Management’s Discussion & Analysis
and
Financial Statements

June 30, 2023

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This Management Discussion and Analysis (MD&A) discusses the financial condition and results of operations for the Multilateral Investment Guarantee Agency (MIGA or "the Agency") for the fiscal year ended June 30, 2023 (FY23). Key financial indicators for the past five years are provided below in **Box 1**.

Box 1. Key Financial Indicators, Fiscal Years 2019 – 2023

As of and for the fiscal years ended June 30 (*US$ millions, unless otherwise stated*)

	2023	2022	2021	2020	2019
Guarantee Activities (See Section 4. Operational Results)					
New business	$ 6,446	$ 4,935	$ 5,199	$ 3,961	$ 5,548
Cumulative new business (since inception)[1]	76,292	69,846	64,911	59,712	55,751
Portfolio run-off [2]	3,028	3,443	4,836	4,695	3,437
Gross guarantee exposure	27,867	24,449	22,957	22,593	23,327
Ceded exposure	18,416	15,458	13,822	13,401	15,032
Net guarantee exposure	9,450	8,991	9,134	9,192	8,295
Guarantee portfolio reinsurance rate[3] (%)	64.6%	61.9%	59.2%	58.5%	63.9%
Financial Results (See Section 3. Financial Results)					
Gross premium income	$ 245.0	$ 229.4	$ 239.3	$ 232.3	$ 237.9
Net premium income	123.9	116.3	121.3	117.1	115.1
Operating income[4]	54.3	51.2	62.6	56.0	57.3
Net income	139.4	27.6	81.5	57.2	82.4
Administrative Expense / Net Premium Income Ratio (%)[5]	56%	56%	48%	52%	50%
Cumulative Loss Ratio[6] (%)	0.9%	1.0%	1.1%	1.2%	1.3%
Investing Activities (See Section 8. Investment Management)					
Net investment portfolio	$ 2,090	$ 1,960	$ 1,907	$ 1,814	$ 1,650
Investment income (loss)	70.1	(8.5)	5.6	40.2	38.4
Return on investments (%)	3.6%	-0.4%	0.3%	2.3%	2.4%
Portfolio Risk Measures (See Section 9. Risk Management)					
Top five host country concentrations[7](%)	21%	22%	24%	24%	26%
Top ten host country concentrations[7] (%)	37%	38%	38%	40%	42%
Capital Measures (See Section 6. Funding Sources and Section 7. Capital Management)					
Total shareholders' equity	$ 1,706	$ 1,539	$ 1,474	$ 1,335	$ 1,320
Operating capital[8]	1,923	1,777	1,724	1,591	1,542
Total economic capital[9]	773	759	768	756	717
Total economic capital/operating capital (%)	40.2%	42.7%	44.5%	47.5%	46.5%
Risk capital[10]	1,092	1,083	1,054	1,001.00	n/a
Risk capital/operating capital	56.8%	61.0%	61.1%	62.9%	n/a

1. Includes amount leveraged through the Cooperative Underwriting Program (CUP).

2. Comprised of cancellations, expirations and scheduled reductions in respect of the guarantee portfolio.

3. Guarantee portfolio reinsurance rate is inclusive of public and private reinsurance but excludes amounts ceded to IDA, Conflict Affected and Fragile Economies Facility (CAFEF), Renewable Energy Catalyst Trust Fund (RECTF) and Support for Ukraine Reconstruction Economy Trust Fund (SURETF).

4. Net premium income less Administrative and Pension and Other Post Retirement Benefit Plan expenses.

5. Effective FY23, the ratio is based on Budget basis Administrative Expenses, as opposed to Accounting basis Administrative Expenses.

6. Cumulative claims paid as a percentage of cumulative gross premium income.

7. Net exposure host country concentrations.

8. Comprised of Paid-in capital, Retained earnings/Accumulated Other Comprehensive Income / (Loss) and Insurance Portfolio Reserve, net.

9. Amount of capital utilized in support of the guarantee portfolio as well as the investment portfolio and operational risk.

10. Risk metric introduced in FY20 and defined as the sum of Total EC and buffer capital, with the latter computed using a a stress testing tool developed around multiple macroeconomic and country-specific scenarios.

1. Executive Summary

Operational Results

Overall Guarantee Issuance

MIGA's new guarantee business volume during FY23 reached a record high of $6.4 billion in support of 40 projects compared to $4.9 billion of new guarantees issued in FY22 in support of 54 projects.

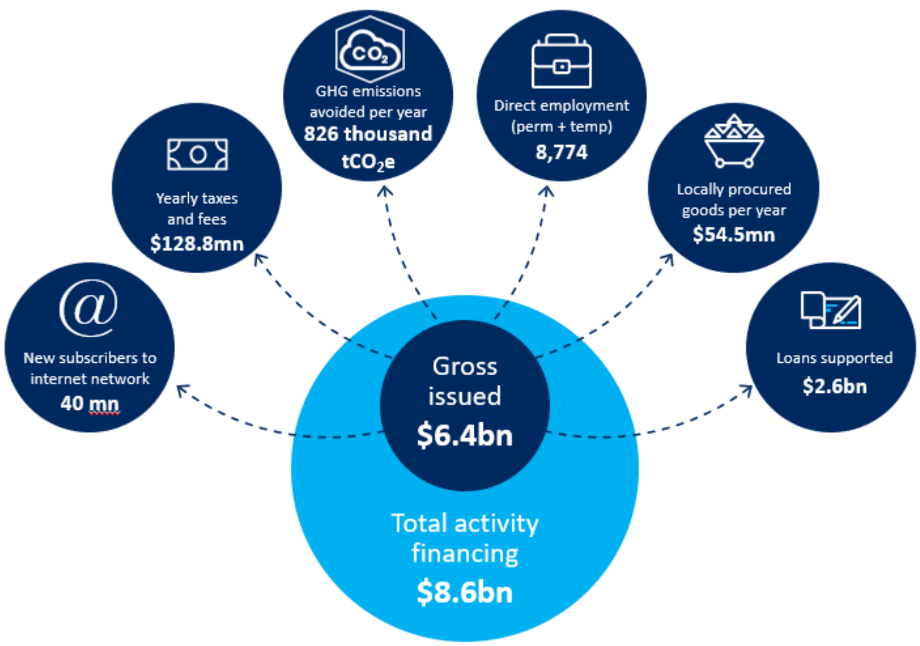
$6.4B
Guarantees Issued in FY23

Of the 40 projects supported during FY23, 93% addressed at least one of the strategic priority areas, namely, IDA-eligible countries, Fragile and Conflict-Affected Situations (FCS) and Climate Finance.

93%
Of FY23 Projects in a Strategic Priority Area

The guarantees issued in FY23 are expected to create over 8700 direct jobs, add 40 million new subscribers to the internet network mainly in Sub-Saharan Africa, generate more than $128 million in tax revenue to the host governments per year, and avoid nearly a million metric tons of CO2 emissions annually (**See Figure 1**).

Figure 1. Expected Development Results (FY23 New Business)



Since its inception in 1988, the Agency has issued $76.3 billion of guarantees in support of over 1,000 projects in 123 host countries.

$76.3 B
Guarantees issued since MIGA's inception

Coronavirus Disease (COVID-19) Response

Since the COVID-19 Fast-Track facility launch in April 2020, initially at $6.5 billion but subsequently increased to $10-12 billion by the Board of Directors, MIGA has issued $9.9 billion in new guarantees, with $2.3 billion issued in FY23. In total, 49 projects across four regions benefited from guarantees provided by the Agency for urgently needed medical goods and services, credit enhancement through government agencies and capital optimization for financial institutions.

$9.9 B
Guarantees Issued under COVID-19 Fast-track facility since FY20

Guarantee Portfolio

The Agency's gross outstanding guarantee portfolio was a record high of $27.9 billion as of June 30, 2023, representing a 14% increase from $24.4 billion as of end-FY22. The increase of $3.4 billion is primarily due to the record new business volume of $6.4 billion exceeding portfolio run-off of $3.0 billion during FY23.

$27.9B
Gross Portfolio

The net outstanding guarantee portfolio increased by 5% to $9.5 billion as of June 30, 2023, from $9.0 billion as of end-FY22. The increase of $459 million is also attributable to the increase in new business volumes exceeding portfolio run-off.

$9.5B
Net Portfolio

Of the gross outstanding exposure as of end-FY23, 34% related to projects supported in IDA-eligible countries, 14% in FCS and 30% related to Climate Finance, reflecting MIGA's strong commitment to these strategic priority areas.

Strong Focus
on Strategic Priority Areas

Reinsurance

The Agency continued to leverage the reinsurance market, ceding $5.0 billion of new business to its reinsurance partners during FY23 in line with the strategy of preserving capital to support growth. As of June 30, 2023, 64.6% of the outstanding gross portfolio was reinsured, up from 61.9% as of end-FY22, remaining below the 70% Board-approved limit.

$18B / 64.6%
Portfolio Reinsurance

Financial Results

Net Income

MIGA recorded net income of $139.4 million in FY23 compared to $27.6 million in the prior year. The $111.8 million increase is attributable to the increase in investment income by $78.6 million, lower year-on-year claim reserve requirements (excluding translation adjustments) by $27.6 million, and higher operating income by $3.1 million.

$139.4 M
Net Income

Gross Premium Income (GPI)

FY23 gross premium income increased by 7% to $245.0 million from $229.4 million in FY22. The increase primarily reflects the increase in the average exposure across Political Risk Insurance (PRI) and Non-Honoring (NH) products, partially offset by the lower effective premium rate on the portfolio.

$245.0 M
Gross Premium Income

Net Premium Income (NPI)

FY23 net premium income increased by 7% to $123.9 million from $116.3 million in FY22. The increase is primarily attributable to the higher average exposure partially offset by the lower effective portfolio premium rate and the effects of the higher portfolio reinsurance rate.

$123.9 M
Net Premium Income

Operating Income

Operating income, defined as net premium income less administrative expenses, increased by 6% to $54.3 million in FY23, up from $51.2 million in FY22. The increase is attributable to the $7.7 million increase in net premium income outpacing the $4.6 million growth in administrative expenses.

$54.3 M
Operating Income

Investment Portfolio Performance

MIGA recorded an investment income of $70.1 million during FY23, compared to an investment loss of $8.5 million in FY22. FY23 performance is attributable to the higher interest income by $54.7 million over FY22 due to the higher short-term interest rate environment, and unrealized mark-to-market gains of $6.3 million in FY23 compared to unrealized mark-to-market losses of $18.7 million in FY22.

$70.1 M
Investment Income

Cost Efficiency

MIGA's Administrative Expense-to-Net Premium Income ratio remained steady at 56% and below the current 60% Management-approved cap, despite the planned increase in administrative expenses.

The impact of the growth in administrative expenses by 7%, primarily attributable to the staff cost increase associated with the growth in headcount, was muted by the increase in NPI by 7%.

56%
Cost Efficiency Ratio

Capital Management

As of June 30, 2023, the risk capital-to-operating capital ratio, RC/OC, stood at 56.8% down from 61.0% at end-FY22. This ratio remains well below the 80% inner limit and 85% outer limit for RC/OC ratio, implying a robust capital adequacy position.

56.8%
Risk Capital to Operating Capital Ratio

2. OVERVIEW

Introduction

MIGA is a member of the World Bank Group (WBG)[1] and is a legal entity separate and distinct from the other WBG entities with its own charter, as amended (the "Convention"), share capital, financial structure, management and staff. Membership in the Agency, which currently stands at 182 countries, is open to all members of the International Bank for Reconstruction and Development (IBRD).

MIGA contributes to both the WBG's twin goals of ending extreme poverty and promoting shared prosperity by facilitating foreign direct investment (FDI) into developing countries to support economic growth, reduce poverty and improve people's lives. To this end, acting as a risk mitigator, the Agency provides investors and lenders in the international investment community with the level of risk mitigation necessary to invest in developing countries by providing political risk insurance (PRI) and credit enhancement products. MIGA and its affiliated organizations seek to help countries achieve improvements in growth, job creation, poverty reduction, the environment, climate adaptation and resilience, human capital, and infrastructure. To further support these efforts, the Board and Management have been working on an Evolution Roadmap for the WBG to better address the scale of development challenges by adapting the WBG's vision and mission, strengthening its operating model, and enhancing its financial capacity and model. The roadmap puts a strong emphasis on the private sector and on MIGA as a key partner to support coordinated efforts around global priorities. Management is in the process of advancing agreed actions and developing further proposals.

MIGA is committed to promoting projects that are economically, environmentally and socially sustainable and that promise a strong development impact. Since its inception, MIGA has issued $75.6 billion of guarantees, supporting over 1,000 projects in 123 of its 182 member countries. The Agency has also supported multiple programs at regional and global levels in member countries.

MIGA's Outlook and Strategic Focus

FY23 marks the end of MIGA's FY21-23 Strategy, under which the Agency sought to deliver an average annual new guarantee volume of $5.5b - $6.0b, while seeking to deepen its impact in IDA-eligible countries and Fragile and Conflict-Affected Situations (FCS) and to step up issuance of guarantees in support of Climate Finance. During this strategy cycle, MIGA experienced significant growth in its guarantee issuance, reaching a record high of $6.4 billion in FY23 and also delivering an average annual new guarantee volume over $5.5 billion, while maintaining a strong focus and delivering significant impact in the strategic priority areas.

The strategic focus in FY24, considered a transition year under MIGA's FY24-26 strategy cycle, will be on delivering on the twin goals and supporting the SDG goals through: (i) Ensuring inclusive growth, both by geographic location and sector; and (ii) Responding to global challenges, such as sustainability, climate change mitigation and adaptation, addressing pandemics, and tackling fragility.

Non-Commercial Risk Insurance

MIGA plays a critical role in supporting private investment flows to developing member countries by offering PRI and credit enhancement products. MIGA provides investment guarantees against certain non-

[1] The other institutions of the World Bank Group are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the International Centre for Settlement of Investment Disputes (ICSID).

commercial risks to eligible foreign investors for qualified investments in developing member countries and offers coverage against the risks of: 1) transfer restriction and inconvertibility, 2) expropriation, 3) breach of contract, 4) war and civil disturbance, 5) the non-honoring of a sovereign financial obligation, and 6) the non-honoring of a financial obligation by a state-owned enterprise (see **Box 2**)[2]. MIGA insures new and existing cross-border investments originating in any MIGA member country, destined for any developing member country. The types of investments that can be covered include equity, quasi-equity, shareholder and non-shareholder loans, and loan guarantees (provided the loans have a minimum maturity of more than one year). Other forms of investments—such as technical assistance and management contracts or franchising and licensing agreements—may also be eligible.

Trade Finance

MIGA's Board of Directors approved the use of Trade Finance Guarantees (TFG) as part of the Agency's product offerings, allowing the Agency to provide coverage against losses resulting from the failure of a Sovereign, Sub-Sovereign or State-Owned Enterprise (SOE) to make payments related to trade finance transactions. MIGA's latest product offering is geared towards providing additional support for critical trade activities in the host countries, where the public sector is playing an increasingly more important role in supporting the access to critical goods such as fertilizers, fuel and food. MIGA is in the process of building its proprietary trade finance product, while at the same time partnering with EBRD and IFC to provide critical support in trade activities in member countries.

Box 2. MIGA's Product Line Up

Political Risk Insurance (PRI)

- **Transfer restriction and inconvertibility (TR)** – provides coverage for the risk of inconvertibility of local currency into foreign exchange for transfer outside the host country. Currency depreciation is not covered.
- **Expropriation (EXP)** – protects against losses attributable to measures taken or approved by the host government that deprive the insured of its ownership or control over all or a substantial portion of its investment.
- **War and civil disturbance (WCD)** – covers the risk of damage to, or the destruction or disappearance of, tangible covered assets caused by politically motivated acts of war or civil disturbance in the host country, including revolution, insurrection, coups d'état, sabotage and terrorism.
- **Breach of contract (BOC)** – covers the risk of being unable to obtain or enforce an arbitral or judicial decision recognizing the breach of an obligation by the host government or a state-owned enterprise.

Non-Honoring of Financial Obligations

- **Non-honoring of a sovereign financial obligation (NHSFO)** – covers the risk that a sovereign or sub-sovereign fails to honor an unconditional payment obligation or guarantee, where the underlying project meets all of MIGA's eligibility requirements. Unlike MIGA's breach of contract coverage, credit enhancement coverage does not require a final arbitral award or court decision as a condition to the payment of a claim.
- **Non-honoring of a financial obligation by a state-owned enterprise (NHFO-SOE)**– covers the risk that a state-owned enterprise fails to honor an unconditional payment obligation or guarantee, where the underlying project meets all of MIGA's eligibility requirements. This coverage does not require a final arbitral award or court decision as a condition to the payment of a claim.

Trade Finance Guarantees (TFG)

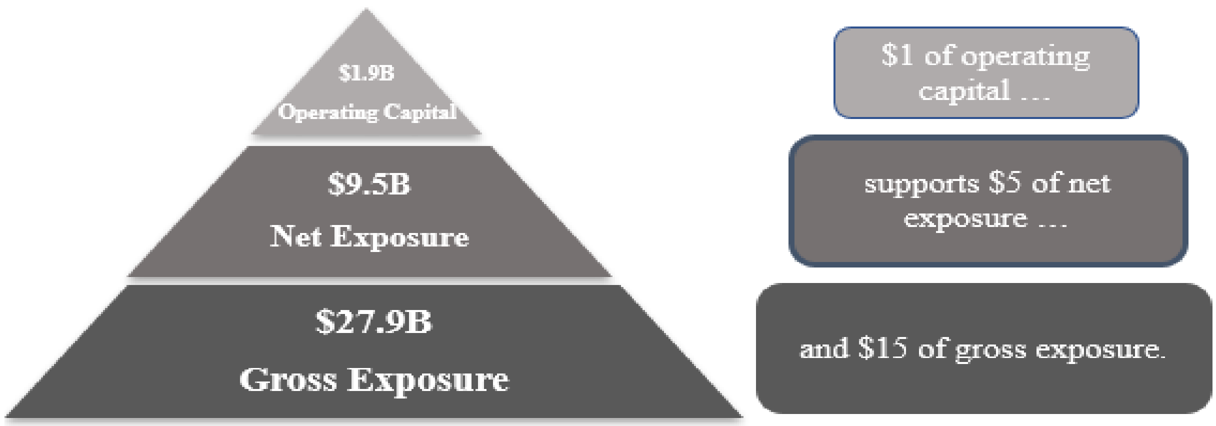
- **Trade Finance Guarantees (TFG)** – provides coverage for the risk of non-payment by a sovereign, sub-sovereign, or state-owned bank on trade finance transactions.

[2] Smaller guarantees may be underwritten through the MIGA's Small Investment Program (SIP), but SIP coverage is limited to the risks of transfer restriction, expropriation, and war and civil disturbance.

Business and Operating Model

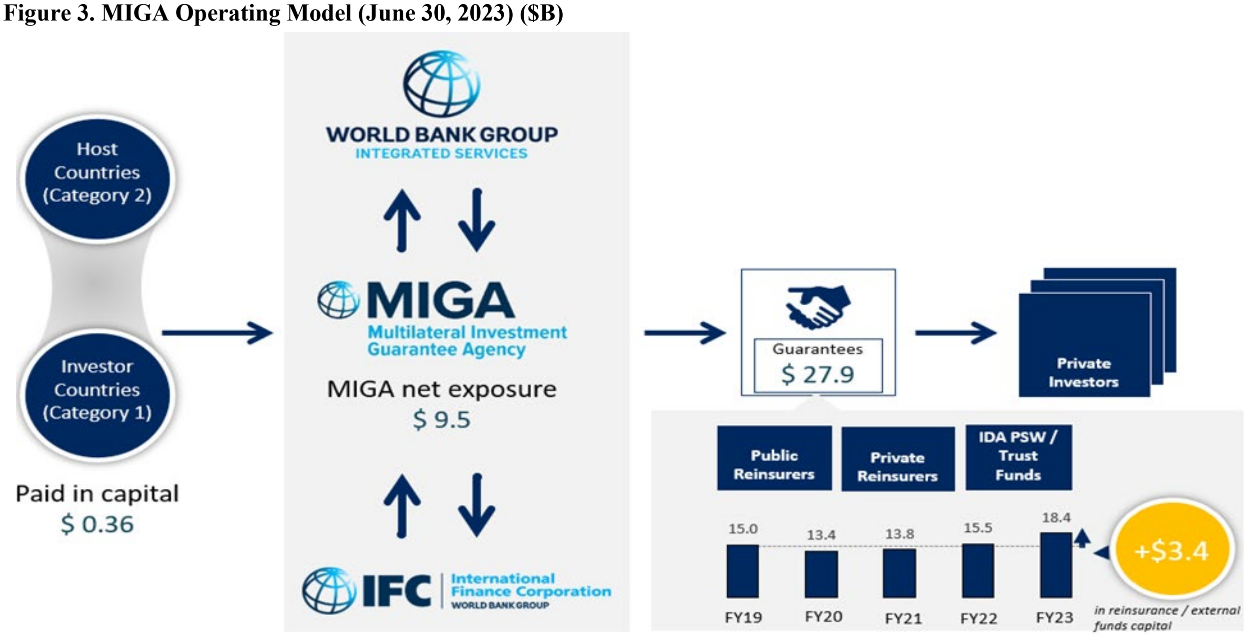
MIGA is financially self-sustaining and its activities are supported by a strong capital base and a comprehensive risk management framework. In the context of its statutory underwriting capacity, the Agency is able to support significant amounts of gross exposure and to contain risk through the use of reinsurance in order to manage net guarantee exposure and the related capital utilization. **Figure 2** below illustrates how MIGA is able to utilize its capital base, coupled with reinsurance capacity, to maximize its development reach. As of June 30, 2023, each $1 of operating capital supported $15 of gross guarantee exposure.

Figure 2. Maximizing Development Impact (June 30, 2023)



MIGA's operating model leverages the entire World Bank Group (WBG), and leverages private and public reinsurers, multiplying the impact of guaranteed investments in its member countries. **Figure 3** below is a graphic depiction of the Agency's operating model. Over the last five years, MIGA has increased the use of reinsurance and other external funds in its guarantee portfolio by $3.4 billion, allowing the Agency to support its growth trajectory through increased guarantee capacity without the need for additional capital from its shareholders.

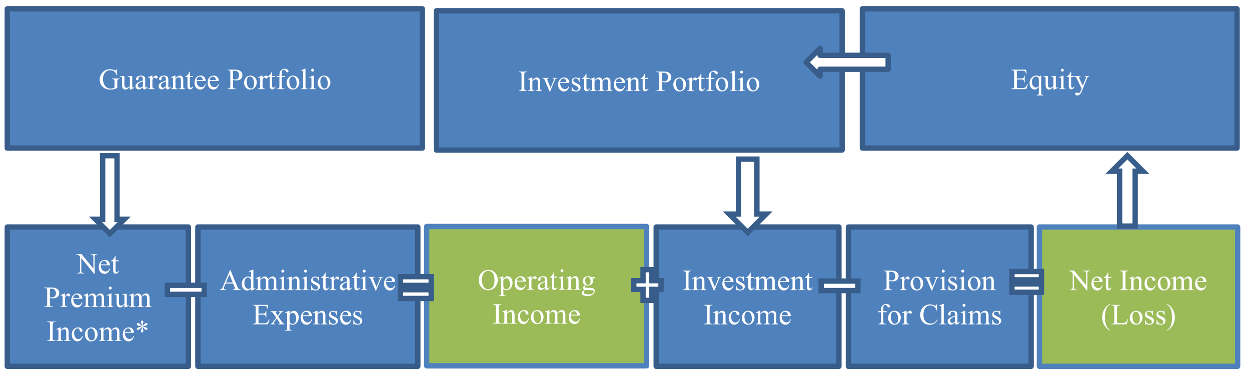
Figure 3. MIGA Operating Model (June 30, 2023) ($B)



Financial Model

In fulfilling its mandate, MIGA seeks to operate in a financially sustainable manner by generating sufficient revenue from its guarantee and investment portfolios to cover its operating and claims-related expenses and contribute to the growth of its capital base. MIGA's business revenue base is represented by net premium income from its guarantee portfolio which is comprised of gross premium income less premium ceded to reinsurers net of ceding commissions and less brokerage costs. Operating income, defined as net premium income less administrative expenses, combined with earnings from the investment portfolio and after claim loss provisioning, enables MIGA to increase capital resources in the form of retained earnings and insurance portfolio reserve to strengthen its ability to support existing and new guarantee exposures. (**See Figure 4**).

Figure 4. MIGA Financial Model



**Net Premium Income = Gross Premium Income – Premium Ceded (Reinsurers) + Ceding Commissions – Brokerage Charges*

Basis of Reporting

MIGA prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). MIGA's accounting policies are discussed in more detail under Note A to MIGA's Financial Statements.

3. FINANCIAL RESULTS

MIGA recorded net income of $139.4 million in FY23 compared to $27.6 million in FY22 (see **Table 1**). The increase of $111.8 million is primarily attributable to (i) the increase in investment income by $78.6 million, (ii) year-on-year decrease in reserves for claims (excluding translation adjustments) in FY23 of $27.6 million, and (iii) higher operating income by $3.1 million in FY23.

Table 1. Summary of Net Income and Key Financial Ratios (FY19-FY23) ($M)

As of and for the Year Ended June 30	2023	2022	2021	2020	2019	*FY23 vs FY22*
Gross Premium Income	$245.0	$229.4	$239.3	$232.3	$237.9	*$15.6*
Premium Ceded	(159.0)	(146.3)	(150.7)	(145.9)	(152.0)	*(12.7)*
Ceding Commissions and Fees	42.6	38.4	38.8	37.3	38.3	*4.1*
Brokerage and Other Charges	(4.6)	(5.3)	(6.0)	(6.6)	(9.1)	*0.7*
Net Premium Income	**$123.9**	**$116.3**	**$121.3**	**$117.1**	**$115.1**	***$7.7***
Administrative Expenses, including Pension Costs	(69.6)	(65.0)	(58.7)	(61.1)	(57.8)	*(4.6)*
Operating Income[1]	**$54.3**	**$51.2**	**$62.6**	**$56.0**	**$57.3**	***$3.1***
Income (loss) from Investments	70.1	(8.5)	5.6	40.2	38.4	*78.6*
Decrease (Increase) in Reserves:						
Decrease (Increase) in Reserves	13.8	(13.8)	12.7	(38.6)	(12.8)	*27.6*
Translation (Losses) Gains	(2.0)	9.7	(4.5)	1.2	1.3	*(11.7)*
Decrease (Increase) in Reserves, net	11.8	(4.2)	8.2	(37.4)	(11.5)	*16.0*
Credit Loss Expense	(0.1)	-	-	-	-	*(0.1)*
Miscellaneous Income	0.3	0.4	0.2	0.1	0.1	*(0.1)*
Translation Gains (Losses)	3.0	(11.3)	4.9	(1.7)	(1.8)	*14.4*
Net Income	**$139.4**	**$27.6**	**$81.5**	**$57.2**	**$82.4**	***$111.8***
Key Financial Ratios						
Administrative Expenses / Net Premium Income	56%	56%	48%	52%	50%	-

Note: Numbers may not add up due to rounding.
[1] Operating Income = Net Premium Income less Administrative Expenses, including Pension Costs.
[2] Effective FY23, the ratio is based on Budget basis Administrative Expenses, as opposed to Accounting basis Administrative Expenses.

The following is a discussion on the key drivers of MIGA's financial results.

Guarantee Business Results

Gross Premium Income (GPI) in FY23 increased by $15.6 million (7%) to $245.0 million compared to $229.4 million in the prior year. The increase is primarily attributable to the increase in average exposure, partially offset by the decline in the effective portfolio premium rate, with the latter attributable largely to the impact of NH coverage in more creditworthy countries in the recent fiscal years.

Figure 5. **Gross Premium Income (FY19 – FY23) ($M)**

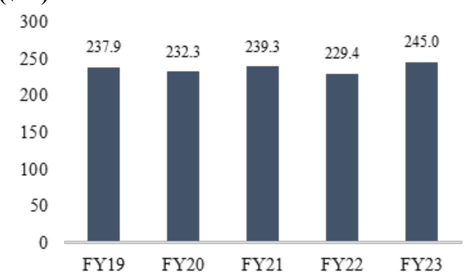
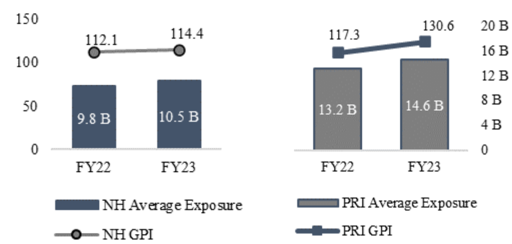


Figure 5 shows the Agency's gross premium income evolution over the past five fiscal years.

GPI on NH guarantees increased by $2.3 million from $112.1 million in FY22 to $114.4 million in FY23, with the 2% increase primarily attributable to the increase in the average exposure, partially offset by the decline in the effective portfolio premium rate.

Figure 6. GPI ($M) and Average Exposure ($B) by Product (FY22 and FY23)

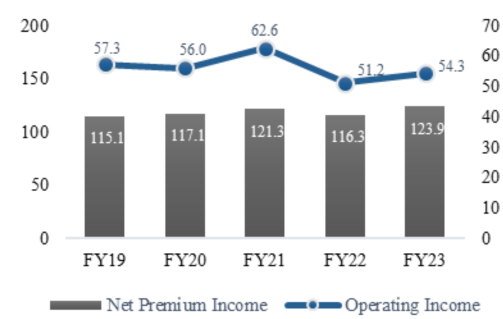


GPI on the PRI product increased by $13.3 million from $117.3 million in FY22 to $130.6 million in FY23, with the 11% increase attributable primarily to the 11% increase in average exposure.

Figure 6 presents the Agency's GPI and average exposure at the product level.

Net Premium Income (NPI) in FY23 increased by 7% from $116.3 million in FY22 to $123.9 million in FY23, with the increase in average exposure being the main driver, partially offset by the higher utilization of reinsurance during FY23.

Figure 7. Net Premium and Operating Income (FY19 – FY23) ($M)



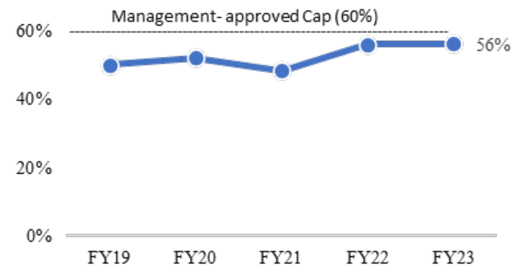
Operating Income: FY23 operating income of $54.3 million increased by 6% from $51.2 million in FY22. The increase is primarily a result of the increase in NPI outpacing the 7% increase in Administrative Expenses.

Figure 7 shows the evolution of the Agency's net premium and operating income over the past five fiscal years.

Administrative Expenses (including Pension costs) totaled $69.6 million in FY23, compared to $65.0 million in FY22. The 7% increase is driven primarily by the higher staff costs associated with the planned growth in headcount and other costs.

Despite the growth in staff costs, the Administrative Expenses-to-Net Premium Income ratio, a key measure of MIGA's cost efficiency, remained stable at 56% in FY23 compared to the previous fiscal year and remains below the management-approved cap of 60%, reflecting MIGA's continued cost efficiency (See **Figure 8**).

Figure 8. Administrative Expenses-to-NPI Ratio (FY19 – FY23) (%)



Investment Activity Results

Investment Income: FY23 investment income totaled $70.1 million compared to an investment loss of $8.5 million in FY22. The FY23 investment income was mainly due to the $54.7 million higher interest income and mark-to-market gains of $6.3 million in FY23 compared to mark-to-market losses of $18.7 million in FY22.

Figure 9 shows the investment income trend over the past five fiscal years.

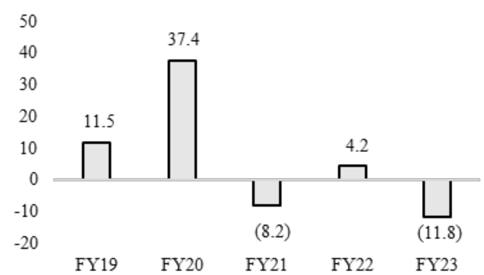
Figure 9. Investment Income (FY19 – FY23) ($M)

Reserves for Claims

Change in Reserve for Claims: In FY23, the Agency recorded a decrease in the Reserve for claims (inclusive of translation adjustments) of $11.8 million driven primarily by the decrease in the Insurance Portfolio Reserve (IPR) of $23.3 million, partially offset by the increase in the Specific Reserve (Claim and Probable Loss Reserves) of $9.5 million, and foreign currency translation adjustments of $2.0 million.

In comparison, Reserves for claims increased by $4.2 million in FY22, driven by an increase in the Specific Reserve (Claim and Probable Loss Reserves) of $16.4 million, partially offset by a decrease in the Insurance Portfolio Reserve (IPR) of $2.5 million and foreign currency translation adjustments of $9.7 million. (**Figure 10**).

Figure 10. Change in Reserve for Claims (FY19 – FY23) ($M)



4. OPERATIONAL RESULTS

New Guarantee Issuance

Since its establishment in 1988, MIGA has issued $76.3 billion in guarantees in 123 countries in support of over 1000 projects.

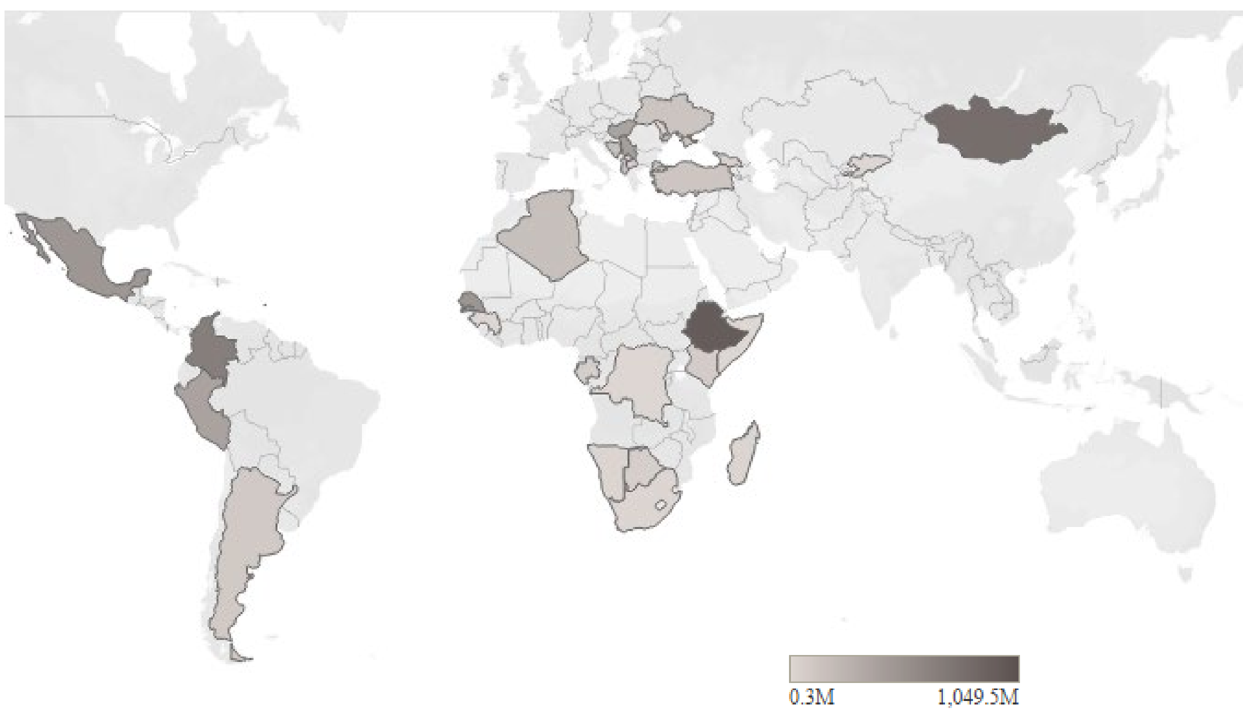
Overall Results in FY23

The global economic outlook during FY23 was extremely challenging with multiple crises brought about by among others, higher interest rates, high inflation and the continued disruption from Russia's invasion of Ukraine. Despite these challenges, MIGA directed its efforts towards helping its clients address the severe and growing impacts of the crises by issuing a record $6.4 billion in new guarantees in support of 40 projects during FY23. This compares to $4.9 billion new guarantees issued in FY22 in support of 54 projects.

New business written in FY23 spanned 29 countries and five regions, much of this targeted to Sub-Saharan Africa, Europe and Central Asia and Latin America and the Caribbean. MIGA also provided its first guarantee in Somalia, extending the number of countries supported by the Agency.

Figure 11 below depicts a map of the world where MIGA has deployed its guarantees during FY23.

Figure 11. World Map of FY23 New Guarantee Issuance



Regional Distribution of New Business Volume

Sub Saharan Africa: MIGA supported 14 projects in the region across 11 countries and issued guarantees totaling $1.9 billion. This included several highly impactful projects such as the Wakanda Telecom Project in Ethiopia, where MIGA provided a $1 billion guarantee for political risk insurance cover against the equity investment in the first privately owned telecommunications network in the country. Other notable projects in the region included two non-honoring guarantees in Botswana and Senegal, a railway project in Gabon, a road project in Kenya and several other smaller PRI projects in Democratic Republic of Congo, Ethiopia, Gabon, Guinea, Kenya, Madagascar, Namibia and South Africa.

Latin America and the Caribbean: MIGA issued guarantees for $1.8 billion in support of six projects, which included four non-honoring projects across Colombia, Mexico and Peru and two political risk insurance projects in Argentina and St. Lucia.

Europe and Central Asia (ECA): MIGA supported 18 projects in Europe and Central Asia (ECA) for $1.7 billion, six of which were new guarantees and the remaining 12 projects were additions made to existing projects. This includes the Agency's first trade finance guarantee between MIGA and the European Bank for Reconstruction and Development (EBRD) that supports trade transactions conducted with three State Owned Banks (SOB) in Ukraine. Other notable projects supported include a hospital project in Turkiye, a non-honoring guarantee in Hungary and several capital optimization transactions in Albania, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, North Macedonia, Serbia and Ukraine.

Middle East and North Africa (MENA): The Agency issued one capital optimization guarantee for $193 million covering the guarantee holder's voluntary reserves held at the Central Bank of Algeria.

East Asia and Pacific (EAP): MIGA issued a new guarantee for $900 million with respect to an existing mining project in Mongolia.

Table 2 provides the regional breakdown of new business volumes in FY23 and FY22, respectively.

Table 2. Regional New Business Volumes ($M)

Region	FY23 Issuance				FY22 Issuance			
	Gross Exposure	Share%	Net Exposure	Share%	Gross Exposure	Share%	Net Exposure	Share%
East Asia And Pacific	900.0	14%	102.9	8%	300.0	6%	40.0	3%
Europe and Central Asia	1,670.8	26%	541.2	41%	1,094.7	22%	303.4	21%
Latin America and the Caribbean	1,818.7	28%	295.0	22%	1,557.1	32%	457.8	32%
Middle East and North Africa	192.9	3%	60.0	5%	715.6	15%	160.0	11%
South Asia	-	0%	-	0%	406.7	8%	91.7	6%
Sub-Saharan Africa	1,863.3	29%	328.6	25%	860.6	17%	384.1	27%
Total Exposure	**6,445.7**	**100%**	**1,327.7**	**100%**	**4,934.7**	**100%**	**1,437.0**	**100%**

Note: Numbers may not add up due to rounding.

Guarantees Issued in Strategic Priority Areas

Of the forty projects supported in FY23, 93% addressed one or more of the three priority areas under the Agency's FY21 - 23 strategy.

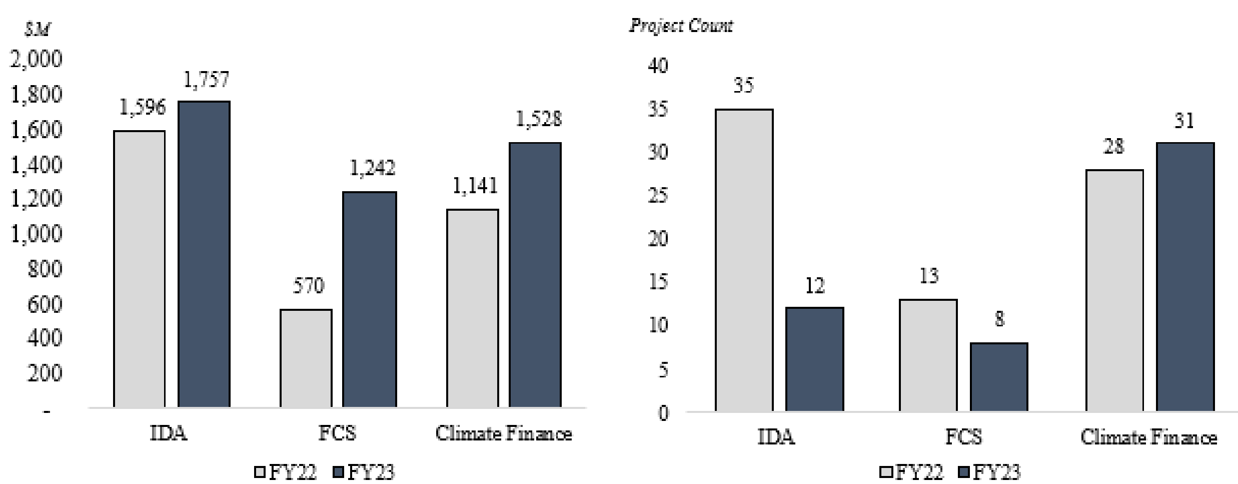
MIGA's support to IDA-eligible countries totaled $1.8 billion or 27% of the FY23 guarantee issuance, in respect of 12 projects in ten countries namely, Congo DRC, Ethiopia, Guinea, Kenya, Kosovo, Kyrgyz Republic, Madagascar, Senegal, Somalia and St. Lucia.

MIGA's support to FCS totaled $1.2 billion or 19% of the gross issuance, in respect of eight projects across five countries including Congo DRC, Ethiopia, Kosovo, Somalia and Ukraine. MIGA's support in Ukraine includes the Agency's first trade finance transaction, a $10 million first loss guarantee with EBRD, and two capital optimization guarantees that provided the necessary capital relief to financial institutions in their continued operations in the country.

During FY23 MIGA issued guarantees supporting climate change mitigation or adaptation in 31 projects and across 23 countries. The climate finance component of the new guarantees issued in FY23 of $1.5 billion represented 28 percent[3] of the total guaranteed investment of the projects supported. **Figure 12** highlights the new business volume and projects supported in the three strategic priority areas in FY22 and FY23.

Additionally, MIGA guarantees issued in Argentina, Colombia, Peru and Bosnia and Herzegovina during FY23 incorporated actions by the Agency's partners to narrow gender gaps. In each of the four projects, there is agreement to implement and monitor gender actions designed to respond to a specified gender gap—for example, development of a new financial product or service targeted at women-owned MSME's to improve financial equity.

Figure 12. New Business Volumes and Projects Supported in Strategic Priority Areas



[3] In FY22, MIGA modified the methodology for climate finance reporting to align more closely with the private capital mobilization methodology and computes this as a percentage of the underlying loan or equity investment guaranteed, as opposed to the entire guarantee exposure.

COVID-19 Response Program

MIGA initially launched a $6.5 billion COVID-19 Response Fast-track Facility in April 2020, that was subsequently increased to $10-12 billion and expired at the end of FY23. The facility was geared towards supporting private sector investors and lenders in emerging markets and developing economies structured around three pillars. *Pillar 1* was a fast-track facility focused on the procurement of urgent COVID-19 medical supplies and services, *Pillar 2* focused on countering adverse economic impacts during the crisis via credit enhancement for SMEs, corporates and individuals through government agencies and via capital optimization guarantees for financial institutions, and *Pillar 3* was designed to complement IFC Trade Finance to extend cover for local State-owned banks in low income and fragile countries.

Since its launch in April 2020, the Agency has supported projects in 66 countries and one regional facility, with a cumulative issuance totaling $9.9 billion as of June 30, 2023.

Table 3 provides the details of guarantees issued under each Pillar of the Fast-track Facility over the FY20 - FY23 period.

Table 3. Guarantees issued under the COVID-19 Fast Track Facility ($M) - FY20 - FY23

COVID-19 Fast Track Facility Pillars	Guarantees offered under each Pillar	Countries Supported	FY20 - FY22	FY23	Total
Pillar 1	Procurement of urgent COVID-19 Medical Supplies / Services	Regional Development Bank* / Bahamas / Colombia	528.2	-	528.2
Pillar 2A	Credit Enhancement Program - Supporting Governments at eligible sovereign, sub-sovereign or SOE levels to provide short term funding and working capital support to SMEs, corporates and individuals during the current crisis.	Colombia / Panama / Regional Development Bank* / Mexico / Bahamas / Indonesia / Peru / Paraguay	3,596.7	1,173.0	4,769.7
Pillar 2B	Capital Optimization - Supporting Financial Institutions in extending lending in host countries by freeing up risk weighted assets locked up in maintaining their mandatory reserves with central banks.	Albania / Argentina / Belarus / Bosnia & Herzegovina / Botswana / Cambodia / Chile / Eswatini / Georgia / Ghana / Kosovo / Lesotho / Moldova / Montenegro / Mozambique / Nigeria / North Macedonia / Peru / Serbia / Ukraine / Zambia	3,516.2	1,097.0	4,613.2
Total Issuance			**7,641.1**	**2,270.0**	**9,911.1**

** 22 host countries will benefit from on-lending activities conducted by the regional development bank*

Guarantees Issued by Product Type

Of the 40 projects supported in FY23, 31 projects involved MIGA's political risk insurance (PRI) product, while eight utilized the Agency's non-honoring (NH) product and one used the trade finance product.

PRI guarantees issued during FY23 amounted to $3.7 billion (57% of total new guarantee business) across all the four PRI covers, compared to $2.5 billion (51% of total new guarantee business) in FY22. The average size of NH projects tends to be larger than that of PRI projects, and the eight NH projects supported during FY23 accounted for $2.7 billion or 42% of gross new business volume compared to $2.4 billion or 49% in FY22. MIGA also issued one trade finance guarantee for $10 million in Ukraine and in partnership with EBRD.

Table 4 provides the guarantee issuance breakdown by product type during FY23 and FY22.

Table 4. Guarantees Issued by Product Type ($M)

	FY23 Guarantee Issuance				FY22 Guarantee Issuance			
Products	**Gross Exposure**	**Share %**	**Net Exposure**	**Share %**	**Gross Exposure**	**Share %**	**Net Exposure**	**Share %**
Political Risk Insurance (PRI)								
Capital Optimization[1]	1,396.3	22%	444.7	33%	825.0	17%	212.0	15%
Other PRI Guarantees	2,301.1	36%	327.2	25%	1,700.8	34%	652.3	45%
Non-Honoring (NH)								
NHSFO	967.7	15%	198.8	15%	803.0	16%	201.8	14%
NHSOE	1,770.7	27%	347.0	26%	1,605.9	33%	370.9	26%
Trade Finance (TFG)	10	0.2%	10.0	1%	-	0%	-	0%
Total PRI Issuance	**3,697.4**	**57%**	**771.9**	**58%**	**2,525.8**	**51%**	**864.3**	**60%**
Total NH Issuance	**2,738.3**	**42%**	**545.8**	**41%**	**2,408.9**	**49%**	**572.7**	**40%**
Total TFG Issuance	**10**	**0.2%**	**10**	**1%**	**-**	**0%**	**-**	**0%**
Total Issuance	**6,445.7**	**100%**	**1,327.7**	**100%**	**4,934.7**	**100%**	**1,437.0**	**100%**

Note: Numbers may not add up due to rounding.

(1) PRI cover against the risk of expropriation of funds on mandatory reserves maintained with Central Banks

Blended Finance Facilities

IDA Private Sector Window. The IFC-MIGA Private Sector Window (PSW) was created as part of the Eighteenth Replenishment of IDA (IDA18), with the goal of mobilizing private sector investment in IDA-only countries, particularly in FCS countries. The PSW, initially sized at $2.5 billion across four facilities, targets critical challenges identified by IFC and MIGA's private sector counterparts and leverages IFC and MIGA instruments, including loan guarantees and derivatives. MIGA participates in two of the four facilities under the PSW; the MIGA Guarantee Facility (MGF) and the Risk Mitigation Facility (RMF).

The MIGA Guarantee Facility (MGF) component of the IDA-19 Private Sector Window enables the Agency to expand its operations in IDA and FCS countries and is being continued under IDA19 with adjustments to the funding level. A total of $255 million was set aside under IDA19 for the MGF through structures with first loss and risk participation akin to reinsurance. MIGA also administers, on behalf of IDA, the Risk Mitigation Facility (RMF), currently funded at $400 million for IDA19. This provides project-based guarantees without sovereign counter-guarantee to crowd in private investment in large infrastructure projects and public private partnerships (PPP's) supported by IFC.

Trust Funds. MIGA also administers the Conflict-Affected and Fragile Economies Facility (CAFEF), the Renewable Energy Catalyst Trust Fund (RECTF), and the Support for Ukraine's Reconstruction and Economy Trust Fund (SURETF), donor partner-funded trust funds utilizing a reinsurance structure under which MIGA issues guarantees and cedes to the CAFEF, RECTF and SURETF a first loss layer, for eligible projects.

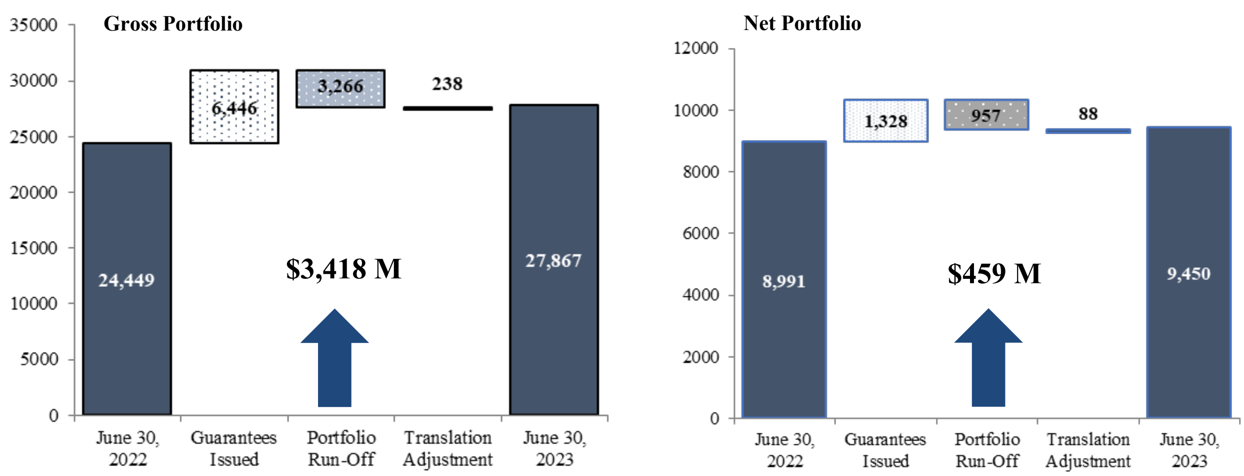
In FY23, MIGA leveraged its blended finance facilities to further expand operations into higher-risk, IDA and FCS locations. In Ukraine, MIGA utilized CAFEF and SURETF to cede exposure of $29.3 million on a first loss basis on two projects in the financial sector. The Agency utilized IDA PSW in the landmark telecom transaction in Ethiopia and ceded $76 million to the PSW. And in Somalia, MIGA was able to use a combination of IDA PSW and RECTF first loss covers totaling $3.4 million for a mini-grid solar power project.

Guarantee Portfolio Composition

MIGA's gross outstanding exposure increased by $3.4 billion or 14% to a record-high of $27.9 billion as of June 30 2023 from $24.4 billion as of June 30 2022. The increase is due to the record high new business volume of $6.4 billion and the positive translation adjustments of $238 million (principally on the Euro-denominated guarantee portfolio), partially offset by portfolio run-off of $3.3 billion.

Net outstanding exposure also increased to a record-high of $9.5 billion as of June 30, 2023, from $9.0 billion as of June 30, 2022, with the increase of $459 million due primarily to the net new business volume of $1.3 billion exceeding the net portfolio run-off of $957 million. **Figure 13** below provides a roll-forward of the gross and net guarantee portfolios.

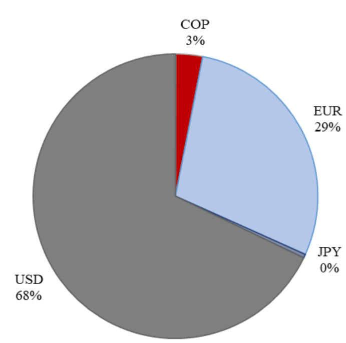
Figure 13. Gross and Net Guarantee Portfolio Roll-Forward ($M)



Currency Composition of the Portfolio

MIGA has authorized guarantee issuance in eight currencies including the US Dollar, Euro, Pound Sterling, Swiss Francs, Japanese Yen, Colombian Peso, Renminbi, and South African Rand. While the majority of the Agency's guarantees are written in US Dollars (USD), MIGA has about a third of its gross guarantee portfolio denominated in Euros as of June 30, 2023, and a smaller proportion in Colombian Pesos, Swiss Francs and Japanese Yen **(Figure 14)**. The appreciation of the Euro by 4.4% during FY23 contributed to the positive currency adjustment in both the gross and net guarantee portfolios of $238 million and $88 million, respectively **(Figure 13)**.

Figure 14. Gross Portfolio Currency Composition (%)



Portfolio Composition by Product Type

PRI Guarantees: The gross outstanding exposure on PRI guarantees as of June 30, 2023 was $16.1 billion, an increase of 15% from $14.0 billion as of end-FY22. The increase is driven by new business volumes of $3.7 billion exceeding portfolio run-off of $1.7 billion, coupled with positive foreign currency fluctuation of $134 million.

Net exposure also increased by 3% to $7.0 billion as of June 30, 2023 from $6.8 billion as of end-FY22, with the increase primarily attributable to the new business net volumes exceeding the net portfolio run-off.

As of end-FY23, PRI guarantees represented 58% of the overall gross outstanding exposure (57% as of end-FY22) and 74% of the overall net outstanding exposure (76% as of end-FY22).

Non Honoring Guarantees: The gross outstanding exposure of Non-Honoring (NH) guarantees as of June 30, 2023 was $11.7 billion, an increase of 12% compared to $10.5 billion at end-FY22. Net exposure of the NH portfolio also increased by 11% to $2.4 billion as of end-FY23 compared to $2.2 billion as of end-FY22. The increase in the gross and net exposures is primarily due to the issuance of several large NHSOE and NHSFO guarantees, partially offset by portfolio run-off during the fiscal year.

As of end-FY23, the NH guarantees represented 42% of the overall gross portfolio and 26% of the net portfolio across sovereign, sub-sovereign and state-owned enterprise obligors compared to 43% and 24% respectively, as of end-FY22.

Trade Finance Guarantees (TFG): The gross and net outstanding exposures of TFGs as of June 30, 2023 was $10 million, representing less than 0.2% of the total portfolio.

Table 5 below provides the gross and net exposures as of June 30, 2023 and June 30, 2022 for the various classes of PRI, NH and Trade Finance products.

Table 5. Portfolio Composition by Product ($M)

	June 30, 2023				June 30, 2022			
Products	**Gross Exposure**	**Share %**	**Net Exposure**	**Share %**	**Gross Exposure**	**Share %**	**Net Exposure**	**Share %**
Political Risk Insurance (PRI)								
Capital Optimization[1]	5,302.7	19%	2,321.5	25%	3,838.9	16%	1,842.4	20%
Other PRI Guarantees	10,842.6	39%	4,696.4	50%	10,149.5	42%	4,960.4	55%
Non-Honoring (NH)								
NHSFO	5,266.2	19%	1,045.5	11%	4,671.1	19%	953.6	11%
NHSOE/ Others[2]	6,445.1	23%	1,376.7	15%	5,789.7	24%	1,235.0	14%
Trade Finance (TFG)	10	0%	10	0%	-	0%	-	0%
Total PRI Exposures	**16,145.3**	**58%**	**7,017.9**	**74%**	**13,988.4**	**57%**	**6,802.8**	**76%**
Total NH Exposures	**11,711.3**	**42%**	**2,422.2**	**26%**	**10,460.8**	**43%**	**2,188.6**	**24%**
Total TFG Exposure	**10**	**0%**	**10**	**0%**	**-**	**0%**	**-**	**0%**
Total Exposure	**27,866.6**	**100%**	**9,450.1**	**100%**	**24,449.2**	**100%**	**8,991.4**	**100%**

Note: Numbers may not add up due to rounding.

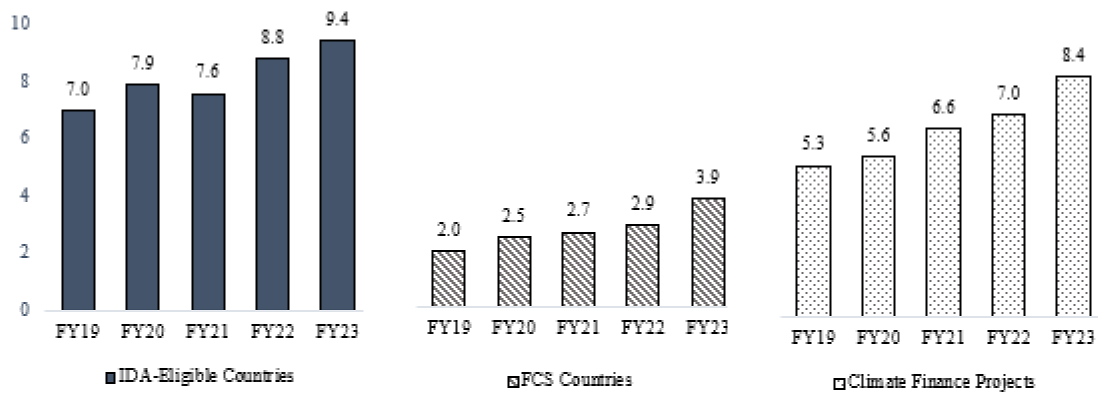
1. PRI cover against the risk of expropriation of funds on mandatory reserves maintained with Central Banks.

2. Includes NH coverage against the risk that a regional development bank fails to honor an unconditional payment obligation.

Portfolio Exposure in Strategic Priority Areas

Over the last five fiscal years, the Agency has grown its portfolio in the Strategic priority areas. As of June 30, 2023, MIGA's gross outstanding exposure in IDA-eligible countries was $9.4 billion, while its exposure in FCS countries has grown by nearly 50% increase over the last five year period to $3.9 billion. The Agency's portfolio supporting Climate Finance projects has also grown significantly from $5.3 billion at end-FY19 to $8.4 billion at end-FY23. (**Figure 15**).

Figure 15. Gross Portfolio by Strategic Priority Areas ($B)



Portfolio Exposure across Regions

A geographically diversified portfolio is desirable for MIGA as an insurer seeking to avoid catastrophic losses and fits with the strategic goal of serving all clients. Correlations of claims are typically higher within a country and a region than between regions. When there is a chance of simultaneous occurrences of claims in one geographic area the need for MIGA to hold capital against potentially large combined losses is higher.

As of end-FY23, the Sub-Saharan Africa region continues to have the largest outstanding gross and net exposures, followed by Europe and Central Asia and then by Latin America and the Caribbean. **Table 6** provides the regional gross and net exposures as of June 30, 2023 and June 30, 2022.

Table 6. Portfolio Composition by Region ($M)

	June 30, 2023				June 30, 2022			
Region	**Gross Exposure**	**Share%**	**Net Exposure**	**Share%**	**Gross Exposure**	**Share%**	**Net Exposure**	**Share%**
East Asia And Pacific	2,752.5	10%	628.9	7%	2,882.1	12%	721.8	8%
Europe and Central Asia	6,420.8	23%	2,188.6	23%	4,866.6	20%	1,634.2	18%
Latin America and the Caribbean	5,880.4	21%	1,664.3	18%	5,256.9	22%	1,754.4	20%
Middle East and North Africa	3,576.9	13%	1,058.3	11%	3,492.8	14%	1,071.9	12%
South Asia	1,327.1	5%	521.5	6%	1,396.8	6%	543.3	6%
Sub-Saharan Africa	7,536.7	27%	3,313.1	35%	6,191.8	25%	3,192.5	35%
Regional Development Bank	372.2	1%	75.4	1%	362.2	1%	73.4	1%
Total Exposure	**27,866.6**	**100%**	**9,450.1**	**100%**	**24,449.2**	**100%**	**8,991.4**	**100%**

Note: Numbers may not add up due to rounding.

Claims and Dispute Management

Claim Activities

During FY23, MIGA paid one WCD claims for $0.3 million on its own account and administered the claim payments from the West Bank and Gaza and CAFEF Trust Funds in respect of two WCD claims totaling $1.5 million in West Bank and Gaza. As of June 30, 2023, the Agency had two pending claims against the risk of War and Civil Disturbance (WCD) and Transfer Restriction (TR) for which it has maintained adequate reserves.

Since its inception, the Agency has paid eleven claims on its own account for a total of $26.7 million on a gross basis and $10.2 million, net of recoveries. Of the eleven claims paid, nine were in relation to the War and Civil Disturbance cover and two related to Expropriation cover.

Facilitating dispute resolution

As a member of the WBG, MIGA provides an umbrella of deterrence against government actions that could disrupt insured investments and helps resolve potential disputes to the satisfaction of all parties—both of which enhance investor confidence in the safety of investments and encourage the flow of FDI. In order to prevent a potential claims situation from escalating, MIGA provides dispute resolution services to all its clients.

MIGA initiates discussions with host governments and investors so it can help address the issues and allow the project to continue to provide the expected development impact, as soon as it becomes aware of events or disputes that may impact its supported investments. As the Agency's portfolio increases in size, especially in IDA and FCS countries, there has been an increase in pre-claim management activities. Facilitating discussions between investors and host governments has been reasonbaly successful and the Agency's loss ratio remains the lowest in the PRI industry. It should be noted that MIGA's engagement with host governments or investors does not necessarily mean a claim is imminent.

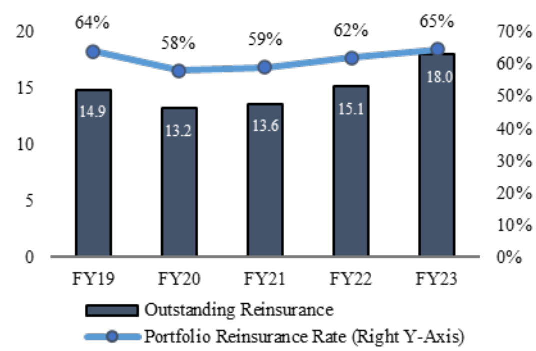
5. REINSURANCE MANAGEMENT

Portfolio Reinsurance

MIGA's objective in using reinsurance is to support the Agency's growth while managing portfolio concentration and ensuring efficient capital utilization. The increased use of reinsurance is also in line with the WBG goal of leveraging the private sector into financing development as well as in line with the Agency's strategy of preserving capital to fund future growth, primarily in priority areas.

As of June 30, 2023, $18.0 billion (65%) of the Agency's gross outstanding exposure was reinsured under facultative and quota share treaty arrangements in comparison to $15.1 billion (62%) as of end-FY22. **Figure 16** shows the evolution of the reinsurance portfolio over the past five fiscal years and the trend of the portfolio reinsurance rate.

Figure 16. Portfolio Reinsurance ($B) and Rate (%)



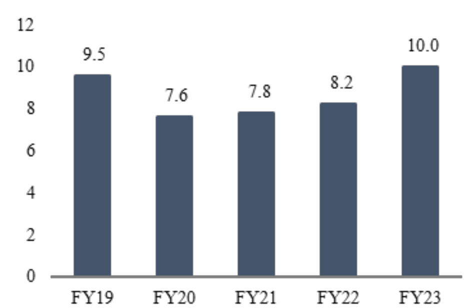
Treaty and Facultative Reinsurance

As part of its reinsurance strategy and in order to meet its increased reinsurance requirements, MIGA has expanded its panel of facultative reinsurers and continues to look to add new reinsurer partners with the aim of diversifying the counterparty credit risk created by the increased reinsurance. MIGA typically cedes exposure through facultative reinsurance, as required, for large or high-risk projects or in host countries where the Agency has high concentration levels. As of June 30, 2023, exposure ceded to facultative reinsurers was $10 billion or 56% of total outstanding reinsurance, an increase of 22% from the end-FY22 level of $8.2 billion.

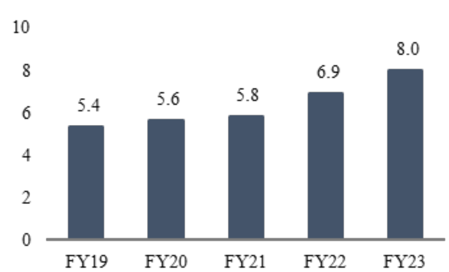
In addition to facultative reinsurance, MIGA also cedes exposure to a panel of four treaty reinsurers. The Agency's treaty reinsurance attaches to a contract of guarantee when the associated gross exposure exceeds the attachment point defined in the treaty agreements. Attachment points and amounts ceded under treaty reinsurance vary according to country risk. As of June 30, 2023, exposure ceded to the panel of treaty reinsurers amounted to $8.0 billion or 44% of total outstanding reinsurance, in comparison to $6.9 billion or 46% of total outstanding reinsurance as of end-FY22. (**Figure 17**)

Figure 17. Portfolio Reinsurance – Facultative and Treaty ($B)

Facultative Reinsurance



Treaty Reinsurance

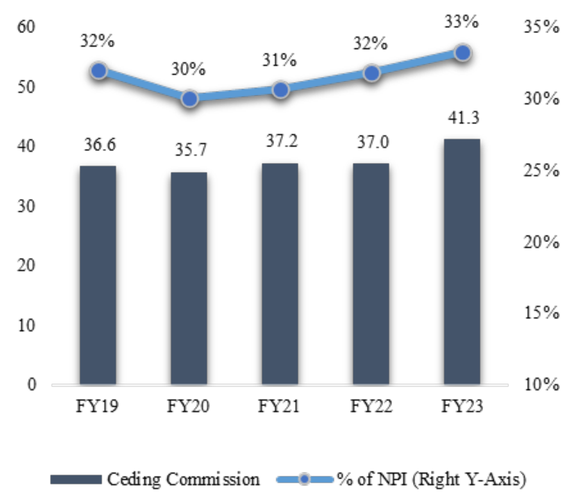


Ceding Commissions Earned on Reinsurance Transactions

Reinsurance allows MIGA to fulfill its developmental mandate by utilizing its capital efficiently and minimizing risk concentrations. Reinsurance also contributes to MIGA's revenue in the form of ceding commissions, (i.e. a percentage of the premiums ceded to reinsurers is retained by MIGA).

During FY23, MIGA earned ceding commissions of $41.3 million compared to $37.0 million earned in FY22. As a percentage of NPI, ceding commissions during FY23 have increased from 32% in FY22 to 33% in FY23, and reflect a significant proportion of revenue that is generated by relatively lower-risk counterparties (the weighted average rating of MIGA's reinsurance panel is AA-). (**Figure 18**)

Figure 18. Ceding Commissions ($M)



6. FUNDING SOURCES

Capital Stock

MIGA derives its financial strength primarily from the capital backing it receives from its shareholders and from its retained earnings and reserves. MIGA's Convention initially established its authorized capital stock (membership shares) at 100,000 shares—equivalent to $1,082 million—with a provision that the authorized capital stock shall automatically increase upon the admission of a new member to the extent that the total number of authorized shares are sufficient to allow subscription by the new member. As of June 30, 2023, MIGA had 182 member countries and a total subscribed capital of $1.9 billion. **Table 7** provides a summary of the capital stock as of June 30, 2023.

Of the initial membership shares subscribed, 20 percent have been paid-in. The remaining 80 percent is subject to call if needed by MIGA to meet its obligations. As of June 30, 2023, $107.9 million of paid-in capital is in the form of non-negotiable, non-interest bearing demand obligations or promissory notes. The notes are denominated in freely convertible currencies and are due on demand if needed to meet MIGA's obligations. Since inception, MIGA has not encashed any of the promissory notes.

Table 7. Capital Stock ($M) - June 30, 2023

	Total
Subscribed Capital	1,919
Of which:	
Paid in Capital	366
Callable Capital	1,553

Any calls on unpaid subscriptions are uniform on all shares. If the amount received by MIGA on a call is insufficient to meet the obligations requiring the call, then MIGA may make further calls until the amounts received are sufficient to meet such obligations. The liability of a member on a call or calls is limited to the unpaid balance of such member's capital subscription. Since its inception, no call has been made on MIGA's callable capital.

Shareholders' Equity

Total shareholders' equity as of June 30, 2023 was $1,706 million, an increase of $167 million from June 30, 2022. The increase reflects the combined effect of FY23's net income contribution of $139.4 million and the increase in Accumulated Other Comprehensive Income (AOCI) of $27.6 million. The AOCI increase is primarily due to the actuarial gains in the projected benefit obligations of the Pension plans (see **Figure 19**) resulting from the increase in the discount rate. **Table 8** below provides the five-year trend of shareholders' equity.

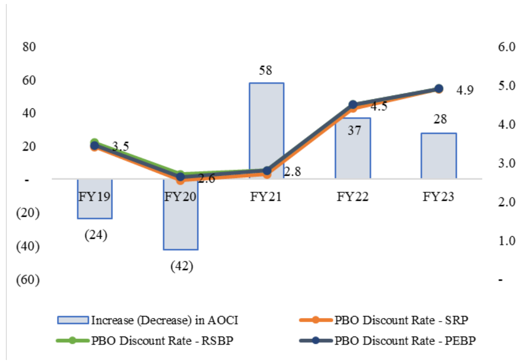
Table 8. Shareholders' Equity ($M)

As of June 30,	**2023**	**2022**	**2021**	**2020**	**2019**
Paid-in Capital	366	366	366	366	366
Retained Earnings	1,313	1,174	1,146	1,065	1,008
Accumulated Other Comprehensive Income (Loss)	27	(1)	(38)	(96)	(54)
	1,706	**1,539**	**1,474**	**1,335**	**1,320**

Actuarial Gains and Losses on Pension Plans
Actuarial gains and losses occur when actual results differ from expected results in determining the funded status of the pension plans. Since the pension plans are long term, changes in the asset returns or discount rates may result in significant volatility.

The discount rate used to convert the future obligations into present value is derived from high-grade, AA-rated corporate bond yields. **Figure 19** shows the trend of the discount rate used in determining the projected benefit obligations of the pension plans and its impact on AOCI over the past five years.

Figure 19. Change in AOCI ($M) and Discount Rate (%)



As of June 30, 2023, the Agency had a positive funded status of $39.8 million across the three pension plans compared to $12.9 million as of end-FY22. **Table 9** shows the MIGA attributable portion of the funded status across all three plans as of June 30, 2023 and 2022. The $26.9 million improvement in the overall funded status is attributable primarily to the more than expected actual returns on pension plan assets, and the increase in the discount rates used to determine the Projected Benefit Obligations.

Table 9. Pension Plans Funded Status ($M)

	As of June 30, 2023			
	SRP	**RSBP**	**PEBP**[1]	**Total**
Projected Benefit Obligations (PBO)	264.8	36.9	30.7	332.4
Plan Assets	298.2	46.8	27.2	372.2
Funded Status	**33.4**	**9.9**	**(3.4)**	**39.8**

	As of June 30, 2022			
	SRP	**RSBP**	**PEBP**[1]	**Total**
Projected Benefit Obligations (PBO)	268.8	40.6	28.9	338.2
Plan Assets	282.3	44.2	24.6	351.1
Funded Status	**13.6**	**3.6**	**(4.3)**	**12.9**

Note: Numbers may not add up due to rounding.
1. PEBP Plan Assets are included under IBRD's investment portfolio with MIGA's portion reflected under Receivables from IBRD under Other Assets on MIGA's Balance Sheet.

7. Capital Management

Statutory Underwriting Capacity

MIGA's capital base ensures the financial sustainability of the Agency over both the short-term and long-term. The Council of Governors and the Board of Directors have set the maximum amount of contingent liability that may be assumed by MIGA at 500% of the sum of its unimpaired subscribed capital and reserves plus 100% of the exposure ceded to reinsurers.

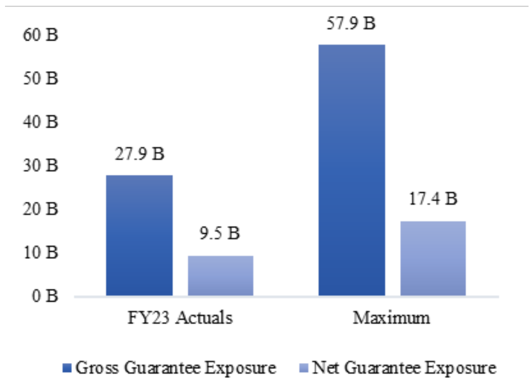
As of June 30, 2023, MIGA's underwriting capacity was $35.4 billion, as detailed in **Table 10** below. MIGA's gross outstanding exposure on that date was $27.9 billion and represented 79% of the Agency's statutory underwriting capacity.

Table 10. Statutory Underwriting Capacity ($M)

	June 30, 2023	June 30, 2022
Subscribed Capital	1,920	1,920
Retained Earnings	1,313	1,174
Accumulated Other Comprehensive Income (Loss)	27	(1)
Insurance Portfolio Reserve (net)	216	238
Total	**3,476**	**3,330**
500% of Subscribed Capital, Retained Earnings, Accumulated Other Comprehensive Income (Loss), and net Insurance Portfolio Reserve	17,380	16,651
100% of Exposure Ceded to Reinsurers	18,006	15,145
Statutory Underwriting Capacity	**35,386**	**31,797**
Gross Exposure as a Percentage of Statuatory Underwriting Capacity	**79%**	**77%**

As noted in **Section 5**, the Board of Directors has authorized the Agency to reinsure its guarantees up to a maximum of 70% of gross exposure. Therefore, as of June 30, 2023, the maximum guarantee capacity can be extended to $57.9 billion based on a maximum net guarantee exposure scenario of $17.4 billion as of that date and a 70% maximum portfolio reinsurance rate. **Figure 20** highlights the potential room for growth based upon current levels of exposure.

Figure 20. Maximum Guarantee Capacity



Maximum Net Exposure reflects 500% of unimpaired subscribed capital and reserves and the Maximum Gross Exposure assumes portfolio reinsurance at 70%.

Capital Adequacy

Under its economic capital-based capital adequacy framework, MIGA's measures of capital adequacy and risk-bearing capacity include economic capital (EC) consumed by the guarantee portfolio. It provides an analytically rigorous measure for assessing the risk inherent in the core guarantee business and incorporates the effects from portfolio diversification and concentration. Management also estimates the minimum amount of capital that should be held against operational risk[4] in the Agency and against the risk of loss in the investment portfolio. Together, these three measures constitute the total economic capital.

As of June 30, 2023, the economic capital consumed by the guarantee portfolio amounted to $669 million and the total economic capital for the Agency amounted to $773 million, compared to $661 million and $759 million, respectively, as of June 30, 2022.

MIGA's Risk Capital (RC) metric is a comprehensive capital adequacy metric defined as the total EC plus buffer capital and is expressed as a percentage of the available operating capital (OC). The buffer capital is computed in a bespoke stress testing tool, with stress scenarios representing project-level and country level risk as well as systemic macroeconomic scenarios and systemic event-driven scenarios. The RC metric complements the total EC/OC ratio in MIGA's risk reporting and provides a better grounding for establishing target levels for capital adequacy. Inner and outer limits for the RC/OC ratio have been established at 80% and 85%, as part of the Agency's Risk Appetite Statement (RAS).

Management monitors the level and utilization of available operating capital, comprised of paid-in-capital, retained earnings, accumulated other comprehensive income (AOCI) and the insurance portfolio reserve, net of the corresponding reinsurance recoverable, with the objective of ensuring sufficient operating capital is available to sustain expected and unexpected losses associated with claims and to support the ongoing business.

Table 11 shows the ratios of guarantee portfolio EC and Total EC to operating capital over the past five fiscal years, as well as the risk capital (RC) to operating capital ratio since FY20. The guarantee portfolio EC and total EC ratios stood at 34.8%, and 40.2%, respectively, as of June 30, 2023 compared with 37.2% and 42.7% as of June 30, 2022. Based on updated stress tests, the buffer capital was computed at 16.6% of operating capital, for an RC/OC ratio of 56.8% as of June 30, 2023 compared to 61.0% as of June 30, 2022, well below the inner and outer limits of 80% and 85%. Together, the ratios indicate an overall stable and robust capital adequacy position for the Agency, including an ability to withstand severe stress to its portfolio.

[4] Operational risk capital is based on the Basel II methodology for calculating operational risk capital as a percentage of gross revenues and amounted to $86 million as of June 30, 2023.

Table 11. Capital Utilization (FY19-23, $M)

	FY23	FY22	FY21	FY20	FY19
Guarantee Portfolio Economic Capital	669	661	669	656	626
Total Economic Capital	773	759	768	756	717
Risk Capital	1,092	1,083	1,054	1,001	n/a
Insurance Portfolio Reserve (net)	216	238	250	256	222
Retained Earnings and Accumulated Other Comprehensive Loss	1,340	1,173	1,108	969	954
Paid-in Capital	366	366	366	366	366
Operating Capital	1,923	1,777	1,724	1,591	1,542
Net Exposure	9,450	8,991	9,134	9,192	8,295
Guarantee Portfolio Economic Capital / Operating Capital	34.8%	37.2%	38.8%	41.2%	40.6%
Total Economic Capital / Operating Capital	40.2%	42.7%	44.5%	47.5%	46.5%
Risk Capital / Operating Capital	56.8%	61.0%	61.1%	62.9%	n/a
Guarantee Portfolio Economic Capital / Net Exposure	7.1%	7.4%	7.3%	7.1%	7.5%

Note: Numbers may not add up due to rounding.

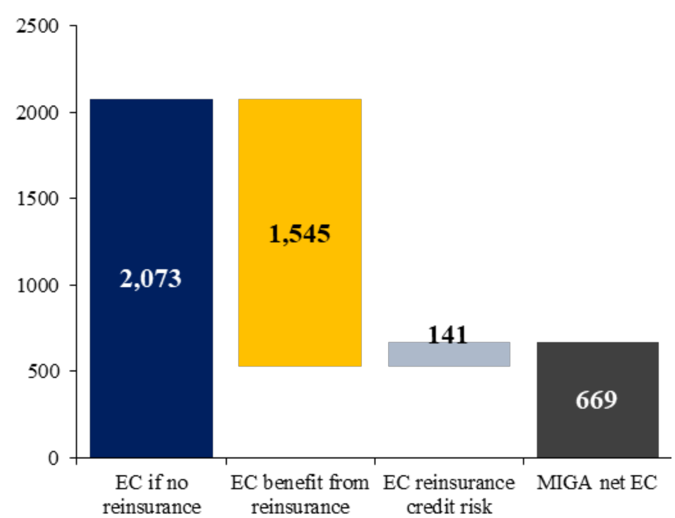
As a gauge of year-on-year changes to the relative risk-level of the guarantee portfolio, **Table 11** also shows the ratio of guarantee portfolio economic capital to portfolio net exposure. As of June 30, 2023, this ratio stood at 7.1% compared to 7.4% at end-FY22, indicating a decrease in the risk profile of the Agency's guarantee portfolio.

Effects of Reinsurance on Economic Capital

As noted in **Section 5**, reinsurance of MIGA's guarantee portfolio plays a key part in risk management and business growth, as it helps MIGA manage its exposure concentration by transferring risk and provides substantial capital relief given the highly rated counterparty credit risk assumed. As of June 30, 2023, reinsurance on the guarantee portfolio provided relief to the overall guarantee portfolio EC consumption by 68% compared to 67% as of June 30, 2022. **Figure 21** shows the benefit provided by reinsurance on the guarantee portfolio economic capital in FY23, net of EC for Reinsurer Counterparty Credit Risk (RCCR).

MIGA is also exposed to the risk of default by its reinsurers when claims materialize. **Figure 21** also indicates the impact of the RCCR on the guarantee portfolio economic capital. As of June 30, 2023, the amount of RCCR EC is estimated at $141 million compared to $123 million as of June 30, 2022, and is included in the overall guarantee portfolio EC.

Figure 21. Impact of Reinsurance on Economic Capital ($M) – June 30, 2023

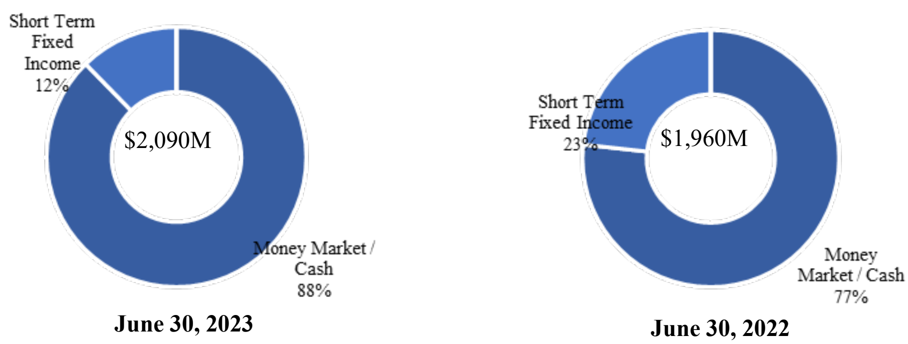


8. INVESTMENT MANAGEMENT

MIGA's investment policy objectives are to provide liquidity to pay for unanticipated claims and to grow MIGA's capital base to support MIGA's long-term business strategy, with the liquid assets held in cash and highly rated fixed income instruments. As of June 30, 2023, MIGA's net investment portfolio holdings totaled $2.1 billion, comprising of cash and money market instruments, U.S. Treasuries, sovereign and government guaranteed securities, as well as derivatives. The Agency uses currency forward contracts, currency swaps, options, futures contracts and TBA securities to enhance the returns and manage the currency risk in its investment portfolio.

Most of the Agency's assets are denominated in USD, with a small portion in non-USD holdings. As of June 30, 2023, MIGA held cash and government securities denominated in currencies other than USD totaling $179 million or 8.6% of its total holdings. **Figure 22** shows the broad asset class allocation as of June 30, 2023 and June 30, 2022.

Figure 22. Composition of MIGA's Investment Portfolio by Asset Class ($M)



MIGA's investment income for FY23 was $70.1 million (3.6% annual return) compared to the investment loss of $8.5 million (-0.4% annual return) in FY22. The FY23 investment income was comprised of $63.8 million in interest income and $6.3 million in mark-to-market gains. **Table 12** provides details on the investment income by asset class over the past five fiscal years.

Table 12. Investment Income Analysis by Asset Class and Sources (FY19-FY23) ($M)

Asset Class	FY23	FY22	FY21	FY20	FY19
Money Market / Cash	63.5	2.3	3.8	17.7	20.0
US Short Term (0-3 Year)	6.6	(10.9)	1.7	11.9	5.3
Mortgage Backed Securities (MBS)	-	-	-	10.6	13.1
Total Investment Income	**70.1**	**(8.5)**	**5.6**	**40.2**	**38.4**

Sources	FY23	FY22	FY21	FY20	FY19
Interest Income	65.0	10.2	9.9	29.2	33.8
Mark-to-Market Gains (Losses)	6.3	(18.7)	(4.3)	11.0	4.6
Other Expenses	(1.2)	-	-	-	-
Total Investment Income	**70.1**	**(8.5)**	**5.6**	**40.2**	**38.4**

Total Portfolio Return %	**3.6%**	**-0.4%**	**0.3%**	**2.3%**	**2.4%**

9. RISK MANAGEMENT

Risk Governance

MIGA's risk management processes and practices continually evolve to reflect the changes in activities in response to market, credit, operational and other developments. The Board of Directors, through the Audit Committee, is responsible for providing oversight and approving MIGA's risk management policies. While MIGA's Executive Vice President is responsible for overall risk management, the responsibility for the design and implementation of the risk management framework rests with the Vice President & Chief Risk, Legal and Administrative Officer (VP & CRLAO).

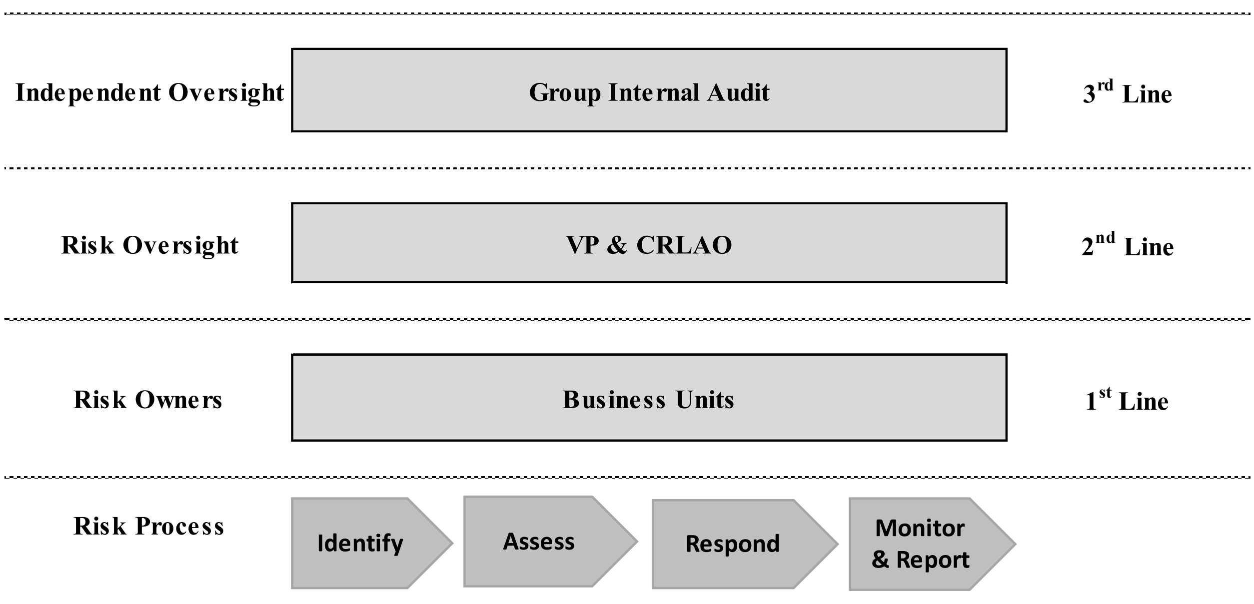
As effective risk management is critical for MIGA's overall operations, the risk management governance structure is designed to manage the principal risks MIGA assumes in its activities and supports Management in its oversight function. MIGA's risk governance structure is built on the "three lines model" (see **Figure 23**) where:

(i) Business units are responsible for directly managing risks in their respective functional areas;

(ii) The VP & CRLAO provides direction and oversight over risk activities; and

(iii) Group Internal Audit (GIA) provides independent oversight.

Figure 23. Risk Management Structure



MIGA's risk management process comprises risk identification, assessment, response and risk monitoring and reporting. MIGA has policies and procedures under which risk owners are responsible for identifying, assessing, responding to, monitoring and reporting risks.

Risk Management Framework

Assessing and managing various types of risks is at the core of MIGA's overall risk management and is central to ensuring MIGA's financial sustainability.

MIGA's risk dashboard, prepared quarterly, presents a holistic view of risks facing the Agency relative to the tolerance levels for the respective identified key risks. The risk dashboard is a key component of the Agency's Risk Appetite Statement (RAS), which comprises a comprehensive risk taxonomy with defined risk types and a subset of quantitative and qualitative metrics with spelt out limits guiding risk management decisions. MIGA's VP & CRLAO oversees the RAS governance processes, with the risk owners across the Agency providing quarterly updates of risk assessment within their respective areas. A number of business unit-level metrics are monitored for each risk type.

The risk dashboard defines inner and outer limits for each risk metric, with the breaching or approaching an inner limit triggering management action, the nature of which depends on the risk type. The action taken should prevent a breach of the outer limit.

RAS articulation is integral to MIGA's financial risk management, reflecting a focus on risk mitigation and capital preservation through a comprehensive view of selective acceptance and management of risk. To support this goal, thresholds, such as nominal limits for guarantee exposures in countries and projects are in place and the contribution of each new guarantee to MIGA's capital need is assessed. In addition, Management recognizes the need to reflect the level of Agency-wide risk that is acceptable with respect to specific actions, such as project approvals, new product development or market expansion, in relation to the business strategy.

Management of MIGA's Risks

MIGA is exposed to a variety of risks and employs risk management tools such as an Economic Capital Framework and reinsurance arrangements to measure and manage its risk. Below is a description of the risks to which MIGA is exposed and the various programs in place to manage these risks.

Insurance Risk

Insurance risk arises from MIGA's core business of issuing investment guarantees. The Agency's primary risk is the claim payout from political risk and default events and is inherent in the guarantee portfolio.

MIGA's earnings depend on how its claims experience compares with assumptions used in setting prices for products and in establishing technical provisions for claims. If actual claims experience of the Agency is less favorable than the underlying assumptions, then income would be reduced. MIGA monitors claim activities and provisions for pending claims. In addition, claim reserves for the guarantee portfolio are calculated using a simulation-based model.

Management of Insurance Risk

The Agency's rigorous underwriting process is an integral part of MIGA's overall risk management. At the individual project level, a thorough assessment of the financial risk is undertaken from the perspectives of the host country and the project, and the impact to MIGA's overall risk and return balance. Each project, depending on complexity, is discussed and approved for guarantee issuance by either a Final Approval Meeting (FAM) chaired by the Director of Operations or a Project Review Committee (PRC) comprised of

MIGA's management team. The PRC is preceded by an initial Early Screening Meeting (ESM), chaired by the Executive Vice President the Agency, and serves as an initial filter for determining whether to commit underwriting resources to a guarantee application. Finally, all projects other than those under the Small Investment Program, require Board concurrence or approval as well as host country approval for the investment.

Portfolio Concentration Risk

Portfolio concentration risk arises when a small group of host countries account for a large share of the overall outstanding guarantees and is a key concern for MIGA.

Management of Portfolio Concentration Risk

MIGA uses Economic Capital (EC) consumption to assess portfolio concentration risk, ensures compliance with the Board-approved host country net exposure limit, and regularly monitors the top five and ten host countries by EC consumption and net exposures.

The Agency's Portfolio Risk Management Committee (PRMC) oversees portfolio concentration matters and is comprised of members of MIGA's senior management, supported by MIGA's Risk Analytics and Reinsurance teams. The PRMC meets on a quarterly basis to discuss the risk profile of the Agency's guarantee portfolio and proposes measures to manage concentration in the guarantee portfolio.

Under its Economic Capital (EC)[5] Model, based on best practices applied in risk modeling, MIGA defines its economic capital as the 99.97th percentile of the aggregate loss distribution over a three-year horizon, minus the mean of the loss distribution, which is in line with industry practice for a AAA rated institution. The model helps evaluate concentration risk in the guarantee portfolio and facilitates active, risk-based exposure management by allocating the Economic Capital to particular regions, countries, sectors, covers, or individual contracts, based on their respective risk contribution.

The top ten largest EC consuming countries had a combined consumption of 56.1%, of the total EC as of June 30, 2023, compared to 61.4% as of June 30, 2022. While the composition of the top ten EC consuming countries has remained largely unchanged, the EC concentrations across each country have been trending downwards, with the decrease primarily accounted for by the effect of portfolio run-off in some of the highly concentrated countries as well as non-honoring guarantees in investment-grade countries during the last few fiscal years. **Table 13** below captures the top five and top ten largest EC consuming countries in the portfolio as of June 30, 2023 and June 30, 2022.

[5] The Economic Capital concept is a widely recognized risk management tool in the banking and insurance industries, defining the minimum amount of capital an organization needs to hold in order to withstand larger than expected losses with a high degree of confidence, over a defined time horizon and given the risk exposure and defined risk tolerance.

Table 13. Top Ten EC Consuming Countries – June 30, 2023 and June 30, 2022 ($M)

	FY23			FY22	
Country	**EC**	**% of Total EC**	**Country**	**EC**	**% of Total EC**
Turkiye	109.6	16.4%	Turkiye	115.0	17.4%
Bangladesh	46.6	7.0%	South Africa	50.4	7.6%
Egypt, Arab Republic of	42.8	6.4%	Oman	47.2	7.1%
South Africa	42.1	6.3%	Honduras	42.3	6.4%
Cameroon	27.9	4.2%	Bangladesh	36.2	5.5%
Oman	27.8	4.2%	Egypt, Arab Republic of	32.6	4.9%
Ethiopia	21.3	3.2%	Cameroon	26.0	3.9%
Colombia	20.4	3.1%	Myanmar	19.6	3.0%
Mauritania	19.3	2.9%	Mauritania	18.9	2.9%
Myanmar	17.0	2.5%	Mozambique	18.2	2.8%
Top 5 Countries	**269.0**	**40.2%**	**Top 5 Countries**	**290.9**	**44.0%**
Top 10 Countries	**374.9**	**56.1%**	**Top 10 Countries**	**406.2**	**61.4%**
Total EC	**668.6**	**100.0%**	**Total EC**	**661.1**	**100.0%**

Note: Numbers may not add up due to rounding.

In addition, in order to prevent excessive risk concentration, MIGA has in place nominal maximum net guarantee exposure limits per country and per project, which are $1 billion and $300 million, respectively.

The top five and ten largest exposure countries by net exposure as of June 30, 2023 and June 30, 2022 are shown below in **Table 14**, accounting for 20.8% and 36.9% of the total net guarantee portfolio, respectively as of June 30, 2023.

Table 14. Top Ten Countries Ranked by Net Exposures – June 30, 2023 and June 30, 2022 ($M)

	FY23				FY22		
Country	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**	**Country**	**Gross Exposure**	**Net Exposure**	**% of Total Net Exposure**
Turkiye	2,184.5	444.3	4.7%	Turkiye	2,234.9	447.3	5.0%
Serbia	1,660.2	428.4	4.5%	South Africa	1,245.9	436.6	4.9%
South Africa	1,079.0	387.3	4.1%	Egypt, Arab Republic of	498.0	381.0	4.2%
Colombia	1,560.0	354.8	3.8%	Panama	1,095.0	357.6	4.0%
Egypt, Arab Republic of	465.4	352.6	3.7%	Serbia	1,144.6	351.7	3.9%
Bangladesh	1,028.6	323.0	3.4%	Bangladesh	1,087.9	334.5	3.7%
Peru	1,116.7	322.1	3.4%	Cameroon	441.1	300.0	3.3%
Cameroon	452.4	307.8	3.3%	Colombia	952.8	291.6	3.2%
Panama	917.5	295.2	3.1%	Ghana	364.6	280.2	3.1%
Kenya	479.3	272.0	2.9%	Oman	1,661.0	240.8	2.7%
Top 5 Exposures	**6,949.1**	**1,967.4**	**20.8%**	**Top 5 Exposures**	**6,218.4**	**1,974.2**	**22.0%**
Top 10 Exposures	**10,943.6**	**3,487.5**	**36.9%**	**Top 10 Exposures**	**10,725.8**	**3,421.3**	**38.1%**
Total Exposure	**27,866.6**	**9,450.1**	**100.0%**	**Total Exposure**	**24,449.2**	**8,991.4**	**100.0%**

Note: Numbers may not add up due to rounding.

Liquidity Risk

Liquidity risk includes the risks of MIGA's inability to meet its claims payment obligations when they fall due.

Management of Liquidity Risk

Adequate liquidity resources need to be maintained to sustain the Agency over prolonged periods of cash payouts due to claims. MIGA assesses and monitors the availability of its liquid assets on a periodic basis and analyzes the impact on its finances (capital and liquidity) under various stress scenarios.

Commercial Counterparty Credit Risk

Commercial counterparty credit risk arises when counterparties fail to meet their payment obligations under the terms of the contract or other financial instruments.

Management of Commercial Counterparty Credit Risk

MIGA's commercial counterparty credit risk is concentrated in its investment portfolio, in instruments issued by sovereign governments and non-sovereign holdings such as Asset Backed Securities, Time Deposits, Corporates and Agencies. MIGA's Board-approved General Investment Authorization also provides eligibility criteria for the Agency's investments, include the minimum credit ratings of the instruments in which the Agency should invest.

MIGA's overall commercial counterparty credit risk was about $2.1 billion as of June 30, 2023. As indicated in **Table 15** below, the majority of the Agency's investments are concentrated in the upper end of the credit ratings range with 76% of the portfolio rated AA or above and the remaining portfolio rated A.

Table 15. Commercial Counterparty Credit Risk Exposure ($B) – June 30, 2023

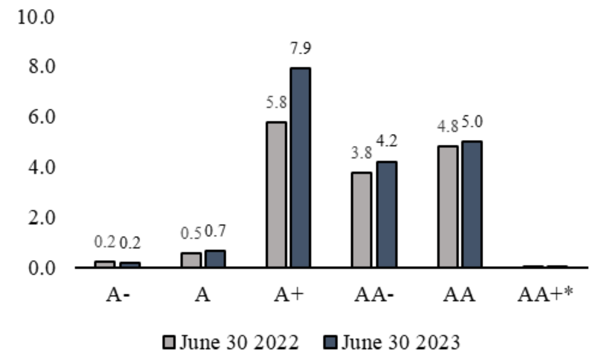
As of June 30, 2023					
	Investments		*Net Swap*		
Counterparty Rating	*Sovereigns*	*Non-Sovereigns*	*Exposure*	*Total*	*% of Total*
AAA	0.2	0.7	-	0.9	43.1%
AA	0.0	0.7	0.0	0.7	34.9%
A	0.1	0.3	0.0	0.5	22.0%
Total	**0.4**	**1.7**	**0.0**	**2.1**	**100.0%**

Note: Numbers may not add up due to rounding

Reinsurance Counterparty Credit Risk (RCCR)

Reinsurance counterparty credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations. MIGA's exposure to counterparty credit risk is derived mainly from its reinsurance counterparts and is the risk of default by MIGA's reinsurers when claims materialize. MIGA requires that private sector reinsurers, with which it conducts business, be rated by at least two of the four major rating agencies (Standard & Poor's, A.M. Best, Moody's and Fitch), and that the ratings be above a minimum threshold. MIGA has also established limits both at the project and portfolio levels, which restrict the amount of reinsurance. **Figure 24** provides a graphical representation of the ceded exposure with reinsurance counterparties by credit risk ratings as of June 30, 2022 and June 30, 2023.

Figure 24. Reinsurer Counterparty Exposure by Rating ($B) – June 30, 2022 and June 30, 2023



**Ceded Exposures below $100 million are not shown above.*

The capital allocation related to RCCR as of June 30, 2023 was $141 million compared to $123 million as of June 30, 2022 **(See Figure 21)**.

Management of Reinsurance Counterparty Credit Risk

As discussed in **Section 5**, given the strong growth in the portfolio reinsurance rate over the last five fiscal years, the Agency has established a dedicated team that monitors and manages the RCCR to which MIGA is exposed. The team performs amongst others, the in-house credit risk analysis of MIGA's reinsurance counterparts, the setting of limits for each reinsurer and the development of the reporting and credit monitoring frameworks, as well as policies and operating guidelines, for the credit risks assumed under MIGA's reinsurance programs. Additionally, the Reinsurance Counterparty Credit Risk (RCCR) Committee's mandate is to identify, measure, monitor and manage credit risk arising from MIGA's exposure to reinsurer counterparties. The RCCR Committee is chaired by the Director of Finance and its key responsibilities are the monitoring of MIGA's exposures and counterparties' ratings in relation to MIGA's risk appetite and to take action on early warning signals or areas of potential RCCR concern. The Committee also assigns and approves RCCR ratings and exposure limits to MIGA's existing and prospective reinsurance counterparties, and also approves new counterparties.

Operational Risk

Operational risk is defined as the risk of financial loss or damage to the institution's reputation resulting from inadequate or failed internal processes, people and systems, or from external events. As operational risk is intrinsic to all financial institutions, MIGA is exposed to a range of risks including physical security, staff health and safety, business continuity, data and cybersecurity, technology (hardware, software and infrastructure), fraud and misconduct, vendor management, employment practices, new product development, legal and compliance, suitability of clients and partners, and fiduciary obligations.

Management of Operational Risk

The Agency adopted a "three lines of defense" Operational Risk governance structure supported by a codified methodology consisting of an agency-wide directive, procedure and guidance, to identify, assess, manage, monitor and report Operational Risks on an ongoing basis. During FY23, the Agency initiated its first phase of the Operational Risk Management (ORM) program rollout, characterized by discussions with the various Business units (referred as "the first line") to identify and assess Operational Risk exposures.

Cybersecurity risk continues to trend up largely due to the evolving sophistication of the threat landscape. Cybersecurity risks are unavoidable but can be mitigated. Managing them cost-effectively within targeted levels consistent with the defined risk appetite is part of the World Bank Group's overarching cybersecurity risk management strategy.

For financial reporting, MIGA mitigates operational risks by maintaining a sound internal control system and a key component of this framework is the effectiveness of key controls over external financial reporting, which is assessed and validated annually.

Legal Risk

Legal risks arise primarily from changes in the legal parameters of MIGA's member countries as a result of legislation or court decisions that may affect MIGA's activities. There are also legal risks associated with MIGA being involved in legal disputes and arbitration proceedings, especially in the context of claim resolution or settlement, and with MIGA failing to protect its assets, including its intellectual property.

Management of Legal Risk

MIGA manages these risks by monitoring current and prospective developments by way of ongoing discussions with member countries' representatives on the Board of Directors and Council of Governors. MIGA also shares information and analyses with other members of the World Bank Group, the IMF and the United Nations. In addition, as a member of the Berne Union, MIGA participates in discussions and analyses of the changes in the operating investment environment in its member countries. MIGA also manages these legal risks by developing and enforcing policies and procedures to govern its activities.

Integrity Risk

Integrity risk is the risk of engaging with external institutions or persons whose background or activities may have adverse reputational and/or financial impact on MIGA. The Agency works with a wide range of external clients and partners from multi-nationals to small companies, reinsurance companies and brokers, and from government institutions to non-governmental organizations when providing political risk insurance and credit enhancement guarantees. Each transaction therefore presents unique integrity risks, affected by different factors, including the type of engagement, financial instrument covered, structure, and duration of the engagement and managing these risks is an essential component of MIGA's management of its non-financial risk profile.

Management of Integrity Risk

MIGA takes a holistic approach to managing integrity risks in its portfolio and preventing reputational harm to the Agency. Its integrity risk framework helps identify, mitigate, manage, document and monitor potential risks associated with unethical and illegal activities including World Bank Group sanctionable practices (fraud, corruption, collusion, coercion), bribery, financial crimes (including money laundering and terrorism financing), and other actions that could adversely affect development outcomes in the projects it supports or bring the Agency's name into disrepute.

MIGA's screening process is also designed to prevent the Agency from entering into business relationships with entities or individuals sanctioned by the United Nations (UN), and its contract of guarantee requires that its business partners not violate UN sanctions or, in relation to MIGA guarantees, engage with UN sanctioned entities or individuals. As an international organization, although MIGA is not required to comply with the sanctions' regimes of individual member countries or regional groupings, the Agency nonetheless takes these lists into account when conducting its project risk assessments.

Environment and Social (E&S) Risks

Environment and Social (E&S) impacts refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) surrounding community and workers, resulting from the business activity/project supported by MIGA. E&S risk is a combination of the probability of certain hazardous occurrences and the severity of impacts resulting from such occurrences.

Management of E&S Risks

The management of E&S risks and impacts is governed by MIGA's Policy on Environmental and Social Sustainability which forms part of the Agency's Sustainability Framework that includes Access to Information Policy, E&S procedures, World Bank Group Environmental, Health and Safety Guidelines and guidance notes/tip sheets to address various elements in the Performance Standards. The Sustainability Framework articulates the Agency's commitment to sustainable development through the use of the Performance Standards that guide clients on sustainable business practices, including continually identifying and managing risks through analytical work, such as environmental and social assessments, stakeholder engagement, and client disclosure obligations.

While managing E&S risks and impacts in a manner consistent with the Performance Standards is the responsibility of the client, the Agency seeks to ensure, through its due diligence and monitoring efforts, that the business activities it supports through its guarantees, are implemented in accordance with the requirements of the Performance Standards. The Performance Standards enable the Agency and its clients manage and improve their E&S performance through a risk and outcomes-based approach. The desired outcomes are described in the objectives of each Performance Standard, followed by specific requirements to help clients achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of E&S risks and/or impacts. Central to these requirements is the application of a mitigation hierarchy to anticipate and avoid adverse impacts on workers, communities, and the environment. Where avoidance is not possible, the goal is to minimize adverse impacts, and where residual impacts remain, to compensate/offset for the risks and impacts, as appropriate.

10. Critical Accounting Policies And The Use Of Estimates

Note A to MIGA's financial statements contain a detailed summary of MIGA's accounting policies. Described below are those accounting policies which involve significant management judgment and estimates when preparing the Agency's financial statements and accompanying notes to conform to U.S. GAAP. Accounting estimates generally involve the establishment of parameters by management based on judgments about the probable outcome of future conditions, transactions, or events. Because these are projections, actual results may differ from those estimates in a variety of areas. The area which management deems most critical with respect to the application of estimates and assumptions is the establishment of MIGA's loss reserves.

Reserve for Claims

MIGA's provisioning methodology builds on portfolio risk quantification models that use both individually assessed loss probabilities for projects at risk and rating-based loss probabilities that are applied to the entire guarantee portfolio. Under this methodology, for the purpose of presentation in the financial statements, MIGA's reserve consists of two primary components, the Specific Reserve and the Insurance Portfolio Reserve.

The Specific Reserve is calculated based on contract specific parameters that are reviewed each quarter by management for those contracts that have known difficulties and where there is a distinct likelihood of a claim payment being made.

The Insurance Portfolio Reserve (IPR) is calculated based on the long-term historical experiences of the non-commercial political risk insurance industry and the default history of sovereigns and sub-sovereigns. Estimates of the reserves are derived from a simulation-based model, designed specifically for MIGA's insurance products and with consideration to the low frequency but high severity type of losses inherent in the Agency's business model. The IPR is calculated as the 95th percentile loss less the mean loss from the model.

Reserves are presented on a gross basis on the liability side of the balance sheet, and the associated reinsurance assets on the asset side, since reinsurance does not relieve MIGA of its primary liability to the insured. A detailed summary of MIGA's provisioning policy can be found in the Notes to Financial Statements – Note A, *Summary of Significant Accounting and Related Policies*.

Pension and Other Postretirement Benefits

Along with IBRD and IFC, MIGA participates in pension and post-retirement benefit plans that cover almost all of their staff members. All costs, assets, and liabilities associated with these plans are allocated among IBRD, IFC, and MIGA based upon their employees' respective participation in the plans. The underlying actuarial assumptions, fair value of plan assets, and funded status associated with these plans are based on financial market interest rates, past experience, and management's best estimate of future benefit changes and economic conditions. For further details, please refer to the Notes to Financial Statements – Note G, *Pension and Other Post-retirement Benefits*.

Fair Value of Financial Instruments

The fair values of financial instruments are based on a three-level hierarchy. For financial instruments classified as Levels 1 and 2, less judgement is applied in arriving at fair values as inputs are based on observable market data. For financial instruments classified as Level 3, where applicable, unobservable inputs are used. These require Management to make significant assumptions and judgments in determining fair value measures. There were no Level 3 instruments in MIGA's investment portfolio as of June 30, 2023.

All MIGA's financial instruments are classified as Levels 1 and 2, as the inputs are based on observable market data, with less judgment applied in arriving at fair value measures. The methodology, inputs, and assumptions are reviewed, on a quarterly basis, to assess the appropriateness of the fair value hierarchy classification of each financial instrument.

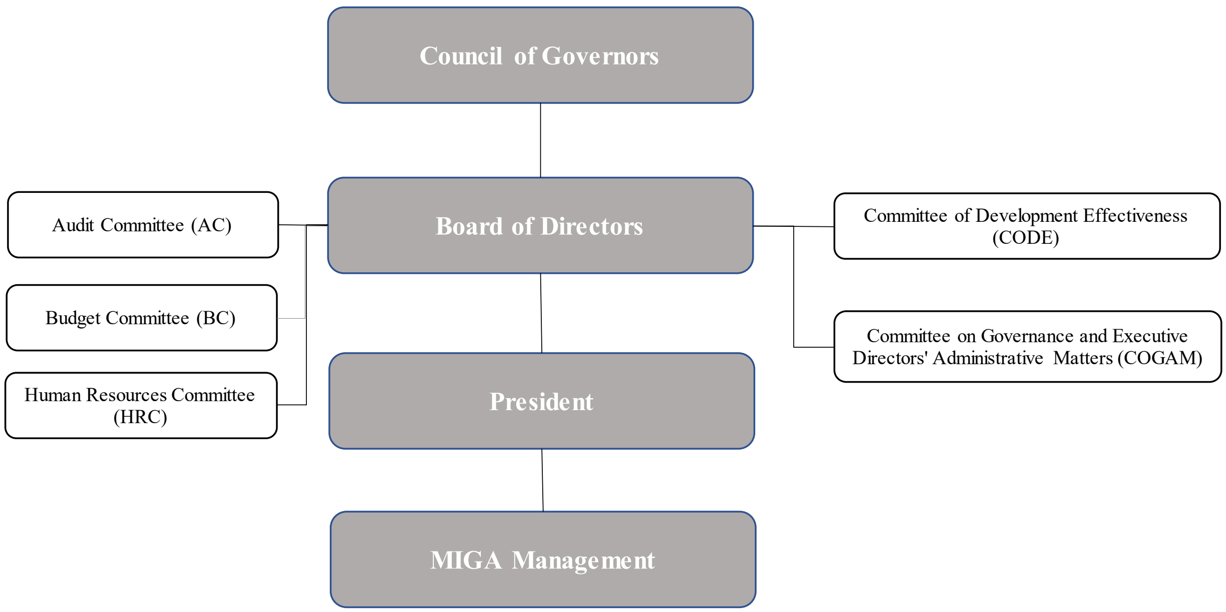
In cases where Management relies on instrument valuations supplied by external pricing vendors, procedures are in place to validate the appropriateness of the models used, as well as the inputs applied in determining those values.

11. GOVERNANCE AND CONTROL

General Governance

MIGA's decision-making structure consists of the Council of Governors, the Board of Directors, the President, Management and staff. The Council of Governors is the highest decision-making authority.

Figure 25. Governance Structure



Board Membership

MIGA's Board of Directors consists of 25 members, who represent all 182 member countries. In accordance with the Convention establishing MIGA, all members of the Board are elected every two years by their member governments. Directors are neither officers, nor staff of MIGA. The President is the only member of the Board from management, and he serves as a non-voting member and as Chairman of the Board, except as a deciding vote in the case of an equal division. The Board has established five standing committees which are each chaired by a Director: (i) Committee on Development Effectiveness or CODE, (ii) Audit Committee or AC, (iii) Budget Committee or BC, (iv) Human Resources Committee or HRC, and (v) Committee on Governance and Administrative Matters or COGAM. The Directors maintain an Ethics Committee to consider matters relating to the interpretation or application of the Code of Conduct for Board Officials.

The Committees are made up of eight members and function under their respective stipulated terms of reference. Below is a brief summary of the key functions of each committee:

• *Audit Committee (AC)* - assists the Board in overseeing MIGA's finances, accounting, risk management and internal controls (*see further explanation below*).

• *Budget Committee (BC)* - assists the Board in approving MIGA's budget and in overseeing the preparation and execution of MIGA's business plans. The committee provides guidance to management on strategic directions of MIGA.

• *Committee on Development Effectiveness (CODE)* - supports the Board in assessing MIGA's development effectiveness, providing guidance on strategic directions of MIGA, and monitoring the quality and results of operations.

• *Committee on Governance and Administrative Matters (COGAM)* - assists the Board on issues related to the governance of MIGA's, the Board's own effectiveness, and the administrative policy applicable to the Directors' offices.

• *Human Resources Committee (HRC)* - strengthens the efficiency and effectiveness of the Board in discharging its oversight responsibility on the MIGA human resources strategy, policies and practices, and their alignment with the business needs of the organization.

The Directors and their committees operate in continuous session at the principal offices of the World Bank Group and meet in accordance with the Agency's business needs. Each committee's terms of reference establish its respective roles and responsibilities. Their role is primarily to help the full Board of Directors discharge its oversight responsibilities through in-depth examination of policies and practices.

Audit Committee

Membership

The Audit Committee consists of eight members of the Board of Directors. Membership in the Committee is determined by the Board of Directors, based on nominations by the Chairman of the Board, following informal consultation with the Directors.

Key Responsibilities

The Audit Committee is appointed by the Board for the primary purpose of assisting the Board of Directors in overseeing MIGA's finances, accounting, risk management, internal controls and institutional integrity. Specific responsibilities include:

- Oversight of the integrity of MIGA's financial statements and financial reporting related to trust funds;
- Appointment, independence and performance of the external auditor;
- Oversight of the performance of the Group internal audit function;
- Adequacy and effectiveness of financial and accounting policies and internal controls which have an impact on the Agency's financial position and risk-bearing capacity; and
- Monitoring the developments in corporate governance, promoting continuous improvement of, and adherence to MIGA's policies, procedures, and practices.

Communications

The Audit Committee communicates regularly with the full Board of Directors through distribution of the following documents:

- The minutes of its meetings and "Statement(s) of the Chairman" and statements issued by other members of the Audit Committee.
- Reports of the Audit Committee prepared by the Chairman, which document discussions held.
- The Annual Report to the Board of Directors, which provides an overview of the main issues addressed by the committee over the year.

The Audit Committee's communications with the external auditor are described in the Auditor Independence section.

Executive Sessions

Under the Audit Committee's Terms of Reference, it may convene in executive session at any time, without management's presence. The Audit Committee meets separately in executive session with the external and internal auditors.

Access to Resources and to Management

Throughout the year, the Audit Committee receives a large volume of information, with respect to the financial position, financial statement presentations, risk assessment, and risk management, as well as matters regarding governance and controls. The Audit Committee meets both formally and informally throughout the year to discuss finance, accounting, risk management, and internal controls matters. The Directors have unrestricted access to Management. The Audit Committee reviews and discusses with Management topics within its terms of reference. The committee also reviews with the external auditor the financial statements prior to their publication and recommends these for approval to the Board of Directors.

The Audit Committee has the authority to seek advice and assistance from outside legal, accounting, or other advisors as it deems necessary.

Business Conduct

Staff members' ethical obligations to the institution are embodied in its Core Values and Principles of Staff Employment. As a member organization, MIGA has adopted the World Bank Group (WBG) Code of Conduct, (the Code), which is a practical guide to assist staff in making the Bank Group's Core Values a part of what staff does every day. The Code applies to all staff worldwide and is available on IBRD's website, **www.worldbank.org**.

MIGA has in place procedures for receiving, retaining and handling recommendations and concerns relating to business conduct identified during the accounting, internal control and auditing processes.

WBG staff rules clarify and codify the staff's obligations in reporting suspected fraud, corruption, or other misconduct that may threaten the operations or governance of the WBG. These rules also offer protection from retaliation.

Auditor Independence

The appointment of the external auditor for MIGA is governed by a set of Board-approved principles. These include:

- Limits on the external auditor's provision of non-audit related services;
- Requiring all audit-related services to be pre-approved on a case-by-case basis by the Board of Directors, upon the recommendation of the Audit Committee; and
- Renewal of the external audit contract every five years, with a limit of two consecutive terms and mandatory rotation thereafter.

As standard practice, the external auditor is invited as an observer to attend all Audit Committee meetings and is frequently asked to present its perspective on issues. In addition, the Audit Committee meets periodically with the external auditor in private sessions without the presence of management.

Communication between the external auditor and the Audit Committee is ongoing and carried on as often as deemed necessary by either party. MIGA's external auditors follow the communication requirements with audit committees set out under generally accepted auditing standards in the United States. In addition, individual members of the Audit Committee have independent access to the external auditor.

External Auditors

The external auditor is appointed to a five-year term, with a limit of two consecutive terms, and is subject to annual reappointment based on the recommendation of the Audit Committee and approval of a resolution by the Board of Directors.

In May 2022, MIGA's Board of Directors approved Deloitte & Touche LLP as MIGA's external auditor for a second five-year term commencing in FY24.

Senior Management Changes

Effective June 1, 2023, David Malpass resigned as World Bank Group President. Ajay Banga was appointed as President of the World Bank Group effective June 2, 2023.

Effective November 14, 2022, Sarvesh Suri resigned as MIGA's Director of Operations.

Effective April 30, 2023, Merli Baroudi retired from MIGA as Director of Economics and Sustainability.

Effective July 1, 2023, Santiago G. Assalini ceased being MIGA's Director of Finance and Risk.

Internal Control

Internal Control Over Financial Reporting

Each fiscal year, Management makes an annual assertion whether, as of June 30, the organization's system of internal control over its external financial reporting has met the criteria for effective internal control over external financial reporting as described in the 2013 *Internal Control – Integrated Framework* issued by The Committee of the Sponsoring Organizations of the Treadway Commission (COSO)[6].

Concurrently, MIGA's external auditor provides an independent opinion on the effectiveness of internal control over external financial reporting.

[6] COSO was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent private-sector initiative which studied the casual factors that can lead to fraudulent financial reporting. In 1992, COSO issued its Internal Control-Integrated Framework, which provided a common definition of internal control and guidance on judging its effectiveness, and subsequently revised on May 14, 2013.

12. ABBREVIATIONS AND ACRONYMS

AC: Audit Committee
AOCL: Accumulated Other Comprehensive Loss
BC: Budget Committee
CAFEF: Conflict-Affected and Fragile Economies Facility
CODE: Committee on Development Effectiveness
COGAM: Committee on Governanace and Administrative Matters
COSO: Committee of the Sponsoring Organizations of the Treadway Commission
COVID-19: Coronavirus Disease
EAP: East Asia and Pacific
E&S: Environmental and Social
EBC: Office of Ethics and Business Conduct
EC: Economic Capital
ECA: Europe and Central Asia
EMDE: Emerging Market and Developing Economies
ESM: Early Screening Meeting
FAM: Final Approval Meeting
FCS: Fragile and Conflict-Affected Situations
FDI: Foreign Direct Investment
GIA: Group Internal Audit
GPI: Gross Premium Income
GTFP: Global Trade Finance Program
HRC: Human Resources Committee
IBRD: International Bank for Reconstruction and Development
IDA: International Development Association
IFC: International Finance Corporation
INT: Integrity Vice Presidency
IPR: Insurance Portfolio Reserve
LAC: Latin America and the Caribbean
MBS: Mortgage Backed Securities
MENA: Middle East and North Africa
MIGA: Multilateral Investment Guarantee Agency
MGF: MIGA Guarantee Facility
MSME: Micro, Small and Medium Enterprises
NH: Non Honoring
NHFO-RDB: Non-Honoring of Financial Obligation by a Regional Development Bank
NHFO-SOE: Non-Honoring of Financial Obligation by a State Owned Enterprise
NHSFO: Non-Honoring of a Sovereign Financial Obligation
NPI: Net Premium Income
OC: Operating Capital
ORM: Operational Risk Management
PBO: Projected Benefit Obligation
PRC: Project Review Committee
PRI: Political Risk Insurance
PRMC: Portfolio Risk Management Committee
PSW: Private Sector Window
RAS: Risk Appetite Statement
RC: Risk Capital
RCCR: Reinsurance Counterparty Credit Risk
RMF: Risk Mitigation Facility
SAR: South Asia Region
SBO: Strategy and Business Outlook
SSA: Sub-Saharan Africa
TFG: Trade Finance Guarantees
UN: United Nations
VPCRLAO: Vice President and Chief Risk, Legal and Adminsitrative Officer
WCD: War and Civil Disturbance
WBG: World Bank Group

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June 30, 2023

MIGA | Multilateral Investment Guarantee Agency
WORLD BANK GROUP

Management's Report Regarding Effectiveness of Internal Control over Financial Reporting

August 4, 2023

The management of the Multilateral Investment Guarantee Agency (MIGA) is responsible for the preparation, integrity, and fair presentation of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, and include amounts based on informed judgments and estimates made by management.

The financial statements have been audited by an independent audit firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and their Committees. Management believes that all representations made to the independent auditors during their audit of MIGA's financial statements and audit of its internal control over financial reporting were valid and appropriate. The independent auditors' reports accompany the audited financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting for financial statement presentations in conformity with accounting principles generally accepted in the United States of America. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. The system of internal control contains monitoring mechanisms, and actions are taken to correct deficiencies identified. Management believes that internal control over financial reporting supports the integrity and reliability of the external financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

MIGA assessed its internal control over financial reporting for financial statement presentation in conformity with accounting principles generally accepted in the United States of America as of June 30, 2023. This assessment was based on the criteria for effective internal control over financial reporting described in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this assessment, management believes that MIGA maintained effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America as of June 30, 2023. The independent audit firm that audited the financial statements has issued an Independent Auditors' Report which expresses an opinion on MIGA's internal control over financial reporting.

The Board of Directors of MIGA has appointed an Audit Committee responsible for monitoring the accounting practices and internal controls of MIGA. The Audit Committee is comprised entirely of Directors who are independent of MIGA's management. The Audit Committee is responsible for recommending to the Board of Directors the selection of independent auditors. It meets periodically with management, the independent auditors, and the internal auditors to ensure that they are carrying out their responsibilities. The Audit Committee is responsible for performing an oversight role by reviewing and monitoring the financial, accounting and auditing procedures of MIGA in addition to reviewing MIGA's financial reports. The independent auditors and the internal auditors have full and free access to the Audit Committee, with or without the presence of management, to discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Audit Committee.

Ajay Banga
President

Hiroshi Matano
Executive Vice President

Ethiopis Tafara
Vice President and Chief Risk, Legal and Administrative Officer

Thomas Obudho Obuya
Controller

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Multilateral Investment Guarantee Agency:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of the Multilateral Investment Guarantee Agency (the "Agency" or "MIGA") as of June 30, 2023, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, MIGA maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the financial statements as of and for the year ended June 30, 2023 of MIGA, and our report dated August 4, 2023, expressed an unmodified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting section of our report. We are required to be independent of MIGA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report Regarding Effectiveness of Internal Controls over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP

August 4, 2023

Deloitte & Touche LLP

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USA

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INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Multilateral Investment Guarantee Agency:

Opinion

We have audited the financial statements of the Multilateral Investment Guarantee Agency ("MIGA" or the "Agency"), which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MIGA as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), MIGA's internal control over financial reporting as of June 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 4, 2023 expressed an unmodified opinion on MIGA's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MIGA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Accounting principles generally accepted in the United States of America require that the disclosure of short-duration contracts included in Note E to the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of subscriptions to capital stock and voting power and the statement of guarantees outstanding as of June 30, 2023 (“supplementary information”) listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information Included in Management's Discussion & Analysis

Management is responsible for the other information included in Management's Discussion & Analysis. The other information comprises the information included in Management's Discussion & Analysis but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

August 4, 2023

Balance Sheets

June 30, 2023 and June 30, 2022
Expressed in thousands of US dollars (*unless otherwise stated*)

	June 30, 2023	June 30, 2022
Assets		
Cash	$ 10,509	$ 28,250
Investments - Trading (including securities transferred under repurchase agreements) - Notes B and K	2,093,781	1,944,469
Derivative assets, net - Notes C and K	5,406	4,328
Non-negotiable, non interest - bearing demand obligations - Note D	107,856	107,630
Receivable from Investment securities sold - Note B	1,951	1,285
Reinsurance recoverable, net - Note F	477,643	476,181
Prepaid premium ceded to reinsurers - Note E	437,514	381,550
Net assets under retirement benefit plans - Note G	41,809	15,785
Other assets - Note I	92,580	65,017
TOTAL ASSETS	$ 3,269,049	$ 3,024,495
Liabilities and Shareholders' Equity		
LIABILITIES		
Reserve for claims, gross - Note F		
Specific reserves for claims	$ 102,193	$ 81,719
Insurance portfolio reserve	614,017	644,091
Reserve for claims - gross	716,210	725,810
Unearned premiums and commissions - Note E	703,648	620,085
Derivative liabilities, net - Notes C and K	-	278
Payable for investment securities purchased - Note B	16,501	10,766
Liabilities for pension and other post-retirement benefits - Note G	30,660	28,902
Other liabilities - Notes B, H and I	95,557	99,290
TOTAL LIABILITIES	1,562,576	1,485,131
CONTINGENT LIABILITIES - Note E		
SHAREHOLDERS' EQUITY		
Capital stock - Note D		
Authorized capital (186,665 shares, June 30, 2023 and June 30, 2022)		
Subscribed capital (177,409 shares, June 30, 2023 and June 30, 2022)	1,919,565	1,919,565
Less uncalled portion of subscriptions	1,553,274	1,553,274
	366,291	366,291
Retained earnings	1,313,327	1,173,935
Accumulated other comprehensive income (loss) - Note J	26,855	(862)
TOTAL SHAREHOLDERS' EQUITY	1,706,473	1,539,364
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,269,049	$ 3,024,495

See accompanying notes to the financial statements

Statements of Income

For the fiscal years ended June 30, 2023 and June 30, 2022
Expressed in thousands of US dollars

	2023	2022
INCOME		
Income from guarantees		
Gross premium income - Note E	$ 244,986	$ 229,435
Premium ceded - Note E	(159,002)	(146,323)
Net premium earned - Note E	85,984	83,112
Ceding commission and other fees - Note E	42,584	38,443
Brokerage and other charges - Note E	(4,626)	(5,300)
Net premium income	123,942	116,255
Income (loss) from investments - Note B	70,059	(8,533)
Miscellaneous income	305	367
Total income	194,306	108,089
EXPENSES		
(Decrease) increase in reserve for claims, net - Note F		
(Decrease) increase in reserves, excluding translation losses (gains)	(13,762)	13,829
Translation losses (gains)	1,971	(9,668)
(Decrease) increase in reserve for claims, net	(11,791)	4,161
Increase (decrease) in allowance for credit losses - Note F	117	(1)
Administrative expenses (including Pension service cost) - Notes G and I	74,176	71,673
Pension credit (excluding Pension service cost) - Note G	(4,539)	(6,637)
Translation (gains) losses - Investments and other assets	(3,049)	11,335
Increase in reserves and total expenses	54,914	80,531
NET INCOME	$ 139,392	$ 27,558

See accompanying notes to the financial statements

Statements of Comprehensive Income

For the fiscal years ended June 30, 2023 and June 30, 2022
Expressed in thousands of US dollars

	2023	2022
NET INCOME	$ 139,392	$ 27,558
OTHER COMPREHENSIVE INCOME - Note J		
Net actuarial gains on benefit plans	27,497	37,159
Prior service credits on benefit plans	220	243
Total other comprehensive income	27,717	37,402
COMPREHENSIVE INCOME	$ 167,109	$ 64,960

Statements of Changes in Shareholders' Equity

For the fiscal years ended June 30, 2023 and June 30, 2022
Expressed in thousands of US dollars

	2023	2022
CAPITAL STOCK		
Balance at beginning of the fiscal year	$ 366,291	$ 366,291
Paid-in subscriptions	-	-
Ending Balance	366,291	366,291
RETAINED EARNINGS		
Balance at beginning of the fiscal year	1,173,935	1,146,377
Net income	139,392	27,558
Ending Balance	1,313,327	1,173,935
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Balance at beginning of the fiscal year	(862)	(38,264)
Other comprehensive income	27,717	37,402
Ending Balance	26,855	(862)
TOTAL SHAREHOLDERS' EQUITY	$ 1,706,473	$ 1,539,364

Statements of Cash Flows

For the fiscal years ended June 30, 2023 and June 30, 2022
Expressed in thousands of US dollars

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 139,392	$ 27,558
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
(Decrease) increase in reserve for claims, net - Note F	(12,073)	4,161
Increase (decrease) in allowance for credit losses - Note F	117	(1)
Translation (gains) losses - Investments and other assets	(3,049)	11,335
Net change in:		
Investments - Trading, net	(139,284)	(56,330)
Prepaid premiums ceded to reinsurers	(48,800)	(20,724)
Other assets	(53,294)	(45,981)
Other liabilities	23,657	68,596
Unearned premiums and commitment fees	73,146	29,690
Net cash (used in) provided by operating activities	(20,188)	18,304
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,447	(999)
Net (decrease) increase in cash	(17,741)	17,305
Cash at beginning of the fiscal year	28,250	10,945
CASH AT END OF THE FISCAL YEAR	$ 10,509	$ 28,250

Statement of Subscriptions to Capital Stock and Voting Power

As of June 30, 2023

Expressed in thousands of US dollars *(unless otherwise stated)*

		SUBSCRIPTIONS (NOTE D)			VOTING POWER	
Members	**Shares[1]**	**Total Subscribed**	**Amount Paid-in**	**Amount Subject to Call**	**Number of Votes**	**% of Total**
Afghanistan	118	$ 1,277	$ 255	$ 1,022	360	0.16
Albania	102	1,104	210	894	344	0.16
Algeria	1,144	12,378	2,350	10,028	1,386	0.63
Angola	187	2,023	405	1,618	429	0.19
Antigua and Barbuda	50	541	108	433	292	0.13
Argentina	2,210	23,912	4,539	19,373	2,452	1.11
Armenia	80	866	173	693	322	0.15
Australia	3,019	32,666	6,201	26,465	3,261	1.47
Austria	1,366	14,780	2,806	11,974	1,608	0.73
Azerbaijan	115	1,244	249	995	357	0.16
Bahamas, The	176	1,904	362	1,542	418	0.19
Bahrain	136	1,472	279	1,193	378	0.17
Bangladesh	599	6,481	1,230	5,251	841	0.38
Barbados	120	1,298	246	1,052	362	0.16
Belarus	233	2,521	504	2,017	475	0.21
Belgium	3,577	38,703	7,347	31,356	3,819	1.72
Belize	88	952	181	771	330	0.15
Benin	108	1,169	222	947	350	0.16
Bolivia	220	2,380	452	1,928	462	0.21
Bosnia and Herzegovina	80	866	173	693	322	0.15
Botswana	88	952	181	771	330	0.15
Brazil	2,606	28,197	5,353	22,844	2,848	1.29
Bulgaria	643	6,957	1,321	5,636	885	0.40
Burkina Faso	61	660	132	528	303	0.14
Burundi	74	801	160	641	316	0.14
Bhutan	50	541	108	433	292	0.13
Cambodia	164	1,774	337	1,437	406	0.18
Cameroon	107	1,158	232	926	349	0.16
Canada	5,225	56,535	10,732	45,803	5,467	2.47
Cabo Verde	50	541	108	433	292	0.13
Central African Republic	60	649	130	519	302	0.14
Chad	60	649	130	519	302	0.14
Chile	855	9,251	1,756	7,495	1,097	0.50
China	5,530	59,835	11,359	48,476	5,772	2.61
Colombia	770	8,331	1,582	6,749	1,012	0.46
Comoros	50	541	108	433	292	0.13
Congo, Democratic Republic of	596	6,449	1,224	5,225	838	0.38
Congo, Republic of	115	1,244	236	1,008	357	0.16
Costa Rica	206	2,229	423	1,806	448	0.20
Cote d'Ivoire	310	3,354	637	2,717	552	0.25
Croatia	330	3,571	678	2,893	572	0.26
Cyprus	183	1,980	376	1,604	425	0.19
Czech Republic	784	8,483	1,610	6,873	1,026	0.46
Denmark	1,265	13,687	2,598	11,089	1,507	0.68
Djibouti	50	541	108	433	292	0.13
Dominica	50	541	108	433	292	0.13
Dominican Republic	147	1,591	318	1,273	389	0.18
Ecuador	321	3,473	659	2,814	563	0.25
Egypt, Arab Republic of	809	8,753	1,662	7,091	1,051	0.47

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2023

Expressed in thousands of US dollars *(unless otherwise stated)*

		SUBSCRIPTIONS (NOTE D)			VOTING POWER	
Members	Shares[1]	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
El Salvador	122	$ 1,320	$ 264	$ 1,056	364	0.16
Equatorial Guinea	50	541	108	433	292	0.13
Eritrea	50	541	108	433	292	0.13
Estonia	115	1,244	236	1,008	357	0.16
Eswatini	58	628	126	502	300	0.14
Ethiopia	123	1,331	253	1,078	365	0.16
Fiji	71	768	154	614	313	0.14
Finland	1,057	11,437	2,171	9,266	1,299	0.59
France	8,565	92,673	17,593	75,080	8,807	3.98
Gabon	169	1,829	347	1,482	411	0.19
Gambia, The	50	541	108	433	292	0.13
Georgia	111	1,201	240	961	353	0.16
Germany	8,936	96,688	18,355	78,333	9,178	4.14
Ghana	432	4,674	887	3,787	674	0.30
Greece	493	5,334	1,013	4,321	735	0.33
Grenada	50	541	108	433	292	0.13
Guatemala	140	1,515	303	1,212	382	0.17
Guinea	91	985	197	788	333	0.15
Guinea-Bissau	50	541	108	433	292	0.13
Guyana	84	909	182	727	326	0.15
Haiti	75	812	162	650	317	0.14
Honduras	178	1,926	366	1,560	420	0.19
Hungary	994	10,755	2,042	8,713	1,236	0.56
Iceland	90	974	195	779	332	0.15
India	5,371	58,114	11,032	47,082	5,613	2.53
Indonesia	1,849	20,006	3,798	16,208	2,091	0.94
Iran, Islamic Republic of	1,659	17,950	3,590	14,360	1,901	0.86
Iraq	350	3,787	757	3,030	592	0.27
Ireland	650	7,033	1,335	5,698	892	0.40
Israel	835	9,035	1,715	7,320	1,077	0.49
Italy	4,970	53,775	10,208	43,567	5,212	2.35
Jamaica	319	3,452	655	2,797	561	0.25
Japan	8,979	97,153	18,443	78,710	9,221	4.16
Jordan	171	1,850	351	1,499	413	0.19
Kazakhstan	368	3,982	756	3,226	610	0.28
Kenya	303	3,278	622	2,656	545	0.25
Korea, Republic of	791	8,559	1,625	6,934	1,033	0.47
Kosovo	96	1,039	208	831	338	0.15
Kuwait	1,639	17,734	3,367	14,367	1,881	0.85
Kyrgyz Republic	77	833	167	666	319	0.14
Lao People's Democratic Republ	60	649	130	519	302	0.14
Latvia	171	1,850	351	1,499	413	0.19
Lebanon	250	2,705	514	2,191	492	0.22
Lesotho	88	952	181	771	330	0.15
Liberia	84	909	182	727	326	0.15
Libya	549	5,940	1,188	4,752	791	0.36
Lithuania	187	2,023	384	1,639	429	0.19
Luxembourg	204	2,207	419	1,788	446	0.20
Madagascar	176	1,904	362	1,542	418	0.19

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2023

Expressed in thousands of US dollars *(unless otherwise stated)*

		SUBSCRIPTIONS (NOTE D)			VOTING POWER	
Members	**Shares[1]**	**Total Subscribed**	**Amount Paid-in**	**Amount Subject to Call**	**Number of Votes**	**% of Total**
Malawi	77	$ 833	$ 167	$ 666	319	0.14
Malaysia	1,020	11,036	2,095	8,941	1,262	0.57
Maldives	50	541	108	433	292	0.13
Mali	143	1,547	294	1,253	385	0.17
Malta	132	1,428	271	1,157	374	0.17
Mauritania	111	1,201	228	973	353	0.16
Mauritius	153	1,655	314	1,341	395	0.18
Myanmar	178	1,926	385	1,541	420	0.19
Mexico	1,192	12,897	2,579	10,318	1,434	0.65
Micronesia, Federated States of	50	541	108	433	292	0.13
Moldova	96	1,039	208	831	338	0.15
Mongolia	58	628	126	502	300	0.14
Montenegro	61	660	132	528	303	0.14
Morocco	613	6,633	1,259	5,374	855	0.39
Mozambique	171	1,850	351	1,499	413	0.19
Namibia	107	1,158	232	926	349	0.16
Nepal	122	1,320	251	1,069	364	0.16
Netherlands	3,822	41,354	7,850	33,504	4,064	1.84
New Zealand	513	5,551	1,110	4,441	755	0.34
Nicaragua	180	1,948	370	1,578	422	0.19
Niger	62	671	134	537	304	0.14
Nigeria	1,487	16,089	3,054	13,035	1,729	0.78
North Macedonia	88	952	181	771	330	0.15
Norway	1,232	13,330	2,531	10,799	1,474	0.67
Oman	166	1,796	341	1,455	408	0.18
Pakistan	1,163	12,584	2,389	10,195	1,405	0.63
Palau	50	541	108	433	292	0.13
Panama	231	2,499	474	2,025	473	0.21
Papua New Guinea	96	1,039	208	831	338	0.15
Paraguay	141	1,526	290	1,236	383	0.17
Peru	657	7,109	1,350	5,759	899	0.41
Philippines	853	9,229	1,752	7,477	1,095	0.49
Poland	764	8,266	1,653	6,613	1,006	0.45
Portugal	673	7,282	1,382	5,900	915	0.41
Qatar	241	2,608	495	2,113	483	0.22
Romania	978	10,582	2,009	8,573	1,220	0.55
Russian Federation	5,528	59,813	11,355	48,458	5,770	2.61
Rwanda	132	1,428	271	1,157	374	0.17
St. Kitts and Nevis	50	541	108	433	292	0.13
St. Lucia	88	952	181	771	330	0.15
St. Vincent and the Grenadines	88	952	181	771	330	0.15
Samoa	50	541	108	433	292	0.13
Sao Tome and Principe	50	541	108	433	292	0.13
Saudi Arabia	5,528	59,813	11,355	48,458	5,770	2.61
Senegal	256	2,770	526	2,244	498	0.22
Serbia	407	4,404	836	3,568	649	0.29
Seychelles	50	541	108	433	292	0.13
Sierra Leone	132	1,428	271	1,157	374	0.17
Singapore	272	2,943	559	2,384	514	0.23

Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*

As of June 30, 2023

Expressed in thousands of US dollars *(unless otherwise stated)*

	SUBSCRIPTIONS (NOTE D)				VOTING POWER	
Members	Shares[1]	Total Subscribed	Amount Paid-in	Amount Subject to Call	Number of Votes	% of Total
Slovak Republic	391	$ 4,231	$ 803	$ 3,428	633	0.29
Slovenia	180	1,948	370	1,578	422	0.19
Solomon Islands	50	541	108	433	292	0.13
Somalia	78	844	169	675	320	0.14
South Africa	1,662	17,983	3,414	14,569	1,904	0.86
South Sudan	155	1,677	335	1,342	397	0.18
Spain	2,265	24,507	4,652	19,855	2,507	1.13
Sri Lanka	478	5,172	982	4,190	720	0.33
Sudan	206	2,229	445	1,784	448	0.20
Suriname	82	887	177	710	324	0.15
Sweden	1,849	20,006	3,798	16,208	2,091	0.94
Switzerland	2,643	28,597	5,429	23,168	2,885	1.30
Syrian Arab Republic	296	3,203	608	2,595	538	0.24
Tajikistan	130	1,407	267	1,140	372	0.17
Tanzania	248	2,683	509	2,174	490	0.22
Thailand	742	8,028	1,524	6,504	984	0.44
Timor-Leste	50	541	108	433	292	0.13
Togo	77	833	167	666	319	0.14
Trinidad and Tobago	358	3,874	735	3,139	600	0.27
Tunisia	275	2,976	565	2,411	517	0.23
Turkiye	814	8,807	1,672	7,135	1,056	0.48
Turkmenistan	66	714	143	571	308	0.14
Uganda	233	2,521	478	2,043	475	0.21
Ukraine	1,346	14,564	2,765	11,799	1,588	0.72
United Arab Emirates	656	7,098	1,347	5,751	898	0.41
United Kingdom	8,565	92,673	17,593	75,080	8,807	3.98
United States	32,564	352,342	67,406	284,936	32,806	14.81
Uruguay	202	2,186	437	1,749	444	0.20
Uzbekistan	175	1,894	379	1,515	417	0.19
Vanuatu	50	541	108	433	292	0.13
Venezuela, Republica Bolivariar	1,427	15,440	3,087	12,353	1,669	0.75
Vietnam	388	4,198	797	3,401	630	0.28
Yemen, Republic of	155	1,677	335	1,342	397	0.18
Zambia	318	3,441	688	2,753	560	0.25
Zimbabwe	236	2,554	511	2,043	478	0.22
Total - June 30, 2023[2]	177,409	$ 1,919,565	$ 366,291	$ 1,553,274	221,453	100.00
Total - June 30, 2022	177,409	$ 1,919,565	$ 366,291	$ 1,553,274	221,453	100.00

1. Subscribed shares pertaining to the General Capital Increase include only those shares for which the subscription process has been completed, i.e., for which required payment has been received.

2. May differ from the sum of individual figures shown because of rounding.

Statement of Guarantees Outstanding

As of June 30, 2023

Expressed in thousands of US dollars

Host Country	Gross Exposure (Note E)					Total	Ceded Exposure[1]	Net
	US Dollars	Euro	Swiss Franc	Japanese Yen	Colombian Pesos			
Afghanistan	$ -	$ 75	$ -	$ -	$ -	$ 75	$ -	$ 75
Albania	-	307,140	-	-	-	307,140	190,883	116,257
Algeria	192,850	-	-	-	-	192,850	132,850	60,000
Angola	-	103,443	-	-	-	103,443	88,536	14,907
Argentina	300,000	-	-	-	-	300,000	265,000	35,000
Armenia	39,177	-	-	-	-	39,177	-	39,177
Bahamas, The	19,910	-	-	-	-	19,910	12,017	7,893
Bangladesh	1,028,585	-	-	-	-	1,028,585	705,560	323,025
Belarus	-	113,414	-	-	-	113,414	75,971	37,443
Bosnia and Herzegovina	-	320,109	-	-	-	320,109	122,119	197,990
Botswana	81,148	61,862	-	-	-	143,010	-	143,010
Brazil[2]	118,374	-	-	-	-	118,374	70,946	47,428
Burkina Faso	-	8,623	-	-	-	8,623	3,703	4,919
Burundi	5,615	-	-	-	-	5,615	1,140	4,475
Cambodia	345,991	-	-	-	-	345,991	260,000	85,991
Cameroon	180,000	272,439	-	-	-	452,439	144,633	307,806
Chad	720	-	-	-	-	720	259	461
Chile	400,000	-	-	-	-	400,000	350,000	50,000
Colombia	718,111	-	-	-	841,870	1,559,982	1,205,132	354,849
Congo, Democratic Republic of	44,536	-	-	-	-	44,536	17,544	26,992
Congo, Republic of	5,580	-	-	-	-	5,580	2,009	3,571
Cote d'Ivoire	143,970	152,355	-	-	-	296,325	96,077	200,248
Djibouti	115,893	-	-	-	-	115,893	55,558	60,335
Ecuador	28,070	-	-	-	-	28,070	11,818	16,252
Egypt, Arab Republic of	465,362	-	-	-	-	465,362	112,719	352,642
Eswatini	20,457	-	-	-	-	20,457	-	20,457
Ethiopia	1,153,068	-	-	-	-	1,153,068	994,870	158,198
Gabon	27,630	96,512	-	-	-	124,142	75,241	48,901
Georgia	63,000	87,638	-	-	-	150,638	7,759	142,879
Ghana	299,766	-	-	-	-	299,766	38,773	260,994
Guinea	208,668	-	-	-	-	208,668	145,576	63,093
Honduras	118,130	-	-	-	-	118,130	23,797	94,334
Hungary	-	418,939	-	-	-	418,939	292,251	126,688
Indonesia	647,459	-	-	-	-	647,459	430,292	217,166
Iraq	8,316	-	-	-	-	8,316	-	8,316
Jordan	545,796	-	-	-	-	545,796	316,701	229,095
Kenya	464,492	14,781	-	-	-	479,273	207,292	271,981
Kosovo	-	211,787	-	-	-	211,787	1,974	209,813
Kyrgyz Republic	3,868	-	-	-	-	3,868	-	3,868
Lesotho	5,153	-	-	-	-	5,153	-	5,153
Liberia	18,360	-	-	-	-	18,360	3,377	14,983
Madagascar	5,130	53,943	-	-	-	59,073	39,362	19,711

Statement of Guarantees Outstanding

As of June 30, 2023

Expressed in thousands of US dollars

Host Country	Gross Exposure (Note E)					Total	Ceded Exposure[1]	Net
	US Dollars	Euro	Swiss Franc	Japanese Yen	Colombian Pesos			
Malawi	$ 103,279	$ -	$ -	$ -	$ -	$ 103,279	$ 39,524	$ 63,755
Mauritania	300,000	-	-	-	-	300,000	150,000	150,000
Mauritius	94,050	-	-	-	-	94,050	-	94,050
Mexico	536,056	-	-	-	-	536,056	445,000	91,056
Moldova	-	38,148	-	-	-	38,148	-	38,148
Mongolia	873,613	-	-	-	-	873,613	773,706	99,906
Montenegro	-	55,147	-	-	-	55,147	-	55,147
Morocco	-	613,772	-	-	-	613,772	511,117	102,655
Mozambique	602,987	-	-	-	-	602,987	377,312	225,676
Myanmar	424,032	-	-	-	-	424,032	287,157	136,875
Namibia	33,565	-	-	-	-	33,565	-	33,565
Nepal	87,404	-	-	-	-	87,404	51,876	35,527
Nicaragua	16,290	-	-	-	-	16,290	-	16,290
Niger	2,250	-	-	-	-	2,250	630	1,620
Nigeria	362,053	-	-	-	-	362,053	240,842	121,211
North Macedonia	-	133,840	-	-	-	133,840	19,798	114,042
Oman	1,620,947	-	-	-	-	1,620,947	1,385,973	234,974
Pakistan	180,651	-	-	30,350	-	211,001	48,178	162,823
Panama[3]	917,467	-	-	-	-	917,467	622,308	295,158
Paraguay	198,425	-	-	-	-	198,425	70,370	128,055
Peru	1,116,701	-	-	-	-	1,116,701	794,622	322,078
Russian Federation	34,200	-	-	-	-	34,200	-	34,200
Rwanda	11,405	-	-	-	-	11,405	-	11,405
Saudi Arabia	4,000	-	-	-	-	4,000	-	4,000
Senegal	-	721,513	-	-	-	721,513	526,952	194,561
Serbia	-	1,660,206	-	-	-	1,660,206	1,231,834	428,372
Seychelles	40,355	-	-	-	-	40,355	-	40,355
Sierra Leone	49,500	95,069	-	-	-	144,569	75,367	69,202
Solomon Islands	14,094	-	-	-	-	14,094	5,073	9,021
Somalia	5,670	-	-	-	-	5,670	3,402	2,268
South Africa	589,196	477,345	12,487	-	-	1,079,028	691,768	387,260
St. Lucia	11,603	-	-	-	-	11,603	-	11,603
Tunisia	-	9,977	-	-	-	9,977	3,666	6,311
Turkiye	664,452	1,429,849	-	90,230	-	2,184,531	1,740,217	444,314
Uganda	463,813	-	-	-	-	463,813	248,604	215,209
Ukraine	34,670	152,865	-	-	-	187,535	109,343	78,191
Uruguay	539,349	-	-	-	-	539,349	345,000	194,349
Uzbekistan	562,141	-	-	-	-	562,141	440,059	122,081
Vietnam	447,284	-	-	-	-	447,284	367,350	79,934
Zambia	143,946	-	-	-	-	143,946	10,854	133,092
Regional Development Bank[4]	-	372,240	-	-	-	372,240	296,809	75,431
Total - June 30, 2023 [5]	$ 18,908,632	$ 7,983,030	$ 12,487	$ 120,580	$ 841,870	$ 27,866,599	$ 18,416,451	$ 9,450,149
Total - June 30, 2022	$ 17,920,697	$ 5,650,099	$ 11,726	$ 127,893	$ 738,810	$ 24,449,225	$ 15,457,777	$ 8,991,447

1. Ceded exposure reflects amounts ceded to facultative and treaty reinsurers, Conflict-Affected and Fragile Economies Facility (CAFEF), the International Development Association (IDA), Renewable Energy Catalyst Trust Fund (RECTF), Support for Ukraine's Reconstruction and Economy Trust Fund (SURETF) and amounts relating to exposure exchange agreement with IBRD (Note I).

2. Net exposure to Brazil increased by $10.2 million on account of exposure exchange agreement with IBRD (Notes E and I).

3. Net exposure to Panama reduced by $10.7 million on account of exposure exchange agreement with IBRD (Notes E and I).

4. A contract of guarantee for loan in support of on-lending activities for the benefit of 22 countries in the Africa region, representing an application of MIGA's non-honoring by a state owned enterprise product in a multi-host country context.

5. May differ from the sum of individual figures shown because of rounding.

See accompanying notes to the financial statements

Notes to Financial Statements

Purpose

The Multilateral Investment Guarantee Agency (MIGA), established on April 12, 1988 and located in Washington D.C., is a member of the World Bank Group which also includes the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA), and the International Center for Settlement of Investment Disputes (ICSID). MIGA's activities are closely coordinated with and complement the overall development objectives of the other World Bank Group institutions. MIGA is designed to help developing countries attract productive foreign investment by both private investors and commercially operated public sector companies by providing guarantees or insurance against noncommercial risks.

MIGA is immune from taxation pursuant to Chapter VII, Article 47, of the Convention establishing the Agency.

Note A: Summary of Significant Accounting and Related Policies

Basis of Preparation

MIGA's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. Significant judgments have been made in areas which management views as most critical with respect to the establishment of the reserve for claims, and valuation of pension and post-retirement benefits-related liabilities and the related net periodic cost of such benefit plans.

The Board of Directors approved the financial statements for issuance on August 4, 2023, which was also the date through which MIGA's management evaluated subsequent events.

The significant accounting policies employed by MIGA are summarized below.

Investments

Investments securities are classified based on management's intention on the date of purchase, their nature, and MIGA's policies governing the level and use of such investments. These securities are carried and reported at fair value or at face value, which approximates fair value.

Where available, quoted market prices are used to determine the fair value of trading securities. These include most government and agency securities, futures contracts, exchange-traded equity securities, Asset-backed Securities (ABS) and Mortgage-backed Securities (MBS). For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using marked observable inputs such as yield curves, credit spreads, and constant prepayment rates. Where applicable, unobservable inputs such as constant prepayment rates, probability of default and loss severity are used. Unless quoted prices are available, time deposits are reported at face value which approximates fair value, as they are short-term in nature. The first-in first-out method is used to determine the cost of securities sold in computing the realized gains and losses on these instruments.

As of June 30, 2023, MIGA classified and accounted for all the investment securities in its investment portfolio as trading securities. Investments classified as trading securities are reported at fair value using trade-date accounting. Securities purchased or sold may have a settlement date that is different from the trade-date. A liability is recorded for securities purchased but not settled before the reporting dates. Similarly, a receivable is recorded for securities sold but not settled before the reporting dates.

For trading securities, unrealized net gains and losses are recognized in earnings. Income from investments includes net gains and losses and interest income.

(Continued)

Notes to Financial Statements

Accounting for Derivatives

MIGA has elected not to designate any hedging relationships for accounting purposes. Rather, all derivative instruments are marked to fair value on the Balance Sheet, with changes in fair values accounted for through the Statements of Income.

The presentation of derivative instruments on MIGA's Balance Sheet is consistent with prevailing market practice of netting derivative asset and liability positions and the related cash collateral received by counterparty when a legally enforceable master netting agreement exists, and the other conditions set out in ASC Topic 210-20, *Balance Sheet—Offsetting,* are met. The presentation of MIGA's derivatives in the Notes to financial statements, unless stated differently, is also based on the net value of instruments.

A master netting agreement is an industry standard agreement with a counterparty that permits multiple transactions governed by that agreement to be terminated or accelerated and settled through a single payment in a single currency in the event of a default (e.g., bankruptcy, failure to make a required payment or securities transfer or deliver collateral when due). Obligations under master netting agreements are often secured by collateral posted under an industry standard credit support annex to the master netting agreement. Upon default by the counterparty, the collateral agreement grants an entity the right to set-off any amounts payable by the counterparty against any posted collateral.

MIGA uses derivative contracts such as exchange traded futures, options, currency swaps, interest rate swaps and covered forward contracts to manage its investment portfolio. The purposes of these transactions are to enhance the return and manage the overall duration of the portfolio. With respect to futures contracts and options, MIGA generally closes out most open positions prior to expiration. Futures contracts are settled on a daily basis.

Derivative contracts include currency forward contracts, To-Be-Announced (TBA) securities, swaptions, exchange traded options and futures contracts, currency swaps and interest rate swaps. Currency forward contracts, currency swaps and interest rate swaps are plain vanilla and are valued using the standard discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

Most outstanding derivative positions are transacted over-the-counter and therefore valued using internally developed valuation models.

Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Subscribed Capital

Payments on these instruments, which are readily convertible to cash, are due to MIGA upon demand and are held in bank accounts which bear MIGA's name. Accordingly, these instruments are carried and reported at face value as assets on the Balance Sheet.

Reserve for Claims

MIGA's reserve for claims consists of two primary components, the *Specific Reserve* and the *Insurance Portfolio Reserve*. These components are comprehensive and mutually exclusive with respect to risk of losses that may develop from each guarantee contract, and from the contingent liability for the portfolio as a whole.

The *Specific Reserve* is calculated based on contract-specific parameters that are reviewed every quarter by MIGA's management for contracts that have known difficulties and where management finds it likely that a claim payment will be made in the near term.

The *Insurance Portfolio Reserve* is calculated based on the long-term historical experiences of the non-commercial political risk insurance industry and the default history of sovereigns and sub-sovereigns. Estimates are derived using a Monte Carlo simulation-based model which is constructed specifically for MIGA's insurance-type contracts and with consideration to the low-frequency but high-severity loss potential inherent in MIGA's business model; as such, it captures portfolio effects including geographical and product concentration. Assumptions and parameters used in the calculations serve as the basis for an objective assessment of potential portfolio claims losses.

(Continued)

Notes to Financial Statements

Historical loss experience is augmented by internal econometric scoring analysis in order to derive risk-differentiated parameters that include term structure effects and correlations between exposures. The discount rate is representative of the average maturity and currency composition of the guarantee portfolio.

Data used to derive the parameters for the economic capital model covers periods of up to 50 years. The parameters are reviewed at frequencies between one to six years depending on the type of parameter. Short-term risk changes are captured in the reserve estimate via changes in internal risk ratings for host countries, sub-sovereigns and guaranteed projects on a quarterly basis.

For the purpose of the presentation of the financial statements, insurance liabilities (or reserves) are presented on a gross basis, before the effect of reinsurance. Therefore, MIGA's reserves are shown on a gross basis on the liability side of the balance sheet, while establishing reinsurance recoverable assets on the asset side. Reinsurance does not relieve MIGA of its primary liability to the insured.

Impairment of Reinsurance Assets

MIGA assesses at each balance sheet date whether there is objective evidence that the reinsurance asset is impaired, and makes a provision for such impairment, where necessary. Objective evidence may be in the form of observable data that comes to MIGA's attention periodically.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated at market exchange rates in effect at the end of the reporting period. Income and expenses are translated at either the market exchange rates in effect on the dates on which they are recognized or at an average of the market exchange rates in effect during each month. Translation adjustments are reflected in the Statements of Income.

MIGA has in place a system for active management of exposures to foreign currencies, under which the amounts of non-U.S. dollar assets are matched to non-U.S. dollar insurance portfolio reserve components. The objective is to align the currency compositions of MIGA's assets and liabilities to minimize the sensitivity of MIGA's net income to movements in foreign currency exchange rates.

Valuation of Capital Stock

Under the MIGA Convention, all payments from members subscribing to the capital stock of MIGA shall be settled on the basis of the average value of the Special Drawing Rights (SDR) introduced by the International Monetary Fund, as valued in terms of United States dollars for the period January 1, 1981 to June 30, 1985, such value being equal to $1.082 for one SDR.

Revenue Recognition

Guarantee contracts are written per the Convention for a maximum tenor of twenty years. MIGA considers the guarantee contracts it issues to be short-duration contracts, since the guarantees are structured as short contract periods (quarterly, semi-annual and annual) and the guarantee holders generally have the ability to elect and modify or cancel contract terms and coverages at the end of each period, irrespective of whether the premiums for the entire guarantee period are received upfront (upfront premium contracts) or for each contract period (regular contracts).

Premiums written on direct insurance contracts and reinsurance contracts assumed may relate to the entire guarantee period or to a contract period as defined in the contract of guarantee. For upfront premium contracts, premiums written are recorded at the inception of the contract, and are recognized as revenue in proportion to the insurance protection provided over each contract period forming part of the guarantee. For regular contracts, premiums written are recognized as revenue on pro-rata basis over the contract period to which they relate. Unearned premiums represent the portion of premiums written applicable to the unexpired portion of the contract period in force or the remaining unrecognized portions of the upfront premium contracts. A receivable for premium is recorded when a contract has been issued or renewed based on specified coverage amounts.

(Continued)

Notes to Financial Statements

For the Trade Finance Program (TFP) with contract terms averaging 6-12 months, MIGA recognizes premium income on a pro-rata basis, computed monthly by multiplying the total earned premium on the portfolio of guarantees covered with the proportion that MIGA's first loss cover bears to the overall guarantee portfolio. Unearned premium is computed by taking the proportionate MIGA share of the full tenor premium, adjusted for the net premium earned.

MIGA cedes to reinsurers in the normal course of business by obtaining treaty and facultative reinsurance to augment its underwriting capacity and to mitigate its risk by protecting portions of its insurance portfolio. Premiums ceded follow the same approach as for direct insurance contracts and are recognized as ceded premium on a pro rata basis over the contract period.

Fee and commission income primarily consists of administrative fees, arrangement fees, facility fees, renewal fees, commitment (offer) fees, and ceding commissions. Fees and commissions received upon contract issuance or renewal are recognized as income on a pro rata basis over the contract period.

Brokerage charges primarily consist of brokers' fee, agents' fee, finders' fee, and marketing fee. Charges paid upon contract issuance or renewal are recognized as expense on a pro rata basis over the contract period.

Retroactive Reinsurance

As part of its reinsurance strategy for prudent capital management, MIGA occasionally cedes exposure on existing guarantee contracts after the effective date of such contracts. MIGA does not recognize a credit in the Statements of Income in relation to exposures subsequently ceded; instead it accounts for these as retroactive reinsurance contracts. Premium paid to the reinsurers on these contracts is accounted for as a reinsurance recoverable on the Balance Sheet. The shortfall between the associated reserves and the premium paid, is recognized as a deferred gain under Other Liabilities on the Balance Sheet and increases the reinsurance recoverable by an equal amount. Both the deferred gain and reinsurance recoverable are subsequently amortized over the life of the guarantee contracts in proportion to the expected cash flows associated with each reinsurance contract, with the excess recoverable charged to the Statements of Income.

Statements of Cash Flows

For the purpose of MIGA's Statements of Cash Flows, cash is defined as the amounts of unrestricted currencies due from Banks.

Valuation of Financial Instruments

MIGA has an established and documented process for determining fair values. Fair value is based upon quoted market prices for the same or similar securities, where available. Financial instruments for which quoted market prices are not available, are valued based on model-based valuation techniques, whether internally-generated or vendor-supplied, that include the discounted cash flow method. These models primarily use market observable inputs such as yield curves, foreign exchange rates, constant prepayment rates and credit spreads, and may incorporate unobservable inputs, some of which may be significant. Selection of these inputs may involve some judgment.

In instances where Management relies on instrument valuations supplied by external pricing vendors, there are procedures in place to validate the appropriateness of the models used as well as inputs applied in determining these values.

As of June 30, 2023 and June 30, 2022, MIGA had no financial assets or liabilities measured at fair value on a non-recurring basis.

(Continued)

Notes to Financial Statements

Fair Value Hierarchy

Financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3).

Financial assets and liabilities at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

MIGA's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Note B: Investments

The investment securities held by MIGA are carried and reported at fair value. As of June 30, 2023, the majority of the Investments – Trading is comprised of Government and agency obligations and Time deposits (64.7% and 33.3%, respectively), with all instruments being classified as Level 1 and Level 2 within the fair value hierarchy. As of June 30, 2023, the largest holding of Investments-trading with a single counterparty was Swiss National Bank instruments (7.1%).

A summary of MIGA's investment portfolio as of June 30, 2023 and June 30, 2022 is as follows:

In thousands of US dollars

	Fair Value	
	June 30, 2023	June 30, 2022
Government and agency obligations	$ 1,353,710	$ 1,240,736
Time deposits	696,573	674,628
Asset-backed securities (ABS)	43,498	29,105
Total investments - Trading	$ 2,093,781	$ 1,944,469

(Continued)

Notes to Financial Statements

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fair Value	
	June 30, 2023	June 30, 2022
Investment - Trading	$ 2,093,781	$ 1,944,469
Cash held in investment portfolio[a]	6,271	21,507
Receivable for investment securities sold	1,951	1,285
	2,102,003	1,967,261
Derivative assets		
Currency forward contracts	2,081	1,412
Currency swaps	20,875	53,226
Interest rate swaps	17,488	3,487
Others[b]	66	2,694
	40,510	60,819
Derivative liabilities		
Currency forward contracts	(70)	(377)
Currency swaps	(2,187)	(1,662)
Interest rate swaps	(1,044)	(810)
	(3,301)	(2,849)
Payable for investment securities purchased	(16,501)	(10,766)
Securities sold under repurchase agreement and payable for cash collateral received[c]	(32,542)	(54,582)
Net investment portfolio[d]	$ 2,090,168	$ 1,959,883

a. This amount is included in Cash on the Balance Sheet.

b. This relate to TBA securities, swaptions, exchange traded options and futures contracts.

c. Includes cash collateral received of $32,542 thousand (June 30, 2022 - $54,582 thousand).

d. May differ from the sum of individual figures shown because of rounding.

The following table summarizes the currency composition of MIGA's net investment portfolio as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023		June 30, 2022	
	Carrying Value	%	Carrying Value	%
US Dollars	$ 1,911,138	91.4	$ 1,797,589	91.7
Euro	176,115	8.4	160,252	8.2
Other	2,915	0.2	2,042	0.1
	$ 2,090,168	100.0	$ 1,959,883	100.0

(Continued)

Notes to Financial Statements

MIGA classifies all investment securities as trading. Investments classified as trading securities are reported at fair value with unrealized gains or losses included in Income from investments on the Statements of Income.

The following table summarizes MIGA's Income from investments during the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Interest income	$ 63,861	$ 10,121
Realized (losses) gains	(8,189)	10,983
Unrealized gains (losses)	14,387	(29,637)
	$ 70,059	$ (8,533)

Securities Lending, Borrowing and Repurchases:
MIGA may engage in securities lending and repurchases against adequate collateral, as well as secured borrowing and reverse repurchases (resale) of government and agency obligations and ABS. These transactions are conducted under legally enforceable master netting arrangements, which allow MIGA to reduce its gross credit exposure related to these transactions. For Balance Sheet presentation purposes, MIGA presents its securities lending and repurchases, as well as re-sales, on a gross basis. As of June 30, 2023 and June 30, 2022, there were no amounts which could potentially be offset as a result of legally enforceable master netting arrangements.

Transfers of securities by MIGA to counterparties are not accounted for as sales as the accounting criteria for the treatment as sale have not been met. Counterparties are permitted to re-pledge these securities until the repurchase date.

Securities lending and repurchase agreements expose MIGA to several risks, including counterparty risk, reinvestment risk, and risk of a collateral gap (increase or decrease in the fair value of collateral pledged). MIGA has procedures in place to ensure that all repurchase agreement trading activity and balances are always below predefined counterparty and maturity limits, and to actively monitor all net counterparty exposure, after collateral, through daily mark-to-market. Whenever the collateral pledged by MIGA related to its borrowings under repurchase agreements and securities lending agreements declines in value, the transaction is re-priced as appropriate by pledging additional collateral. As of June 30, 2023 and June 30, 2022, there were no repurchase agreements that were accounted for as secured borrowings.

In the case of resale agreements, MIGA receives collateral in the form of liquid securities and is permitted to re-pledge these securities. While these transactions are legally considered to be true purchases and sales, the securities received are not recorded as Investments on MIGA's Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of June 30, 2023 and June 30, 2022, MIGA had not received securities under resale agreements.

Credit Exposure:
The maximum credit exposure of investments closely approximates the fair values of the financial instruments.

ABS holdings are investment grade, and therefore, do not pose a significant concentration risk or credit risk to MIGA as of June 30, 2023. However, market deterioration could cause this to change in future periods.

(Continued)

Notes to Financial Statements

Note C: Derivative Instruments

MIGA uses currency forward contracts, currency swaps, options, futures contracts and TBA securities to enhance the returns from and manage the currency risk in its investment portfolio.

The following table summarizes MIGA's income from derivative instruments, reported as part of Income from investments, which mainly relates to interest rate futures, interest rate swaps, options, covered forwards and currency swaps for the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year ended	
	June 30, 2023	June 30, 2022
Interest income (expense)	$ 25,655	$ (557)
Realized gains	2,447	19,317
Unrealized gains (losses)	11,584	(6,647)
	$ 39,686	$ 12,113

Notional Amounts and Credit Exposures of the Derivative Instruments

The following table provides information on the credit exposure and notional amounts of the derivative instruments as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

Type of contracts	June 30, 2023	June 30, 2022
Interest rate swaps		
Notional principal	$ 406,571	$ 135,100
Credit exposure	17,488	3,488
Currency forward contracts and currency swaps		
Notional principal	712,908	785,786
Credit exposure	22,956	54,638
Exchange traded options and futures[a]		
Notional long position	37,941	14,000
Notional short position	2,264	533,200

a. Exchange traded instruments are generally subject to daily margin requirements and deemed to have no material credit risk. All options and futures contracts are interest rate contracts.

Offsetting Assets and Liabilities

MIGA enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting agreements with substantially all of its derivative counterparties. These legally enforceable master netting agreements give MIGA the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty, in the event of default by the counterparty.

(Continued)

Notes to Financial Statements

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on MIGA's Balance Sheet as of June 30, 2023 and June 30, 2022. The effects of legally enforceable master netting agreements are applied on an aggregate basis to the total derivative asset and liability position. The net derivative asset positions have been further reduced by the cash and securities collateral received.

In thousands of US dollars

	June 30, 2023					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Interest rate swaps	$ 47,989	$ (30,501)	$ 17,488	$ 7,409	$ (6,365)	$ 1,044
Currency forward contracts	211,961	(209,880)	2,081	22,669	(22,599)	70
Currency swaps	391,361	(370,486)	20,875	79,957	(77,770)	2,187
Others[a]	66	-	66	-	-	-
	$ 651,377	$ (610,867)	$ 40,510	$ 110,035	$ (106,734)	$ 3,301
Amounts subject to legally enforceable master netting agreement			(3,301)			(3,301)
Net derivative positions at counterparty level			$ 37,209			$ -
Less:						
Cash collateral received[b]			(31,803)			
Net derivative exposure after collateral[c]			$ 5,406			

a. These relate to swaptions, exchange traded options and futures contracts.

b. Does not include excess collateral received ($739 thousand).

In thousands of US dollars

	June 30, 2022					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Interest rate swaps	$ 10,843	$ (7,356)	$ 3,487	$ 1,738	$ (928)	$ 810
Currency forward contracts	90,172	(88,760)	1,412	31,419	(31,042)	377
Currency swaps	613,774	(560,548)	53,226	55,293	(53,631)	1,662
Others[a]	2,694	-	2,694	-	-	-
	$ 717,483	$ (656,664)	$ 60,819	$ 88,450	$ (85,601)	$ 2,849
Amounts subject to legally enforceable master netting agreement			(2,571)			(2,571)
Net derivative positions at at counterparty level			$ 58,248			$ 278
Less:						
Cash collateral received[b]			(53,921)			
Net derivative exposure after collateral[c]			$ 4,328			

a. These relate to swaptions, exchange traded options and futures contracts.

b. Does not include excess collateral received ($0.7m).

c. May differ from the sum of individual figures shown because of rounding.

(Continued)

Notes to Financial Statements

Note D: Capital Stock

The MIGA Convention established MIGA's authorized capital stock at 100,000 shares with a provision that the authorized capital stock shall automatically increase on the admission of a new member to the extent that the then authorized shares are insufficient to provide the shares to be subscribed by such member. The Convention further states that 10 percent of the members' initial subscription be paid in cash, in freely convertible currencies, except that developing member countries may pay up to a quarter of the 10 percent in their own currencies. An additional 10 percent of the initial subscription shall be paid in the form of non-negotiable, non-interest bearing promissory notes. The notes are denominated in freely convertible currencies and are due on demand to meet MIGA's obligations. The remaining 80 percent is subject to call when required by MIGA to meet its obligations.

On March 29, 1999, the Council of Governors approved a General Capital Increase (GCI) resolution increasing the authorized capital stock of MIGA by 78,559 shares to be subscribed by members during the subscription period ending March 28, 2002. Of the additional capital, 17.65 percent is to be paid in cash, in freely usable currency. The remaining 82.35 percent is subject to call when required by MIGA to meet its obligations. On May 6, 2002, the Council of Governors adopted a resolution to extend the GCI subscription period to March 28, 2003. On March 17, 2003, the Council of Governors approved an amendment to the GCI resolution allowing eligible countries to subscribe to the GCI shares allocated to them by submitting an Instrument of Contribution before the GCI deadline of March 28, 2003, and requesting such countries to pay for their GCI shares as soon as possible. The reserved shares will be issued and corresponding voting power will accrue when the subscription process has been completed.

At June 30, 2023, MIGA's authorized capital stock comprised 186,665 (186,665 – June 30, 2022) shares, of which 177,409 (177,409 – June 30, 2022) shares had been subscribed. Each share has a par value of USD10,820. Of the subscribed capital as of June 30, 2023, $366,291,000 ($366,291,000 – June 30, 2022) has been paid in; and the remaining $1,553,274,000 ($1,553,274,000 - June 30, 2022) is subject to call.

At June 30, 2023, MIGA had $107,856,000 ($107,630,000 – June 30, 2022) in the form of non-negotiable, non-interest bearing demand obligations (promissory notes), relating to the initial capital subscriptions.

(Continued)

Notes to Financial Statements

A summary of the changes in MIGA's authorized, subscribed and paid-in capital during the fiscal years ended June 30, 2023 and June 30, 2022 is as follows:

	Initial Capital		Capital Increase		Total	
	Shares	(US$000)	Shares	(US$000)	Shares	(US$000)
At June 30, 2023						
Authorized:						
At beginning of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
Subscribed:						
At beginning of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		$ 233,941		$ 132,350		$ 366,291
At June 30, 2022						
Authorized:						
At beginning of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
Subscribed:						
At beginning of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		$ 233,941		$ 132,350		$ 366,291

(Continued)

Notes to Financial Statements

Note E: Guarantees

Political Risk Insurance (PRI), Non-Honoring (NH) of Financial Obligations and Trade Finance Program (TFP)

MIGA offers guarantees or insurance against loss caused by non-commercial risks to eligible investors and lenders on qualified investments in developing member countries. MIGA insures investments for up to 20 years against six different categories of risk: currency inconvertibility and transfer restriction, expropriation, war and civil disturbance, breach of contract, non-honoring of a sovereign financial obligation, and non-honoring of a financial obligation by a state-owned enterprise.

MIGA also has a TFP, under which it provides protection against the risk of non-payment by sovereigns, sub-sovereigns and state-owned banks on trade finance guarantees related to short-term trade loans and standby letters of credit.

MIGA considers the guarantee contracts it issues to be short-duration contracts, with the guarantees structured as short contract periods (quarterly, semi-annual and annual), and the guarantee holders generally having the ability to elect and modify or cancel contract terms and coverages at the end of each period. Short-duration contracts are contracts for which the issuer recognizes premiums received as revenue over the period of the contract in proportion to the amount of insurance coverage provided.

Premium rates applicable are set forth in the contracts. Payments against all claims under a guarantee may not exceed the maximum amount of coverage issued under the guarantee. Under breach of contract coverage, payments against claims may not exceed the lesser of the amount of guarantee and the arbitration award.

Contingent Liability

A contract of guarantee issued by MIGA may permit the guarantee holder, at the start of each contract period, to elect coverage and place amounts on current, standby and future interest. At any given point in time, MIGA is at risk for amounts placed on current. The maximum amount of contingent liability (gross exposure), representing MIGA's exposure to insurance claims (current), as well as standby and future interest coverage for which MIGA is committed but not currently at risk, totaled $27,866,599,000 as of June 30, 2023 ($24,449,225,000 – June 30, 2022).

The composition of MIGA's gross exposure as of June 30, 2023 and June 30, 2022 was as follows:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Gross exposure (Maximum amount of contingent liability)	$ 27,866,599	$ 24,449,225
Of which:		
Current amounts[a]	23,180,678	19,971,718
Standby amounts[a]	2,146,866	2,443,349
Future interest amounts[a]	2,539,055	2,085,214

a. Amounts represent maximum contingent liability under each category and are not necessarily additive.

(Continued)

Notes to Financial Statements

Trust Fund Activities

MIGA also acts as administrator of some investment guarantee trust funds. MIGA, on behalf of the trust funds, issues guarantees against losses caused by non-commercial risks to eligible investors on qualified investments in the countries specified in the trust fund agreements. Under the trust fund agreements, MIGA, as administrator of the trust funds, is not liable on its own account for payment of any claims under contracts of guarantees issued by MIGA on behalf of such trust funds. Guarantees issued by MIGA on behalf of trust funds had a total outstanding gross exposure of $31,675,765 as of June 30, 2023 ($16,559,600 – June 30, 2022).

Reinsurance and Other Ceded Exposures

MIGA obtains treaty and facultative reinsurance (both public and private) to augment its underwriting capacity and to mitigate its risk by protecting portions of its insurance portfolio, and not for speculative reasons. All reinsurance contracts are ceded on a proportionate basis. However, MIGA is exposed to reinsurance non-performance risk in the event that reinsurers fail to pay their proportionate share of the loss in case of a claim. MIGA manages this risk by requiring that private sector reinsurers be rated by at least two of the four major rating agencies (Standard & Poor's, A.M. Best, Moody's and Fitch). The minimum rating required for private reinsurers is A by S&P or Fitch, A2 by Moody's and A- by A.M. Best. In addition, MIGA may also place reinsurance with public insurers of member countries that operate under and benefit from the full faith and credit of their governments and with multilateral agencies that represent an acceptable counterparty risk. MIGA has established limits, at both the project and portfolio levels, which restrict the amount of reinsurance that may be ceded. As of June 30, 2023, the project limit states that MIGA may cede no more than 90 percent of any individual project. Similarly, the portfolio limit states that MIGA may not reinsure more than 70 percent of its aggregate gross exposure.

In addition, MIGA administers three donor funded trust funds that utilize a reinsurance structure under which MIGA issues guarantees towards eligible projects and cedes exposure under first and second loss layers in the case of Conflict-Affected and Fragile Economies Facility (CAFEF), and under a first loss layer in the case of Renewable Energy Catalyst Trust Fund (RECTF), and Support for Ukraine's Reconstruction and Economy Trust Fund (SURETF).

The following is a summary of the exposures under these arrangements as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
CAFEF:		
MIGA's gross exposure	$ 440,197	$ 425,144
Of which: Amount ceded to the Trust Fund (First and second loss layer)	48,942	39,975
RECTF:		
MIGA's gross exposure	$ 9,414	$ 3,588
Of which: Amount ceded to the Trust Fund (First loss layer)	2,300	574
SURETF:		
MIGA's gross exposure	$ 44,335	-
Of which: Amount ceded to the Trust Fund (First loss layer)	11,884	-

(Continued)

Notes to Financial Statements

MIGA also cedes exposures to International Development Association (IDA) under the MIGA Guarantee Facility (MGF), one of the four facilities (IDA PSW – MGF) set up under the IDA18 IFC-MIGA Private Sector Window (PSW) to promote investment in IDA-only and FCS countries. Under this facility, MIGA issues guarantees and cedes exposures to IDA through a risk sharing arrangement on a first loss basis or risk participation akin to reinsurance, for eligible projects.

The following is a summary of the exposures under this risk sharing arrangement as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
MIGA's gross exposure on projects utilizing IDA PSW-MGF	$ 2,009,899	$ 1,047,793
Of which: Amount ceded to IDA under the first loss layer	347,205	271,658

The table below provides a reconciliation between MIGA's gross guarantee exposure and net guarantee exposure as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Gross guarantee exposure	$ 27,866,599	$ 24,449,225
Less: Ceded exposures		
Facultative and Treaty reinsurers	(18,005,600)	(15,145,290)
CAFEF	(48,942)	(39,975)
IDA PSW - MGF (Note I)	(347,205)	(271,658)
RECTF	(2,300)	(574)
SURETF	(11,884)	-
Total ceded exposures	(18,415,931)	(15,457,497)
Net guarantee exposure before exposure exchange	9,450,668	8,991,728
Less:		
Exposure Exchange Agreement (Note I)	(519)	(281)
Net guarantee exposure	$ 9,450,149	$ 8,991,447

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of June 30, 2023, total insurance exposure assumed by MIGA, primarily with official investment insurers, amounted to $60,000,000 ($128,533,000 – June 30, 2022).

(Continued)

Notes to Financial Statements

Premiums, Fees and Commission

Premiums, fees and commission relating to direct, assumed, and ceded contracts for the fiscal years ended June 30, 2023 and June 30, 2022 were as follows:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Premiums written		
Direct	$ 300,065	$ 254,768
Upfront premium contracts[a]	150,529	109,101
Regular guarantee contracts[b]	149,536	145,667
Assumed	951	1,255
Ceded	(207,203)	(169,094)
Upfront premium contracts[a]	(123,672)	(91,623)
Regular guarantee contracts[b]	(83,531)	(77,471)
	$ 93,813	$ 86,929
Gross premium income		
Direct	$ 243,995	$ 228,096
Assumed	991	1,339
	244,986	229,435
Premium ceded	(159,002)	(146,323)
Net Premium earned	85,984	83,112
Ceding commission and other fees	42,584	38,443
Brokerage and other charges	(4,626)	(5,300)
Net Premium Income	$ 123,942	$ 116,255

a. Relating to single pay contracts for which premiums are received in full for the tenor of the contracts.

b. Premium receipts are attributable to each contract period which are typically quarterly, semi-annual or annual.

Prepaid Premium Ceded to Reinsurers

The following table summarizes the composition of Prepaid premium ceded to reinsurers as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Upfront premium contracts[a]	$ 435,855	$ 376,624
Regular guarantee contracts[b]	1,659	4,926
	$ 437,514	$ 381,550

a. Relating to single pay contracts for which premiums are received in full for the tenor of the contracts.

b. Premium receipts are attributable to each contract period which are typically quarterly, semi-annual or annual.

(Continued)

Notes to Financial Statements

Unearned Premiums, unearned commissions and facility fees

The following table summarizes the composition of Unearned Premiums, unearned commission and facility fees as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Upfront premium contracts[a]	$ 657,904	$ 572,365
Regular guarantee contracts[b]	45,744	47,720
	$ 703,648	$ 620,085

a. Relating to single pay contracts for which premiums are received in full for the tenor of the contracts.

b. Premium receipts are attributable to each contract period which are typically quarterly, semi-annual or annual.

Portfolio Risk Management

Controlled acceptance of non-commercial risk in developing countries is MIGA's core business. The underwriting of such risk requires a comprehensive risk management framework to analyze, measure, mitigate and control risk exposures.

Claims risk, the largest risk for MIGA, is the risk of incurring a financial loss as a result of a claimable non-commercial risk event in developing countries. Non-commercial risk assessment forms an integral part of MIGA's underwriting process and includes the analysis of both country-related and project-related risks.

Country risk assessment is a combination of quantitative and qualitative analysis. Ratings are assigned individually to each risk for which MIGA provides insurance coverage in a country. Country ratings are reviewed and updated every quarter. Country risk assessment forms the basis of the underwriting of insurance contracts, setting of premium levels, capital adequacy assessment and reserve for claims.

Project-specific risk assessment is performed by a cross-functional team. Based on the analysis of project-specific risk factors within the country context, the final project risk ratings can be higher or lower than the country ratings of a specific coverage. The decision to issue an insurance contract is subject to approval by MIGA's senior management and concurrence or approval by the Board of Directors. For insurance contracts that are issued under the Small Investment Program (SIP), the Board has delegated approval to MIGA's senior management. In order to avoid excessive risk concentration, MIGA sets exposure limits per country and per project. As of June 30, 2023, the maximum net exposure which may be assumed by MIGA is $1,000 million ($1,000 million – June 30, 2022) in each host country and $300 million ($300 million – June 30, 2022) for each project.

As approved by the Board of Directors and the Council of Governors, the maximum aggregate amount of contingent liabilities that may be assumed by MIGA is 500 percent (500 percent – June 30, 2023) of the sum of MIGA's unimpaired subscribed capital, retained earnings, accumulated other comprehensive income (loss) and net insurance portfolio reserve plus 100 percent of gross exposure ceded by MIGA through contracts of reinsurance. Accordingly, at June 30, 2023, the maximum level of guarantees outstanding (including reinsurance) may not exceed $35,385,860,000 ($31,796,650,000 – June 30, 2022).

(Continued)

Notes to Financial Statements

Portfolio Diversification

MIGA aims to diversify its guarantee portfolio so as to limit the concentration of exposure to loss in a host country, region, or sector. The portfolio shares of the top five and top ten largest exposure countries provide an indicator of concentration risk. The gross and net exposures of the top five and top ten countries at June 30, 2023 and June 30, 2022 are as follows:

In thousands of US dollars

	June 30, 2023		June 30, 2022	
	Exposure in Top Five Countries	Exposure in Top Ten Countries	Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	$ 8,178,732	$ 13,194,125	$ 7,381,392	$ 11,554,328
% of Total Gross Exposure	29.4	47.4	30.2	47.3
Net Exposure	$ 1,967,437	$ 3,487,486	$ 1,974,191	$ 3,421,283
% of Total Net Exposure	20.8	36.9	22.0	38.1

A regionally diversified portfolio is desirable for MIGA as an insurer, because correlations of claims occurrences are typically higher within a region than between regions. When a correlation is higher, the probability of simultaneous occurrences of claims will be higher.

The regional distribution of MIGA's portfolio at June 30, 2023 and June 30, 2022 are shown in the following table:

In thousands of US dollars

	June 30, 2023			June 30, 2022		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
East Asia & Pacific	$ 2,752,473	$ 628,894	6.7	$ 2,882,072	$ 721,762	8.0
Europe & Central Asia	6,420,819	2,188,610	23.2	4,866,600	1,634,182	18.2
Latin America & Caribbean	5,880,356	1,664,345	17.6	5,256,919	1,754,385	19.5
Middle East & North Africa	3,576,912	1,058,328	11.2	3,492,824	1,071,901	11.9
South Asia	1,327,065	521,450	5.5	1,396,824	543,349	6.1
Sub-Saharan Africa	7,536,735	3,313,090	35.1	6,191,755	3,192,465	35.5
Regional Development Bank (RDB)	372,240	75,431	0.8	362,231	73,403	0.8
Total[a]	$ 27,866,599	$ 9,450,149	100.0	$ 24,449,225	$ 8,991,447	100.0

a.May differ from the sum of individual figures shown because of rounding.

Notes to Financial Statements

The sectoral distribution of MIGA's portfolio at June 30, 2023 and June 30, 2022 are shown in the following table:

In thousands of US dollars

	June 30, 2023			June 30, 2022		
Sector	Gross Exposure	Net Exposure[a]	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
Agribusiness	$ 9,483	$ 8,343	0.1	$ 74,148	$ 73,008	0.8
Construction	619,503	106,093	1.1	598,505	102,581	1.1
Financial	10,656,259	3,682,280	39.0	8,657,317	3,021,059	33.6
Infrastructure	12,869,059	4,205,083	44.5	11,457,095	4,306,259	47.9
Manufacturing	836,105	509,218	5.4	872,525	543,043	6.1
Mining	1,388,581	319,299	3.4	1,288,225	339,542	3.8
Oil and Gas	141,142	93,491	1.0	190,959	99,228	1.1
Services	1,215,284	395,158	4.2	1,228,309	424,585	4.7
Tourism	131,183	131,183	1.4	82,142	82,142	0.9
	$ 27,866,599	$ 9,450,149	100.0	$ 24,449,225	$ 8,991,447	100.0

a.May differ from the sum of individual figures shown because of rounding.

Note F: Reserve for Claims and other Exposures

MIGA's reserve for claims and other exposures primarily comprise Insurance Portfolio Reserve (IPR) and Specific Reserve for Claims.

The following table provides an analysis of reserve for claims as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023			June 30, 2022		
	IPR	Specific Reserve for Claims	Total	IPR	Specific Reserve for Claims	Total
Gross Reserve for Claims	$ 614,017	$ 102,193	$ 716,210	$ 644,091	$ 81,719	$ 725,810
Less: Reinsurance recoverable[a,b]	(397,713)	(72,038)	(469,751)	(406,458)	(60,937)	$ (467,395)
Net Reserve for Claims	$ 216,304	$ 30,155	$ 246,459	$ 237,633	$ 20,782	$ 258,415

a. As of June 30, 2023, excludes $7,892 thousand (June 30, 2022 - $8,786 thousand) reinsurance recoverable, net of allowance for credit losses of $6 thousand (June 30, 2022 - $7 thousand) associated with retroactive reinsurance contracts, which is included in the Reinsurance recoverable, net on the Balance Sheet.

b. Includes allowance for credit losses of $722 thousand (June 30, 2022- $604 thousand), associated with prospective reinsurance.

(Continued)

Notes to Financial Statements

The following table provides the composition of reinsurance recoverables at June 30, 2023 and June 30, 2022:

In thousands of US dollars

			June 30, 2023	June 30, 2022
Prospective reinsurance[a]	-	IPR	$ 397,713	$ 406,458
	-	Specific Reserve for Claims	72,038	60,937
			469,751	467,395
Retroactive reinsurance[b]	-	IPR	7,892	8,786
Reinsurance recoverable, net			$ 477,643	$ 476,181

a. Includes allowance for credit losses of $722 thousand ($604 thousand - June 30, 2022).

b. Includes allowance for credit losses $6 thousand ($7 thousand - June 30, 2022).

The net (decrease) increase in reserves for claims reflected in the Statements of Income for the fiscal years ended June 30, 2023 and June 30, 2022 comprised changes in the Insurance Portfolio Reserve and Specific reserve for claims as follows:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
(Decrease) increase in Net Reserves:		
Insurance Portfolio Reserve	$ (23,287)	$ (2,536)
Specific reserve for claims	9,525	16,365
(Decrease) increase in reserves, before translation adjustment	(13,762)	13,829
Foreign currency translation losses (gains)	1,971	(9,668)
(Decrease) increase in reserves, net	$ (11,791)	$ 4,161

During the fiscal year ended June 30, 2023 and June 30, 2022, MIGA's claims reserving methodology and the related key assumptions remained unchanged.

The foreign currency translation adjustment reflects the impact on MIGA's Insurance Portfolio Reserve revaluation of guarantee contracts denominated in currencies other than US dollar and managed by holding equivalent amounts in the same currency in the Investment portfolio. The amount by which the reserve increases (decreases) as a result of translation adjustment is offset by the translation (losses) gains on MIGA's investment portfolio and other assets, reported on the Statements of Income.

(Continued)

Notes to Financial Statements

The change in Insurance Portfolio Reserve before translation adjustments for the fiscal years ended June 30, 2023 and June 30, 2022, were attributable to the following factors:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Changes in portfolio size and risk profile, net	$ (14,511)	$ 4,028
Changes in discount rate	(10,882)	(7,109)
Changes in host country risk ratings, net	2,203	(140)
Other factors	(97)	685
Net decrease	$ (23,287)	$ (2,536)

Insurance Portfolio Reserve (IPR)

The IPR reflects provisions set aside for losses and is calculated based on the long-term historical experiences of the non-commercial political risk insurance industry and the default history of the sovereigns and sub-sovereigns, adjusted for MIGA's claims history.

The following table provides an analysis of the changes in the gross IPR for the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Gross IPR, beginning balance	$ 644,091	$ 726,703
Less: Reinsurance recoverables	(406,458)	(476,751)
Net IPR, beginning balance	237,633	249,952
Decrease in reserves before translation adjustments	(23,287)	(2,536)
Foreign currency translation losses (gains)	1,965	(9,668)
Decrease in reserves, net of reinsurance	(21,322)	(12,204)
(Decrease) in allowance for credit losses	(6)	(114)
Net IPR, ending balance[ad]	216,304	237,633
Add: Reinsurance recoverables, net[b]	397,713	406,458
Gross IPR, ending balance[c]	$ 614,017	$ 644,091

a. As of June 30, 2023 represents 2.3% of Total Net Exposure (June 30, 2022 - 2.6%).

b. As of June 30, 2023, excludes $7,892 thousand (June 30, 2022 - $8,786 thousand) reinsurance recoverables associated with retroactive reinsurance contracts which is included in the Reinsurance recoverables,net on the Balance Sheet.

c. As of June 30, 2023 represents 2.2% of Total Gross Exposure (June 30, 2022 - 2.6%).

d. May differ from the sum of individual figures shown because of rounding.

(Continued)

Notes to Financial Statements

Specific Reserve for Claims

The Specific Reserve for Claims is composed of: (i) reserves for pending claims and (ii) reserves for contracts where a claimable event, or events that may give rise to a claimable event, may have occurred, and a claim payment is probable, but in relation to which no claim has been filed. The parameters used in calculating the specific reserves (i.e., claims probability, severity and expected recovery) are assessed on a quarterly basis for each contract for which a reserve is created or maintained. MIGA's Legal Affairs and Claims Group reviews any pre-claim situations and claims filed and, together with MIGA's Finance and Risk Management Group, recommends provisioning parameters for MIGA Management to approve on a quarterly basis. MIGA's Guidelines and Procedures for Assigning Provisioning Parameters to MIGA's Specific Reserve specify the basis on which such parameters are determined.

Claims probability: For a contract where a claim payout is deemed probable (i.e., more likely than not), the claims probability is normally set at 75%.

Severity: This parameter reflects the expected quantum of MIGA's claims payment. For a contract in the claims reserve, this is typically the amount of the claim filed, whereas for an equity contract in the probable loss reserve this parameter will normally be set at 100 percent, unless there is more specific information. For contracts covering debt and loans, the parameter will be set at the percentage of the maximum aggregate liability equaling the scheduled payments in default and future payments for which a claim payment is probable.

Expected recovery: This parameter is expressed as a percentage of the contract's maximum aggregate liability and is based on an internal assessment of the host country's creditworthiness. For this purpose, each host country is assigned to one of four risk groups, where each group has a defined standard expected recovery level. Depending on the host country category, standard expected recovery periods are applied. Because the parameters applied in determining the Specific Reserve are based on the facts and circumstances at the time of the initial determination, subsequent quarterly re-assessment of the parameters occasionally results in an increase or decrease to the previously assessed estimates. Changes in the estimates of the Specific Reserve reflect the effect of actual payments or evaluation of the information since the prior reporting date.

(Continued)

Notes to Financial Statements

The following table provides an analysis of the changes in the gross specific reserve for claims for the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Gross specific reserve for claims, beginning balance	$ 81,719	$ 20,084
Less: Reinsurance recoverables, net	(60,937)	(15,781)
Net specific reserve for claims, beginning balance	20,782	4,303
Increase in specific reserve for claims, before translation adjustments		
- Current year	9,540	16,365
- Prior years	(15)	-
Increase in specific reserve for claims, net of reinsurance	9,525	16,365
Less: Claims paid		
- Current year	(282)	-
- Prior years	-	-
Total Claims paid	(282)	-
Translation adjustment	6	-
Increase in allowance for credit losses	125	113
Net specific reserve for claims, ending balance[a]	30,155	20,782
Add: Reinsurance recoverables, net	72,038	60,937
Gross specific reserve for claims, ending balance	$ 102,193	$ 81,719

a. May differ from the sum of individual figures shown because of rounding.

The gross Specific Reserve for Claims as of June 30, 2023 and June 30, 2022 comprises:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Reserve for pending claims	$ 52,611	$ 18,871
Probable loss reserve	49,582	62,848
Gross Specific reserve	$ 102,193	$ 81,719

For the purpose of short-duration contracts disclosures, MIGA's lines of business are: Political Risk Insurance (currency inconvertibility and transfer restriction, expropriation, war and civil disturbance, breach of contract), Non-honoring of financial obligations and Trade Finance.

MIGA generally creates a claim file for a policy at the contract level by type of risk coverage and recognizes one count for each claim filed by the guarantee holder and for which a claim reserve has been created. For the purposes of the claims development tables presented below, the Agency counts claims for policies issued even if the claims are eventually closed without a payment being made.

(Continued)

Notes to Financial Statements

For the purpose of short-duration contracts disclosures, incurred and paid claims information include both the probable loss reserve and reported claims for each accident year.

The following tables present information about incurred and paid claims development as of June 30, 2023, net of reinsurance, and cumulative claim frequency. The tables include unaudited information about incurred and paid claims development for the years ended June 30, 2014 through 2022, which is presented as supplementary information:

Political Risk Insurance: Incurred Claims (Specific and Probable Loss Reserves), Net of Reinsurance

In thousands of US dollars

	For the Fiscal Years Ended June 30,											
	Reported Claims											
	Unaudited											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Probable Loss Reserve	Cumulative number of Reported Claims
Accident Year												
2014	-	-	-	-	-	-	-	-	-	-	1,752	1
2015		363	363	363	363	363	363	363	363	363	-	2
2016			4,458	4,458	4,458	4,458	4,458	4,458	4,458	4,458	-	-
2017				1,215	2,268	2,270	2,286	322	322	322	595	3
2018					-	-	-	-	-	-	1,175	2
2019						-	-	-	-	-	1,176	-
2020							-	-	-	-	4,561	-
2021								-	-	-	4,303	-
2022									4,008	3,997	16,774	3
2023												
PRI										12,590	12,560	2
NH										-	1,290	-
Total										21,730		

Political Risk Insurance: Cumulative Claim Payments, Net of Reinsurance

In thousands of US dollars

	For the Fiscal Years Ended June 30,									
	Unaudited									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accident Year										
2014	-	-	-	-	-	-	-	-	-	-
2015		363	363	363	363	363	363	363	363	363
2016			-	4,458	4,458	4,458	4,458	4,458	4,458	4,458
2017				322	322	322	322	322	322	322
2018					-	-	-	-	-	-
2019						-	-	-	-	-
2020							-	-	-	-
2021								-	-	-
2022									-	-
2023										282
Total										5,425
Liabilities for claims, net of reinsurance										16,305

(Continued)

Notes to Financial Statements

The following table presents a reconciliation of the net incurred and paid claims development tables to the liability for claims on the Balance Sheet as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Specific Reserve for claims, Net of Reinsurance	$ 30,155	$ 20,782
Reinsurance recoverable, net of CECL allowance	72,038	60,937
Gross Specific Reserve for Claims	$ 102,193	$ 81,719

The following table presents supplementary information about average historical claims duration as of June 30, 2023:

Average Annual Percentage payment of Incurred Claims by Age, Net of Reinsurance

Years	1	2	3	4	5	6	7	8	9	10
Political Risk Insurance	30%	11%	0%	0%	0%	0%	0%	0%	0%	0%

Current Expected Credit Loss (CECL)

MIGA follows the CECL accounting guidance that requires the application of a single allowance model for all financial assets measured at amortized cost. The income statement effect of all changes in the allowance for credit losses is recognized in 'Allowance for credit losses' line on the Statements of Income.

Determining Allowance for Credit Losses

Determining the appropriateness of the allowance for credit losses requires management's judgement about the effect of matters that are inherently uncertain. Subsequent credit exposure evaluations consider macroeconomic conditions, forecasts and other factors.

MIGA computes a CECL allowance on the reinsurance recoverable assets in respect of the (i) IPR, (ii) retroactive reinsurance contracts and (iii) assets that relate to contracts under the Specific Reserve.

Reinsurance recoverable relating to IPR, Retroactive Reinsurance contracts and Specific Reserve

CECL allowance computation is based on the modeled net expected loss on MIGA's guarantee portfolio and contracts in specific reserve, which is the Agency's expected loss on the net exposure retained after ceding to reinsurance counterparties. The estimated credit losses for reinsurance recoverable are computed at the individual reinsurer counterparty level, with the related credit ratings reviewed quarterly.

Presentation of Allowance for Credit Losses

The table below summarizes the line item presentation on both the Balance Sheet as well as the Statements of Income in relation to the presentation requirement under CECL:

	Balance Sheet		
Asset Type	**Asset Balance**	**Allowance for Credit Losses**	**Statements of Income**
Reinsurance Recoverable	At cost	Embedded in Reinsurance recoverable, net	Presented as allowance for credit losses

(Continued)

Credit Quality of Reinsurance recoverable

Management monitors the credit quality of reinsurer counterparties through the review of applicable credit ratings on a quarterly basis as an input in the credit loss assessment. The following table presents the Agency's credit loss allowance on the reinsurance recoverables based on internally determined credit ratings as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

Reinsurer Risk Rating	Allowance for Credit Losses	
	June 30, 2023	June 30, 2022
A-	$ 17	$ 22
A	49	43
A+	405	316
AA-	155	137
AA	95	90
AAA	7	3
Total	$ 728	$ 611

Accumulated Allowance for Credit Losses

The following table provides an analysis of the changes in the allowance for credit losses for the fiscal year ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Accumulated allowance, beginning of the fiscal year[a]	$ 611	$ 613
Current period increase (decrease)	117	(1)
Accumulated allowance, end of the fiscal year	$ 728	$ 611
Attributable to:		
Prospective Reinsurance	$ 722	$ 604
Retroactive Reinsurance	6	7

a. These amounts are embedded in the Reinsurance recoverable, net.

Note G: Pension and Other Post-retirement Benefits

MIGA, IBRD and IFC participate in a defined benefit Staff Retirement Plan (SRP), a Retired Staff Benefits Plan and Trust (RSBP) and a Post-Employment Benefits Plan (PEBP) that cover substantially all of their staff members, retirees and beneficiaries.

The SRP provides pension benefits and includes a cash balance plan. The RSBP provides certain health and life insurance benefits to eligible retirees. The PEBP provides certain pension benefits administered outside the SRP.

MIGA uses a June 30 measurement date for its pension and other postretirement benefit plans.

All costs, assets and liabilities associated with these pension plans are allocated between MIGA, IBRD, and IFC based upon their employees' respective participation in the plans. MIGA and IFC reimburse IBRD for their proportionate share of any contributions made to these plans by IBRD. Contributions to these plans are calculated as a percentage of salary.

The amounts presented below reflect MIGA's respective share of the costs, assets, and liabilities of the plans.

Notes to Financial Statements

The following table summarizes MIGA's respective share of the costs associated with the SRP, RSBP, and PEBP for the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended June 30, 2023				Fiscal Year Ended June 30, 2022			
Benefit Cost	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Interest cost	$ 11,667	$ 1,798	$ 1,265	$ 14,730	$ 7,973	$ 1,320	$ 839	$ 10,132
Expected return on plan assets	(16,578)	(2,604)	-	(19,182)	(15,179)	(2,371)	-	(17,550)
Amortization of unrecognized prior service cost[a]	47	151	22	220	47	174	22	243
Amortization of unrecognized net actuarial losses[a]	-	(307)	-	(307)	-	-	538	538
Net periodic pension (credit) cost, excluding service cost	$ (4,864)	$ (962)	$ 1,287	$ (4,539)	$ (7,159)	$ (877)	$ 1,399	$ (6,637)
Service cost[b]	8,100	1,945	1,516	11,561	10,020	2,406	1,788	14,214
Net periodic pension cost	$ 3,236	$ 983	$ 2,803	$ 7,022	$ 2,861	$ 1,529	$ 3,187	$ 7,577

a. Amounts reclassified into net income (See Note J - Accumulated Other Comprehensive Loss).

b. Included in Adminstrative Expenses on the Statement of Income.

The following table summarizes the projected benefit obligation (PBO), fair value of plan assets, and funded status associated with the SRP, RSBP and PEBP for MIGA for the fiscal years ended June 30, 2023 and June 30, 2022. The SRP and RSBP assets are held in irrevocable trusts, while the PEBP assets are included in IBRD's investment portfolio, with MIGA's portion reflected in receivable from IBRD under Note I (Transactions with Affiliated Organizations). The assets of the PEBP are mostly invested in fixed income, equity instruments and other fund investments.

In thousands of US dollars

	Fiscal Year Ended June 30, 2023				Fiscal Year Ended June 30, 2022			
	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Projected Benefit Obligation								
Beginning of year	$ 268,753	$ 40,584	$ 28,900	$ 338,237	$ 298,246	$ 46,821	$ 30,600	$ 375,667
Service cost	8,100	1,945	1,516	11,561	10,020	2,406	1,788	14,214
Interest cost	11,667	1,798	1,265	14,730	7,973	1,320	839	10,132
Net entity transfers	2,849	(272)	n.a.	2,577	3,295	754	n.a.	4,049
Participant contributions	2,880	241	57	3,178	2,616	233	39	2,888
Benefits paid	(9,341)	(832)	(625)	(10,798)	(9,862)	(810)	(524)	(11,196)
Actuarial (gain)	(20,088)	(6,527)	(455)	(27,070)	(43,535)	(10,140)	(3,842)	(57,517)
End of Year	**$ 264,820**	**$ 36,937**	**$ 30,658**	**$ 332,415**	**$ 268,753**	**$ 40,584**	**$ 28,900**	**$ 338,237**
Fair value of plan assets								
Beginning of year	$ 282,304	$ 44,190		$ 326,494	$ 286,027	$ 43,899		$ 329,926
Net entity transfers	2,849	(272)		2,577	3,295	754		4,049
Participant contributions	2,880	241		3,121	2,616	233		2,849
Actual return on assets	17,095	2,821		19,916	(2,725)	(621)		(3,346)
Employer contributions	2,396	673		3,069	2,953	735		3,688
Benefits paid	(9,341)	(832)		(10,173)	(9,862)	(810)		(10,672)
End of Year	**$ 298,183**	**$ 46,821**		**$ 345,004**	**$ 282,304**	**$ 44,190**		**$ 326,494**
Funded Status[a]	**$ 33,363**	**$ 9,884**	**$ (30,658)**	**$ 12,589**	**$ 13,551**	**$ 3,606**	**$ (28,900)**	**$ (11,743)**
Accumulated Benefit Obligations	**$ 245,164**	**$ 36,937**	**$ 28,226**	**$ 310,327**	**$ 247,709**	**$ 40,584**	**$ 26,068**	**$ 314,361**

a. Positive funded status is reported as Net assets under retirement benefit plans; negative funded status is included under Liabilities for Pension and Other Post-retirement Benefits on the Balance Sheet. Also included in the former on the Balance Sheet is $1,438 thousand (June 30, 2022 - $1,371 thousand) for ex-MIGA staff transferred to an affiliated organization.

(Continued)

Notes to Financial Statements

As of June 30, 2023, the SRP and RSBP were overfunded by $33,363 thousand and $9,884 thousand, respectively.

During the fiscal year ended June 30, 2023 and June 30, 2022, there were no plan amendments made to the retirement benefit plans.

The following tables present the amounts included in Accumulated Other Comprehensive Income (Loss) relating to Pension and Other Post Retirement Benefits:

Amounts included in Accumulated Other Comprehensive Income at June 30, 2023

In thousands of US dollars

	SRP	RSBP	PEBP	Total
Net actuarial (gain) loss	$ (10,557)	$ (14,609)	$ 1,471	$ (23,695)
Prior service cost	93	132	50	275
Net amount recognized in Accumulated Other Comprehensive Income	$ (10,464)	$ (14,477)	$ 1,521	$ (23,420)

Amounts included in Accumulated Other Comprehensive Loss at June 30, 2022

In thousands of US dollars

	SRP	RSBP	PEBP	Total
Net actuarial loss (gain)	$ 10,048	$ (8,172)	$ 1,926	$ 3,802
Prior service cost	140	283	72	495
Net amount recognized in Accumulated Other Comprehensive Loss	$ 10,188	$ (7,889)	$ 1,998	$ 4,297

Assumptions

The actuarial assumptions used are based on financial market interest rates, inflation expectations, past experience, and Management's best estimate of future benefit changes and economic conditions. Changes in these assumptions will impact future benefit costs and obligations.

The expected long-term rate of return for the SRP assets is a weighted average of the expected long-term (10 years or more) returns for the various asset classes, weighted by the portfolio allocation. Asset class returns are developed using a forward-looking building block approach and are not strictly based on historical returns. Equity returns are generally developed as the sum of expected inflation, expected real earnings growth and expected long-term dividend yield. Bond returns are generally developed as the sum of expected inflation, real bond yield, duration-adjusted change in yields and risk premium/spread (as appropriate). Other asset class returns are derived from their relationship to equity and bond markets. The expected long-term rate of return for the RSBP is computed using procedures similar to those used for the SRP. The discount rate used in determining the benefit obligation is selected by reference to the year-end yield of AA corporate bonds.

Actuarial gains and losses occur when actual results are different from expected results. Amortization of these unrecognized gains and losses will be included in income if, at the beginning of the fiscal year, they exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets. If required, the unrecognized gains and losses are amortized over the expected average remaining service lives of the employee group.

(Continued)

Notes to Financial Statements

The following tables present the weighted-average assumptions used in determining the projected benefit obligations and the net periodic pension costs for the fiscal years ended June 30, 2023 and June 30, 2022:

	SRP		RSBP		PEBP	
	2023	2022	2023	2022	2023	2022
Weighted average assumptions used to determine projected benefit obligations						
Discount rate	4.90	4.40	4.90	4.50	4.90	4.50
Rate of compensation increase	5.10	5.30			5.10	5.30
Interest crediting rate	5.20	5.40	n.a	n.a	5.20	5.40
Health care growth rates-at end of fiscal year			5.40	5.80		
Ultimate health care growth rate			4.20	4.40		
Year in which ultimate rate is reached			2031	2031		
Weighted average assumptions used to determine net periodic pension cost						
Discount rate	4.40	2.70	4.50	2.80	4.50	2.80
Expected return on plan assets	5.90	5.40	5.90	5.40		
Rate of compensation increase	5.30	4.80			5.30	4.80
Health care growth rates-at end of fiscal year			5.80	5.40		
Ultimate health care growth rate			4.40	3.90		
Year in which ultimate rate is reached			2031	2031		
Interest crediting rate	5.40	4.90	n.a	n.a	5.40	4.90

The medical cost trend rate can significantly affect the reported post-retirement benefit income or costs and benefit obligations for the RSBP. For the fiscal year ended June 30, 2023 and June 30, 2022, the actuarial gains were primarily due to an increase in the discount rates.

Investment Strategy

The investment policies establish the framework for investment of the plan assets based on long-term investment objectives and the trade-offs inherent in seeking adequate investment returns within acceptable risk parameters. A key component of the investment policy is to establish a Strategic Asset Allocation (SAA) representing the policy portfolio (i.e., policy mix of assets) around which the SRP and RSBP (the plans) are invested. The SAA is derived using a mix of quantitative analysis that incorporates expected returns and volatilities by asset class as well as correlations across the asset classes, and qualitative considerations such as the liquidity needs of the plans. The SAA for the plans is reviewed in detail and reset about every three to five years, with more frequent reviews and changes if and as needed based on market conditions.

The key long-term objective is to generate asset performance that is reasonable in relation to the growth rate of the underlying liabilities and the assumed sponsor contribution rates, without taking undue risks. Given the relatively long investment horizons of the SRP and RSBP, and the relatively modest liquidity needs over the short-term to pay benefits and meet other cash requirements, the focus of the investment strategy is on generating sustainable long-term investment returns through a globally diversified set of strategies including fixed income, public and private equity and real assets.

(Continued)

Notes to Financial Statements

In April 2022, the Pension Finance Committee (PFC) approved a revision to the SAA band around the target allocation for private equity from +/-3 percent to +/-5 percent to accommodate the illiquid nature of this asset class and the limited ability to rebalance the allocation on a short-term basis, with the effective date of May 1, 2022. The changes do not materially alter the risk profile of the portfolio but are expected to slightly increase the efficiency of the allocation.

The following table presents the policy asset allocation at June 30, 2023 and the actual asset allocation at June 30, 2023 and June 30, 2022 by asset category for the SRP and RSBP:

In Percent

	SRP			RSBP		
	Policy Allocation 2023	% of Plan Assets		Policy Allocation 2023	% of Plan Assets	
Asset Class	(%)	2023	2022	(%)	2023	2022
Fixed income & Cash	20	16	17	20	16	17
Credit Strategy	6	8	7	6	8	7
Public Equity	31	22	23	31	22	22
Private Equity	20	28	27	20	27	27
Market Neutral Hedge Funds	10	12	10	10	11	10
Real Assets[a]	13	14	15	13	15	16
Other[b]	-	1	1	-	1	1
Total[c]	100	100	100	100	100	100

a. Includes public and private real estates, infrastructure and timber.
b.Includes authorized investments that are outside the policy allocations primarily in hedge funds.
c.May differ from the sum of individual figures shown because of rounding.

Significant Concentrations of Risk in Plan Assets

The assets of the SRP and RSBP are diversified across a variety of asset classes. Investments in these asset classes are further diversified across funds, managers, strategies, geographies and sectors, to limit the impact of any individual investment. In spite of such level of diversification, equity market risk remains the primary source of the overall return volatility of the Plans. As of June 30, 2023, the largest exposure to a single counterparty was 9% and 11% of the plan assets in SRP and RSBP, respectively (7% and 6%, respectively – June 30, 2022).

Risk Management practices

Managing investment risk is an integral part of managing the assets of the Plans. Asset diversification is central to the overall investment strategy and risk management approach for the Plans. Absolute risk indicators such as the overall return volatility and drawdown of the Plans are the primary measures used to define the risk tolerance level and establish the overall level of investment risk. In addition, the level of active risk (defined as the annualized standard deviation of portfolio returns relative to those of the policy portfolio) is closely monitored and managed on ongoing basis.

Market risk is regularly monitored at the absolute level, as well as at the relative levels with respect to the investment policy, manager benchmarks, and liabilities of the Plans. Stress tests are performed periodically using relevant market scenarios to assess the impact of extreme market events.

(Continued)

Monitoring of performance (at both manager and asset class levels) against benchmarks, and compliance with investment guidelines, is carried out on a regular basis which provides helpful information for accessing the impact on the portfolios caused by market risk factors. Risk management for different asset classes is tailored to their specific characteristics and is an integral part of the external managers' due diligence and monitoring processes.

Credit risk is monitored on a regular basis and assessed for possible credit event impacts. The liquidity position of the Plans is analyzed at regular intervals and periodically tested using various stress scenarios to ensure that the Plans have sufficient liquidity to meet all cash flow requirements. In addition, the long-term cash flow needs of the Plans are considered during the SAA exercise and are one of the main drivers in determining maximum allocation to the illiquid investment vehicles. The plans mitigate operational risk by maintaining a system of internal controls along with other checks and balances at various levels.

Fair Value Measurements and Disclosures

All plan assets are measured at fair value on recurring basis. The following table presents the fair value hierarchy of major categories of plans assets as of June 30, 2023 and June 30, 2022:

In thousands of US dollars	Fair Value Measurements on a Recurring Basis as of June 30, 2023							
	SRP				RSBP			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt Securities								
Time deposits	$ 46	$ 284	$ -	$ 330	$ 29	$ 76	$ -	$ 105
Securities purchased under resale agreements	371	-	-	371	174	-	-	174
Government and agency securities	28,982	4,095	-	33,077	5,466	873	-	6,339
Corporate and convertible bonds	-	3,720	-	3,720	-	658	-	658
Asset backed securities	-	2,278	-	2,278	-	408	-	408
Mortgage backed securities	-	3,636	-	3,636	-	632	-	632
Total Debt Securities	29,399	14,013	-	43,412	5,669	2,647	-	8,316
Equities								
US common stocks	3,010	-	-	3,010	726	-	-	726
Non-US common stocks	19,061	-	-	19,061	2,784	-	-	2,784
Mutual Funds	-	-	-	-	-	-	-	-
Real estate investments trusts (REITs)	1,595	-	-	1,595	220	-	-	220
Total Equity Securities	23,666	-	-	23,666	3,730	-	-	3,730
Other funds at NAV[a]								
Commingled funds	-	-	-	42,813	-	-	-	6,049
Private equity	-	-	-	83,161	-	-	-	12,717
Private credit	-	-	-	24,950	-	-	-	3,716
Real estate (including infrastructure and timber)[a]	-	-	-	40,428	-	-	-	6,784
Hedge funds	-	-	-	35,710	-	-	-	5,190
Derivative assets/liabilities	(97)	(62)	-	(159)	(5)	(10)	-	(15)
Other assets/liabilities, net[b]	-	-	-	4,201	-	-	-	334
Total Assets[c]	$ 52,968	$ 13,951	$ -	$ 298,183	$ 9,394	$ 2,637	$ -	$ 46,821

a. Investments measured at fair value using NAV have not been included under the fair value hierarchy.

b. Includes receivables and payables carried at amounts that approximate fair value.

c. May differ from the sum of individual figures shown because of rounding.

(Continued)

Notes to Financial Statements

In thousands of US dollars	Fair Value Measurements on a Recurring Basis as of June 30, 2022							
	SRP				RSBP			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt Securities								
Time deposits	$ 239	$ -	$ -	$ 239	$ 35	$ -	$ -	$ 35
Securities purchased under resale agreements	1,648	-	-	1,648	400	-	-	400
Government and agency securities	33,054	5,370	-	38,424	5,577	1,033	-	6,610
Corporate and convertible bonds	-	6,389	-	6,389	-	1,064	-	1,064
Asset backed securities	-	2,434	-	2,434	-	413	-	413
Mortgage backed securities	-	3,560	-	3,560	-	581	-	581
Total Debt Securities	34,941	17,753	-	52,694	6,012	3,091	-	9,103
Equities								
US common stocks	2,620	-	-	2,620	621	-	-	621
Non-US common stocks	19,205	-	-	19,205	2,826	-	-	2,826
Mutual Funds	132	-	-	132	19	-	-	19
Real estate investments trusts (REITs)	2,313	-	-	2,313	322	-	-	322
Total Equity Securities	24,270	-	-	24,270	3,788	-	-	3,788
Other funds at NAV[a]								
Commingled funds	-	-	-	37,822	-	-	-	5,128
Private equity	-	-	-	75,259	-	-	-	11,800
Private credit				21,189				3,149
Real estate (including infrastructure and timber)[a]	-	-	-	39,006	-	-	-	6,513
Hedge funds	-	-	-	31,224	-	-	-	4,551
Derivative assets/liabilities	95	61	-	156	9	11	-	20
Other assets/liabilities, net[b]	-	-	-	685	-	-	-	138
Total Assets[c]	$ 59,306	$ 17,814	$ -	$ 282,304	$ 9,809	$ 3,102	$ -	$ 44,190

a. Investments measured at fair value using NAV have not been included under the fair value hierarchy.

b. Includes receivables and payables carried at amounts that approximate fair value.

c. May differ from the sum of individual figures shown because of rounding.

Valuation methods and assumptions

The following are general descriptions of asset categories, as well as the valuation methodologies and inputs used to determine the fair value of each major category of Plan assets. It is important to note that the investment amounts in the asset categories shown in the table above may be different from the asset category allocation shown in the Investment Strategy section of the note. Asset classes in the table above are grouped by the characteristics of the investments held. The asset class break-down in the Investment Strategy section is based on management's view of the economic exposures after considering the impact of derivatives and certain trading strategies.

Debt securities

Debt securities include discount notes, securities purchased under resale agreements, U.S. treasuries and agencies, debt obligations of foreign governments, sub-sovereigns and debt obligations in corporations of domestic and foreign issuers. Debt securities also include investments in ABS such as collateralized mortgage obligations and mortgage backed securities. These securities are valued by independent pricing vendors at quoted market prices for the same or similar securities, where available. If quoted market prices are not available, fair values are based on discounted cash flow models using market-based parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves. Some debt securities are valued using techniques which require significant unobservable inputs. The selection of these inputs may involve some judgment.

(Continued)

Notes to Financial Statements

Management believes its estimates of fair value are reasonable given its processes for obtaining securities prices from multiple independent third-party vendors, ensuring that valuation models are reviewed and validated, and applying its approach consistently from period to period. Unless quoted prices are available, money market instruments and securities purchased under resale agreements are reported at face value which approximates fair value.

Equity securities
Equity securities (including REITs) represent investments in companies in various industries and countries. Investments in public equity listed on securities exchanges are valued at the last reported sale price on the last business day of the fiscal year.

Commingled funds
Commingled funds are typically collective investment vehicles, such as trusts that are reported at NAV as provided by the investment manager or sponsor of the fund based on valuation of underlying investments.

Private equity funds
Private equity funds include investments primarily in leveraged buyouts, growth capital, distressed investments and venture capital funds across North America, Europe and Asia in a variety of sectors. Many of these funds are in the investment phase of their life cycle. Private equity investments do not have a readily determinable fair market value and are reported at NAV provided by the fund managers, taking into consideration the latest audited financial statements of the funds.

Private credit funds
Private credit funds also include investments primarily in direct lending and opportunistic credit funds. Direct lending funds provide private financing to performing medium-size companies primarily owned by private equity sponsors. Opportunistic credit strategies (including distressed debt and multi-strategy funds) have flexible mandates to invest across both public and private markets globally. Private credit investments do not have a readily determinable fair market value and are reported at NAV provided by the fund managers, taking into consideration the latest audited financial statements of the funds.

Real estate funds (including infrastructure)
Real estate funds include investments in core real estate, non-core real estate investments (such as debt, value add, and opportunistic equity investments), and infrastructure. Real estate investments do not have a readily determinable fair market value and are reported at NAV provided by the fund managers, taking into consideration the latest audited financial statements of the funds.

Hedge funds
Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. Hedge Funds include investments in equity, event driven, fixed income, multi strategy and macro relative value strategies. These investments do not have a readily determinable fair market value and are reported at NAVs provided by external managers or fund administrators (based on the valuations of underlying investments) monthly, taking into consideration the latest audited financial statements of the funds.

Investments in hedge funds and commingled funds can typically be redeemed at NAV within the near term while investments in private equity and most real estate are inherently long term and illiquid in nature with a quarter lag in reporting by the fund managers. Reporting of those asset classes with a reporting lag, Management estimates are based on the latest available information considering underlying market fundamentals and significant events through the balance sheet date.

(Continued)

Notes to Financial Statements

Investment in derivatives

Investment in derivatives such as equity or bond futures, TBA securities, swaps, options and currency forwards are used to achieve a variety of objectives that include hedging interest rates and currency risks, gaining desired market exposure of a security, an index or currency exposure and rebalancing the portfolio. Over-the-counter derivatives are reported using valuations based on discounted cash flow methods incorporating market observable input.

Estimated Future Benefits Payments

The following table shows the benefit payments expected to be paid in each of the next five years and subsequent five years. The expected benefit payments are based on the same assumptions used to measure the benefit obligation at June 30, 2023:

In thousands of US dollars

	SRP	RSBP		PEBP
		Before Federal Subsidy	Federal Subsidy	
July 1, 2023 - June 30, 2024	$ 12,290	$ 771	$ -	$ 1,354
July 1, 2024 - June 30, 2025	12,498	878	-	1,345
July 1, 2025 - June 30, 2026	13,096	978	-	1,450
July 1, 2026 - June 30, 2027	13,428	1,080	-	1,527
July 1, 2027 - June 30, 2028	14,373	1,192	-	1,678
July 1, 2028 - June 30, 2033	80,018	7,749	-	9,171

Expected Contributions

MIGA's contribution to the SRP and RSBP varies from year to year, as determined by the Pension Finance Committee, which bases its judgment on the results of annual actuarial valuations of the assets and liabilities of the SRP and RSBP. The best estimate of the amount of contributions expected to be paid to the SRP and RSBP for MIGA during the fiscal year beginning July 1, 2023 is $2,500,000 and $645,000, respectively.

Note H: Other Liabilities

The following table provides the composition of Other liabilities as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	June 30, 2023	June 30, 2022
Payable to reinsurers and brokers	$ 49,001	$ 49,000
Payable to affiliated organizations - administrative and other services (Note I)	15,146	20,210
Premium receipt (future contract periods)	12,765	7,975
Liabilities for application and processing fees	9,672	9,259
Accrued benefit reserves	8,879	9,088
Other/Miscellaneous	94	3,758
Other liabilities	$ 95,557	$ 99,290

(Continued)

Notes to Financial Statements

Note I: Transactions with Affiliated Organizations

Shared Services and Joint Business Development Agreement

MIGA contributes its share of the World Bank Group's corporate costs. Payments for these services are made by MIGA to IBRD, IDA and IFC based on negotiated fees, charge backs and allocated charges where charge back is not feasible.

MIGA transacts with affiliated organizations by entering into shared service agreements relating to administrative and shared services such as, office occupancy costs, computing services, and communication charges, among others. Transactions with IBRD and IFC include marketing fees paid for referral and due diligence services on jointly-developed guarantee projects. Transactions with IDA include premiums ceded in relation to guarantee projects written under the IDA PSW - MGF.

Total fees paid by MIGA reflected in the Statements of Income for the fiscal year ended June 30, 2023 and June 30, 2022 are as follows:

In thousands of US dollars

	Fisal Year Ended	
	June 30, 2023	June 30, 2022
Fees charged/premium ceded - IBRD/IDA	$ 14,808	$ 12,864
Fees charged by IFC	4,247	4,161

At June 30, 2023 and June 30, 2022, MIGA had the following (payables to) receivables from its affiliated organizations with regard to administrative and other services and pension and other postretirement benefits:

In thousands of US dollars

	June 30, 2023			June 30, 2022		
	Administrative & Other Services[a]	Pension and Other Postretirement Benefits[b]	Total	Administrative & Other Services[a]	Pension and Other Postretirement Benefits[b]	Total
IBRD/IDA	$ (10,648)	$ 27,227	$ 16,579	$ (14,812)	$ 24,600	$ 9,788
IFC	(4,498)	-	(4,498)	(5,398)	-	(5,398)
	$ (15,146)	$ 27,227	$ 12,081	$ (20,210)	$ 24,600	$ 4,390

a. This amount is included in Other liabilities on the Balance Sheet.

b. This amount is included in Other assets on the Balance Sheet.

(Continued)

Notes to Financial Statements

Exposure Exchange with IBRD

During the fiscal year ended June 30, 2014, MIGA entered into an exposure exchange agreement with IBRD under which MIGA and IBRD agreed to exchange $120 million each of notional amount of exposures on their respective balance sheets with one another. Under the agreement, IBRD provided a guarantee on principal and interest pertaining to MIGA's guarantee exposure under its Non-Honoring of Sovereign's Financial Obligation in exchange for MIGA's guarantee on IBRD's loan principal and interest exposure. As of June 30, 2023 and June 30, 2022, the outstanding off-balance sheet amounts relating to this exposure exchange agreement were as follows:

In thousands of US dollars

	June 30, 2023	June 30, 2022
IBRD's exposure in Brazil assumed by MIGA	$ 10,201	$ 21,721
MIGA's exposure in Panama assumed by IBRD	10,720	22,002
Net amount	$ (519)	$ (281)

As of June 30, 2023, there were no recorded liabilities related to MIGA's obligation under the existing exposure exchange agreement with IBRD included in Insurance portfolio reserve on the Balance Sheet ($Nil – June 30, 2022).

IDA18 IFC-MIGA Private Sector Window (PSW)

As of June 30, 2023, the amounts ceded to IDA under the first loss layer totaled $347,205,000 ($271,658,000 – June 30, 2022).

Total premium ceded to IDA and the related ceding commission reflected in the Statements of Income for the fiscal years ended June 30, 2023 and June 30, 2022, are as follows:

In thousands of US dollars

	Fiscal Year Ended	
	June 30, 2023	June 30, 2022
Premium ceded	$ 2,757	$ 1,940
Ceding commission	414	291

(Continued)

Notes to Financial Statements

Note J: Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in Accumulated Other Comprehensive Income (Loss) for the fiscal years ended June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fiscal Year Ended June 30, 2023			
	Cumulative Translation Adjustment[a]	Unrecognized Net Actuarial Losses on Benefit Plans	Unrecognized Prior Service Costs on Benefit Plans	Total Accumulated Other Comprehensive Income
Balance, beginning of fiscal year	$ 3,435	$ (3,802)	$ (495)	$ (862)
Changes during the year:				
Changes in fair value AOCI	-	27,804	-	27,804
Amounts reclassified into net income[b]	-	(307)	220	(87)
Net change during the year	-	27,497	220	27,717
Balance, end of fiscal year	$ 3,435	$ 23,695	$ (275)	$ 26,855

a. Until June 30, 2006, all the currencies of transactions were deemed functional and the related currency transaction adjustments were reflected in Equity through Other Comprehensive Income.
b. See Note G, Pension and Other Post Retirement Benefits.

In thousands of US dollars

	Fiscal Year Ended June 30, 2022			
	Cumulative Translation Adjustment[a]	Unrecognized Net Actuarial Losses on Benefit Plans	Unrecognized Prior Service Costs on Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance, beginning of fiscal year	$ 3,435	$ (40,961)	$ (738)	$ (38,264)
Changes during the year:				
Changes in fair value AOCI	-	36,621	-	36,621
Amounts reclassified into net income[b]	-	538	243	781
Net change during the year	-	37,159	243	37,402
Balance, end of fiscal year	$ 3,435	$ (3,802)	$ (495)	$ (862)

a. Until June 30, 2006, all the currencies of transactions were deemed functional and the related currency transaction adjustments were reflected in Equity through Other Comprehensive Income.
b. See Note G, Pension and Other Post Retirement Benefits.

(Continued)

Notes to Financial Statements

Note K: Fair Value Disclosures

Valuation Methods and Assumptions
As of June 30, 2023 and June 30, 2022, MIGA had no assets or liabilities measured at fair value on a non-recurring basis.

Due from Banks
The carrying amount of unrestricted currencies is considered a reasonable estimate of the fair value of these positions.

Summarized below are the techniques applied in determining the fair value of MIGA's financial instruments.

Investment securities
Investment securities are classified based on management's intention on the date of purchase, their nature, and MIGA's policies governing the level and use of such investments. As of June 30, 2023, all of the financial instruments in MIGA's investment portfolio were classified as trading. These securities are carried and reported at fair value or at face value, which approximates fair value.

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include most government and agency securities, futures contracts, exchange-traded equity securities, ABS and TBA securities. For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the discounted cash flow method using market observable inputs such as yield curves, credit spreads, and constant prepayment rates. Unless quoted prices are available, time deposits are reported at face value, which approximates fair value, as they are short term in nature.

Securities purchased under resale agreements, Securities sold under repurchase agreements, and Securities lent under securities lending agreements
These securities are of a short-term nature and reported at face value, which approximates fair value.

Derivative instruments
Derivative contracts include currency forward contracts, currency swaps, TBAs, swaptions, and exchange-traded options and futures contracts. Currency forward contracts and currency swaps are valued using the discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

(Continued)

Notes to Financial Statements

The following tables present MIGA's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and June 30, 2022:

In thousands of US dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
ASSETS				
Government and agency obligations	$ 123,882	$ 1,229,828	$ -	$ 1,353,710
Time deposits[b]	161,353	535,219	-	696,573
Asset-backed securities	-	43,498	-	43,498
Total investments - Trading[b]	$ 285,235	$ 1,808,545	$ -	$ 2,093,781
Derivative Assets				
Currency forward contracts	$ -	$ 2,081	$ -	$ 2,081
Currency swaps	-	20,875	-	20,875
Interest rate swaps	-	17,488		17,488
Others[a]	66	-	-	66
	$ 66	$ 40,444	$ -	$ 40,510
Less:				
Amounts subject to legally enforceable master netting agreements				3,301
Cash collateral received				31,803
Derivative Assets, net				$ 5,406
LIABILITIES				
Derivative Liabilities				
Currency forward contracts	$ -	$ 70	$ -	$ 70
Currency swaps	-	2,187	-	2,187
Interest rate swaps	-	1,044	-	1,044
	$ -	$ 3,301	$ -	$ 3,301
Less:				
Amounts subject to legally enforceable master netting agreements				3,301
Derivative Liabilities, net				$ -

a. These relate to swaptions, exchange traded options, and future contracts.

b. May differ from the sum of individual figures shown because of rounding.

(Continued)

Notes to Financial Statements

In thousands of US dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2022			
	Level 1	*Level 2*	*Level 3*	*Total*
ASSETS				
Government and agency obligations	$ 388,372	$ 852,364	$ -	$ 1,240,736
Time deposits	35,202	639,426	-	674,628
Asset-backed securities	-	29,105	-	29,105
Total investments - Trading	$ 423,574	$ 1,520,895	$ -	$ 1,944,469
Derivative Assets				
Currency forward contracts	$ -	$ 1,412	$ -	$ 1,412
Currency swaps	-	53,226	-	53,226
Interest rate swaps	-	3,487	-	3,487
Others[a]	2,694	-	-	2,694
	$ 2,694	$ 58,125	$ -	$ 60,819
Less:				
Amounts subject to legally enforceable master netting agreements				2,571
Cash collateral received				53,921
Derivative Assets, net[b]				$ 4,328
LIABILITIES				
Derivative Liabilities:				
Currency forward contracts	$ -	$ 377	$ -	$ 377
Currency swaps	-	1,662	-	1,662
Interest rate swaps	-	810	-	810
	$ -	$ 2,849	$ -	$ 2,849
Less:				
Amounts subject to legally enforceable master netting agreements				2,571
Derivative Liabilities, net				$ 278

a. These relate to swaptions, exchange traded options, and futures contracts.

b. May differ from the sum of individual figures shown because of rounding.

During the fiscal years ended June 30, 2023 and June 30, 2022, there were no transfers within the levels of fair value hierarchy.