



September 2025

THE FUND'S INCOME POSITION FOR FY 2025— ACTUAL OUTCOME

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- The **Staff Report** prepared by IMF staff and completed on August 4, 2025, for the information of the Executive Board. The paper was prepared following completion of the IMF's FY 2025 external audit.

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International Monetary Fund
Washington, D.C.



August 4, 2025

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EXECUTIVE SUMMARY

This paper reports on the Fund's income position for FY 2025 following the closing of the Fund's accounts for the financial year and completion of the external audit. Total comprehensive income of the General Department was SDR 3.3 billion (or about \$4.4 billion) comprising General Resources Account (GRA) net income (SDR 2.3 billion), retained investment income (SDR 0.7 billion) and remeasurement gains reported under IAS 19 (SDR 0.3 billion).

GRA net income, after taking into account the placement of SDR 1.38 billion from the General Resources Account (GRA) to the newly established Interim Placement Administered Account (IPAA), increased Fund reserves by about SDR 0.9 billion. Remeasurement gains contributed a further SDR 0.3 billion to reserves. In accordance with decisions taken by the Executive Board in April 2025, a net transfer of currencies equivalent to SDR 0.3 billion will be made from the GRA to the Investment Account during FY 2026.

The Fund's precautionary balances, following the placement of net income to the Fund's reserves and the pension-related adjustments for the year, reached SDR 25.9 billion at the end of FY 2025, in line with the April projection.

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REVIEW OF THE INCOME POSITION FOR FY 2025

1. **This paper presents the Fund's net income position for FY 2025.** The actual outcome reported in this paper follows the closing of the Fund's accounts for the financial year and completion of the FY 2025 external audit.¹
2. **Net operational income, before pension-related remeasurement gains and retained income in the Investment Account (IA), was SDR 2.3 billion, in line with the April estimate (Table 1).** Returns from the respective IA subaccounts were mixed, with retained income declining to SDR 0.7 billion. The pension-related remeasurement rose marginally above earlier expectations of SDR 0.1 billion, to SDR 0.3 billion. As a result, total comprehensive income for FY 2025 including the retained investment income and the IAS 19 remeasurement gain, reached SDR 3.3 billion (Table 1), slightly below April projections. The decision regarding net income distribution resulted in the transfer of SDR 1.38 billion from the GRA and placement into the Interim Placement Administered Account (IPAA), thereby lowering Fund net income available for allocation to reserves. The results are highlighted in Figure 1 and discussed below:
 - **Lending income.** Lending income—which includes margin income, service charges, commitment fees, and surcharges—totaled SDR 2,163 million for the year, in line with the April estimates. Service charges were moderately higher because a large purchase previously projected to take place after year end occurred earlier in April 2025.
 - **Income of the Investment Account.** In FY 2025, part of the investment income from both the Fixed-Income (FI) and Endowment (EA) Subaccounts was transferred to the GRA, while the remainder was retained within the respective IA subaccounts. Details on each portfolio's returns and the impact of the transfers are provided below:
 - **Fixed-Income Subaccount:** The FI earned SDR 1,284 million for the year, SDR 44 million more than the projected SDR 1,240 million, as portfolio assets performed better, supported by declining short-term SDRi yields in March and April. Since the income transfer amount to the GRA is capped and expenses were lower than expected (see Expenses section below), the actual transfer was SDR 924 million, SDR 28 million less than the SDR 952 million projected in April.²

¹ The paper is prepared based on finalized financial data and the recent audit completion for the year ended April 30, 2025 with the audited financial statements scheduled for publication in October 2025.

² Transfer amount is capped to the total administrative expenses of the Fund in FY 2025, net of reimbursements and after taking into account the US\$200 million payout from the Endowment Subaccount.

Table 1. Income and Expenditures for FY 2025
(in SDR millions)

	April Projections ¹	Actual Outcome	Difference
	(a)	(b)	(c=b-a)
A. Operational income	3,412	3,389	-23
Lending income	2,157	2,163	6
Margin for the rate of charge	706	709	3
Service charges	93	98	5
Commitment fees	145	146	1
Surcharges	1,213	1,210	-3
Investment income	1,102	1,071	-31
Fixed-Income Subaccount income transfer ²	952	924	-28
Endowment subaccount payout ²	150	147	-3
Interest free resources ³	135	137	2
Reimbursements	18	18	0
SDR Department	3	3	0
PRG Trust	0	0	0
RST	15	15	0
B. Expenses ⁴	1,120	1,089	-31
Net administrative expenditures	1,119	1,092	-27
Capital budget items expensed	27	27	0
Depreciation	69	68	-1
Net periodic pension cost after funding (IAS19) ⁵	-95	-98	-3
C. Net operational income (GRA Net Income) (A-B)	2,292	2,300	8
Investment Account - Retained income	969	696	-273
D. Net Income of the General Department	3,261	2,996	-265
Pension-related remeasurement gain ⁵	136	319	183
E. Total Comprehensive Income	3,397	3,315	-82
<u>GRA Net Income Distribution:</u>			
Net operational income (GRA Net Income) - per C	2,292	2,300	8
Less: Transfer to IPAA	-1,380	-1,380	0
Residual net operational income/ GRA Net Income	912	920	8
<u>Memorandum items:</u>			
Fund credit (average stock, SDR billions)	88.2	88.1	
SDR interest rate (average, in percent)	3.7	3.5	
US\$/SDR exchange rate (average)	1.33	1.33	
Precautionary balances (end of period, SDR billions)	25.9	25.9	

Sources: Finance Department and Office of Budget and Planning.

¹ See [Review of the Fund's Income Position for FY 2025 and FY 2026](#).

² Commencement of payouts with an initial value of US\$200 million (about SDR 147 million), approximately 2 percent of the EA's most recent NAV. FI transfer amount is capped to the level of expenses incurred during the year, net of the reimbursements, and after taking into account the payout from the EA.

³ Interest free resources reduce the Fund's costs and therefore provide implicit returns. Since the Fund invests its reserves in the Investment Account to earn a higher return, the interest free resources retained in the GRA are mainly attributable to unremunerated reserve tranche positions not represented by gold holdings and GRA income for the year not yet transferred to the Investment Account. These resources reduce members' reserve tranche positions and the Fund's remuneration expense or increase interest income if reflected in SDR holdings of the GRA, resulting in implicit income for the Fund.

⁴ See Table 2 for a reconciliation to the administrative expenses reported in the financial statements for FY 2025.

⁵ IAS 19 is the accounting standard that prescribes the accounting treatment of pensions and employee benefit expenses and involves actuarial valuations (see Table 3).

- **Endowment Subaccount:** The EA is a US dollar portfolio, and assets are managed accordingly, as approved by the Board; however it is translated into SDRs for financial reporting purposes.^{3,4} In SDR terms, total investment income from the EA was SDR 483 million (SDR 348 million lower than the SDR 831 million projected in April), attributed mainly to currency translation losses of SDR 268 million when converting from USD to SDR for accounting purposes, primarily reflecting a significant weakening of the US dollar against the SDR during March and April compared to the previously projected year-end rate.⁵ In addition, performance came in only about SDR 80 million lower than projected despite significant financial market turbulence during April 2025. The depreciation of the US dollar also meant that the US\$200 million payout to the GRA translated to SDR 147 million, SDR 3 million less than the SDR 150 million estimated in April.

Consequently, the combined IA (FI and EA) retained investment income was SDR 273 million lower than projected (Table 1); with the USD-denominated EA portfolio accounting for SDR 345 million of the shortfall, partly offset by the combined effect of the FI's additional SDR 44 million in earnings and the SDR 28 million reduction in the transfer to GRA.

- **Expenses.** Total expenses of SDR 1,089 million were SDR 31 million lower than projected in April. The decrease in the administrative expenditures mainly reflects a lower outturn of net administrative expenditures compared to the April projections. Execution of the general net administrative budget was below the level projected at the time of the April FY 2026–2028 medium-term budget.⁶ This reflected more subdued spending in the final quarter of the year than in recent years, due to both technical factors (e.g., number of pay periods) and some shifts in underlying activities (including travel). Table 2 provides a reconciliation between the net administrative budget outturn and the administrative expenses reported in the FY 2025 financial statements.⁷

³ The assets of the EA are invested in a globally diversified portfolio between global fixed-income and equity instruments. In the *Review of the Investment Account and Trust Assets Investment Strategy* in January 2022, the Board approved a new Strategic Asset Allocation (SAA) for the EA consisting of a 45/55 percent split between global fixed-income and equity instruments.

⁴ The performance of the Endowment Subaccount is measured in US dollars as the base currency and translated into SDRs for financial reporting.

⁵ The actual SDR/USD exchange rate at April 30, 2025 was US\$1.35611 compared to the projected year-end rate of US\$1.30880.

⁶ See [FY2026-FY2028 Medium-Term Budget](#).

⁷ The administrative expenses reported in the financial statements include non-operational costs, i.e., the pension cost accrual. Staff undertake a costing exercise each year to determine a reasonable estimate of gross expenses for the relevant operations, which forms the basis for GRA reimbursement, subject to adjustments based on differences between estimates and outturn for the prior year.

Table 2. Reconciliation of Administrative Expenses—FY 2025
(in U.S. dollars millions, unless otherwise stated)

Net administrative budget outturn ¹	1,451
Capital budget items expensed	36
Depreciation	90
Net periodic pension cost ²	-130
Total expenses in U.S. dollars millions	1,447
Total expenses in SDR millions (per Table 1) ³	1,089
Reimbursements from RST Trust and SDR Department (SDR millions)	-18
Total administrative expenses per the FY 2025 financial statements (SDR millions)	1,071

Sources: Finance Department and Office of Budget and Planning.

Totals may not add up due to rounding differences.

¹ See [FY2025—Budget Outturn](#).

² Reflects the difference between the IAS 19 expense and the actual funding in FY 2025 (see Table 3, which shows the net periodic pension cost of SDR 98 million, equivalent to US\$130 million).

³ Based on the weighted average FY 2025 U.S. dollar/SDR exchange rate of 1.33 (rounded) for all expenses; the effective average exchange rate for individual expenditure components may differ due to the timing of exchange rate movements during the year.

- **Pension-related remeasurement gain (Table 3).** The remeasurement gain of SDR 319 million was SDR 183 million greater than earlier projected. The increase in the discount rate from the 5.30 percent estimated in April to the actual year-end rate of 5.54 percent,⁸ accounted for SDR 322 million. The remeasurement gain was further bolstered by SDR 65 million, mainly due to favorable plan experience, partially offset by the weakening of the US dollar against the SDR in March and April. Additionally, weaker-than-anticipated plan asset returns lowered portfolio gains from the earlier estimate by about SDR 204 million further reducing remeasurement gains; mainly as global equity markets experienced sharp declines in March before staging a partial recovery by year end.

⁸ Based on the rate provided by the Fund's actuaries for April 30, 2025.

Table 3. Reconciliation of Pension-Related Gains/Losses—FY 2025
(in SDR millions)

	April Projections ¹	Actual Outcome	Difference
Net periodic pension cost	95	98	3
Pension cost accrual	-60	-60	0
Pension funding	155	158	3
Remeasurement (Actuarial) gain	136	319	183
Discount rate change	-309	13	322
Excess return on assets	425	221	-204
Experience adjustment and exchange rate changes	20	85	65
Total pension-related gains	231	417	186
Discount rate at end of year (in percent)	5.30	5.54	0.24

Sources: Willis Towers Watson and IMF Finance Department.

Totals may not add up due to rounding differences.

¹ See [Review of the Fund's Income Position for FY 2025 and FY 2026](#).

- **Net Income distribution and placement to the IPAA.** In October 2024, the IMF Executive Board approved a distribution framework for GRA resources to facilitate generation of additional subsidy resources for the Poverty Reduction and Growth Trust's concessional lending. The framework includes a Multi-Year Distribution Plan (MYDP), which sets a maximum cumulative amount for distribution from the GRA, to be achieved through annual distribution decisions by the Executive Board over FY 2025–29. In April 2025, the Executive Board approved the first distribution of SDR 1,380 million of GRA net income to be placed into the IPAA (Table 1), which was subsequently completed in June 2025 (see Table 4) as planned.

3. Precautionary balances.⁹ Precautionary balances totaled SDR 25.9 billion at year end, in line with the projection in April.

4. No decisions are required at this time. The Executive Board took all necessary decisions in April 2025 during the review of the Fund's income position for FY 2025 and FY 2026; as illustrated in Annex I.¹⁰ Investment income from the Endowment Subaccount amounting to US\$200 million and income from the Fixed-Income Subaccount of SDR 924 million, was transferred to the GRA and used for meeting the administrative expenses of the Fund.¹¹ Fund income was disposed by: (i) the

⁹ As of April 30, 2025, the GRA's precautionary balances consist of its reserves (excluding SDR 4.4 billion currently held in the special reserve, attributable to the profits from gold sales), adjusted to exclude the pension-related gains and losses included in accounting income.

¹⁰ Decisions No. 1 through No. 6, see [Review of the Fund's Income Position for FY 2025 and FY 2026](#).

¹¹ Decision No. 3, [Review of the Fund's Income Position for FY 2025 and FY 2026](#), provides for the initiation of a payout from the EA to the GRA to be used for meeting part of the administrative expenses of US\$200 million (SDR 147 million), any residual net investment income earned in the EA in FY 2025 be retained in the endowment and invested (continued)

distribution of net income and the placement of the distribution amount to the IPAA; (ii) placement of the pension-related remeasurement gain to the Fund's special reserve; and (iii) placement of the residual GRA net income to the special reserve consistent with the approach endorsed by the Executive Board at the time of the Surcharges and Charges review in October 2024.¹² A net transfer of currencies equivalent to SDR 315 million is scheduled to be made from the GRA to the Fixed-Income Subaccount for investment during FY 2026 (see Table 4).

Table 4. Net Transfer of Currencies from the GRA to the Fixed-Income Subaccount for FY 2025
(in SDR millions)

Increase in GRA reserves	
GRA reserves at April 30, 2025	33,501
Less: GRA reserves at April 30, 2024 ¹	(32,262)
	1,239
<i>composed of:</i>	
GRA net income	2,300
less: Distribution to IPAA ²	(1,380)
add: Remeasurement gains under retirement benefit plans	319
Less: Transfer from the Fixed-Income Subaccount	(924)
Net transfer from the GRA to Fixed-Income Subaccount ³	315

Source: Finance Department.

Totals may not add up due to rounding differences.

¹ See page 9 "Statements of Changes in Reserves, Retained Earnings and Resources" of [Audited Financial Statements for the Financial Years Ended April 30, 2024 and 2023](#).

² The distribution to the IPAA was completed in June 2025.

³ Decisions No. 3 and No. 5, [Review of the Fund's Income Position for FY 2025 and FY 2026](#).

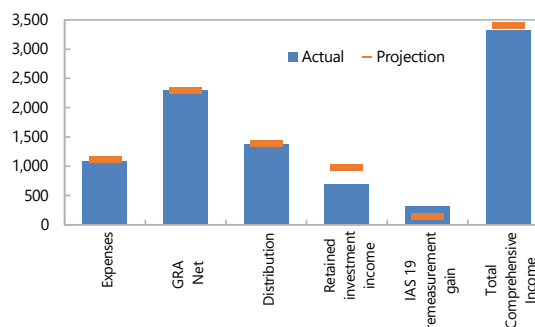
according to the Rules and Regulations for the Investment Account. It also provides for the transfer to the GRA of the income of the Fixed-Income Subaccount. The transfer amount would be capped to the level of expenses incurred during the year, net of the reimbursements, and after taking into account the payout from the EA. Any surplus would be retained within the FI.

¹² See Decision No. 4, [Review of the Fund's Income Position for FY 2025 and FY 2026](#).

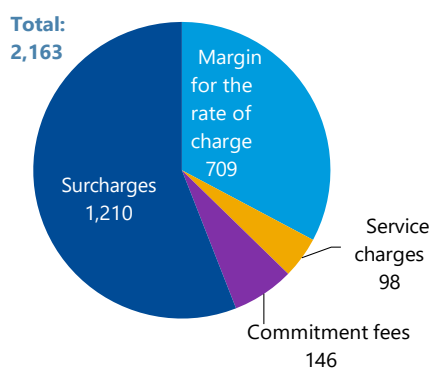
Figure 1. FY 2025 Highlights

Actual vs. April Projections (in SDR millions)

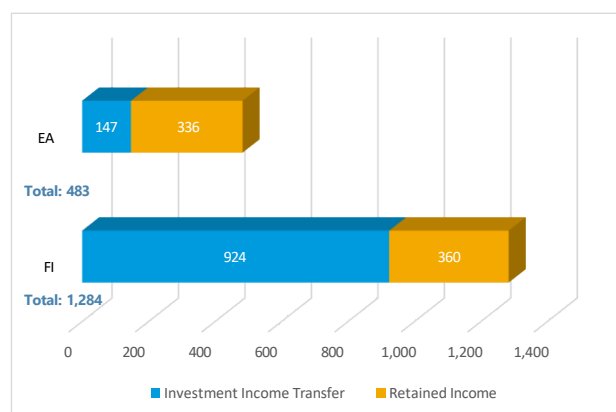
	Actual	Projection	% Chg.
Lending income	2,163	2,157	0%
Investment income (FI)	924	952	-3%
Investment income (EA)	147	150	-2%
Interest free resources	137	135	1%
Reimbursements	18	18	0%
Expenses	1,089	1,120	-3%
GRA Net Income	2,300	2,292	0%
Distribution	1,380	1,380	0%
Retained investment income	696	969	-28%
IAS 19 remeasurement gain	319	136	135%
Total Comprehensive Income	3,315	3,397	-2%



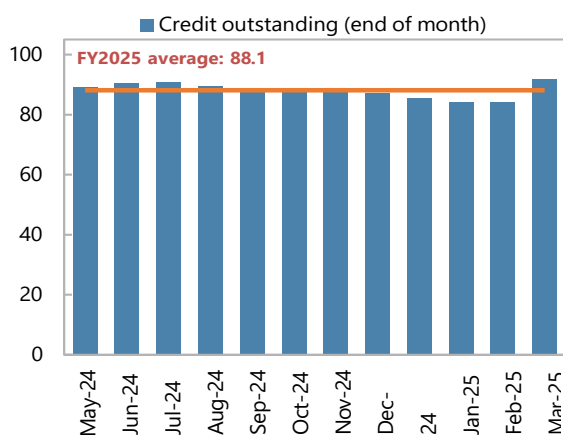
Lending Income - Actual (in SDR millions)



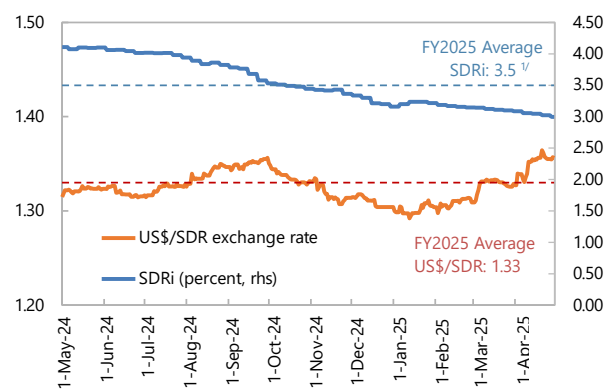
Investment Income – Actual (in SDR millions)



Average Credit Outstanding (in SDR billions)



SDR Interest Rate and Exchange Rate



1/ Actual average is 3.538 percent rounded to 3.5 percent

Annex I. Impact of FY 2025 Decisions

The figure below illustrates the impact of the various disposition considerations and decisions on the actual outcome of the Fund's FY 2025 income position (also see Table 1).

Figure AI.1. Impact of FY 2025 Decisions

