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April 24, 2023

**Statement by Mr. Roman and Mr. Grossmann-Wirth on Review of the Fund's Income
Position for FY 2023 and FY 2024
(Preliminary)
Executive Board Meeting
April 27, 2023**

We thank staff for a very clear report on the Fund's income position. We note that net income is projected to remain comfortable for FY 2023 at about SDR 2.0 billion, slightly lower than the April 2022 estimate of SDR 2.1 billion. The Fund's overall net income for FY 2023 is revised down more markedly to SDR 1.8 billion given the estimated retained investment loss of SDR 210 million of the Endowment Subaccount (EA), in a context of tightening interest rates and volatile market conditions. Finally, we note that the income outlook for FY 2024 is expected to remain strong, with an overall net income increasing to SDR 2.9 billion (though with high uncertainty surrounding the projections, especially regarding the EA projected investment income).

We can support all five proposed decisions:

- We support **Decision 1** on the reimbursement of the General Department for the expenses of conducting the business of the SDR Department in FY 2023 and on the assessment levied on all participants, consistent with past practice.
- We support **Decision 2**, which provides for the income of the Fixed Income and Endowment Subaccounts for FY 2023, if any, to be retained in the respective subaccounts.
- We support **Decision 3** to place the net income of the GRA in the Fund's Special Reserve, up to the amount of the pension-related gain in FY 2023, and to place any additional net income in equal parts in the Fund's Special Reserve and General Reserve.

- We support **Decision 4** to transfer currencies from the GRA to the Investment Account (IA) equivalent to the increase of the special and general reserves following the placement of FY 2023 net income.
- We support **Decision 5**, which keeps the rate of charge on the use of Fund resources for FY 2024 at 100 basis points over the SDR interest rate, in line with previous years.

In addition:

- *Could staff further explain why lending revenues remain broadly stable in its projections, despite an increase in both SDR rates and expected loan demand?*
- **In the context of the Fund's overall robust income model (all the more given the expected additional income from higher lending in the medium term), we remind the importance of exploring the full range of options for using internal resources to bolster the adequacy of PRGT resources (in particular once the indicative precautionary balances medium-term target of SDR 25 billion is reached). We look forward to the swift presentation by staff of the technical work on all options, in advance of the next Annual Meetings in Marrakech.**