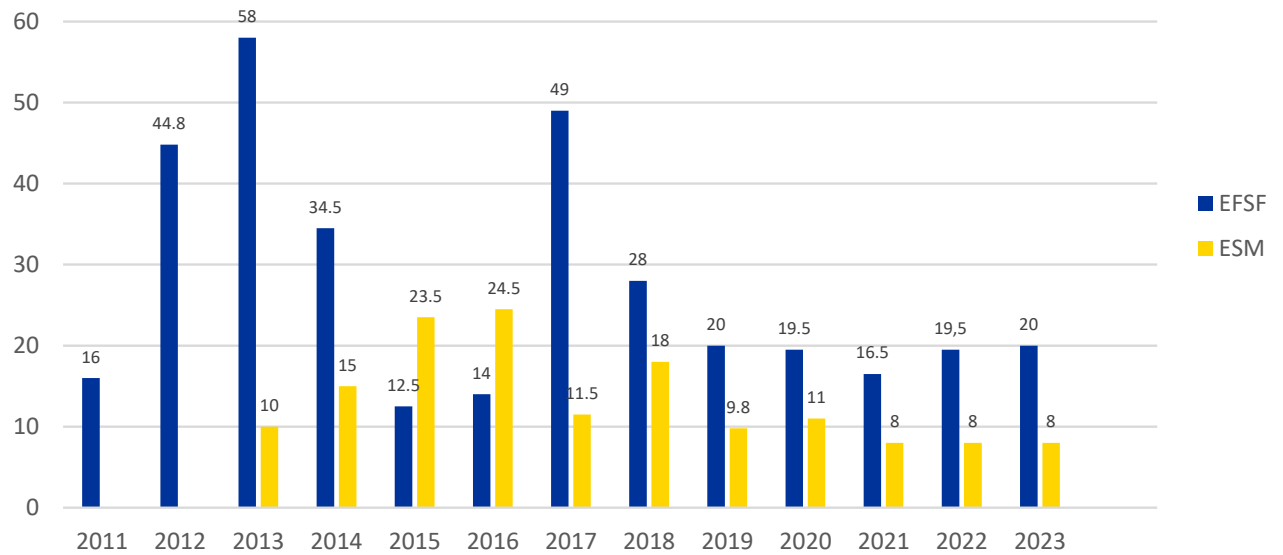
ESM/EFMF HAS AN ACTIVE FUNDING PROGRAMME

The combined funding for EFSF & ESM for 2023 is **€28 billion**

- €20 billion for EFSF
- €8 billion for ESM



EFSF / ESM Bond issuance
(€ billion)*



*Please note that figures are based on estimates and may vary. These figures do not include any cashless operations.

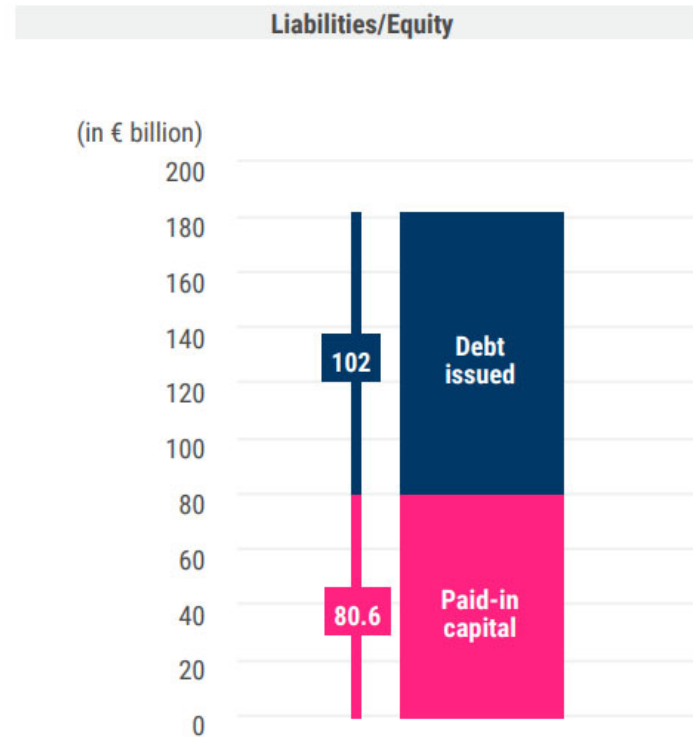
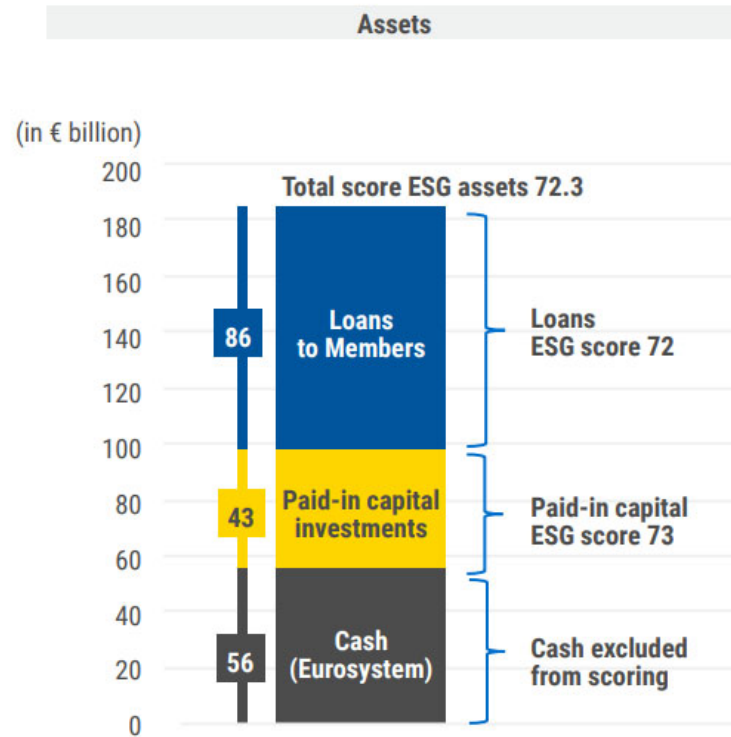
INVESTMENTS: THE ESM HOLISTIC APPROACH TO ESG



- ✓ Focus on a global sustainable strategy across the Institution → Cross-cutting ESG approach, or full balance sheet approach.
- ✓ Based on the concept that public issuers are generally understood to conduct socially/environmentally positive operations.
- ✓ Does not necessarily require the issuance of labelled bonds.
- ✓ Instead, it focuses on the communication of the ESG strategy of the institution (ESG Ratings, Reporting, ESG internal policies and frameworks).

HOW ESG ASSETS SCORE AT ESM

ESG scoring of ESM assets



IN CONCLUSION

In spite of global uncertainties,
The world economy could head for a soft
landing in 2024,
And Europe is **financially more resilient** than a
decade ago.