



Condensed Quarterly Financial Statements

U N A U D I T E D

September 30, 2024

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Condensed Balance Sheets

Expressed in thousands of US dollars (unless otherwise stated)

	September 30, 2024	June 30, 2024
Assets		
Cash.....	\$ 18,614	\$ 18,265
Investments - Trading (including securities transferred under repurchase agreements) - Notes B and K.....	2,495,111	2,288,610
Derivative assets, net - Notes C and K.....	1,390	3,425
Non-negotiable, non interest - bearing demand obligations - Note D.....	108,431	107,252
Reinsurance recoverable, net - Note F.....	512,728	456,166
Prepaid premium ceded to reinsurers - Note E.....	564,978	457,104
Other assets - Notes B,G and I.....	94,724	97,770
TOTAL ASSETS	\$ 3,795,976	\$ 3,428,592
Liabilities and Shareholders' Equity		
LIABILITIES		
Reserve for claims, gross - Note F.....		
Specific reserves for claims.....	\$ 129,237	\$ 121,740
Insurance portfolio reserve.....	638,585	575,813
Reserve for claims - gross.....	767,822	697,553
Unearned premiums and commissions - Note E.....	888,576	732,017
Derivative liabilities, net - Notes C and K.....	3,116	—
Liabilities for pension and other post-retirement benefits - Note G.....	30,972	30,514
Other liabilities - Notes B, H and I.....	170,146	76,762
TOTAL LIABILITIES	1,860,632	1,536,846
CONTINGENT LIABILITIES - Note E		
SHAREHOLDERS' EQUITY		
Capital stock - Note D		
Authorized capital (186,665 shares - September 30, 2024; 186,665 Shares - June 30, 2024)		
Subscribed capital (177,409 shares - September 30, 2024; 177,409 Shares - June 30, 2024)	1,919,565	1,919,565
Less uncalled portion of subscriptions.....	1,553,274	1,553,274
	366,291	366,291
Retained earnings.....	1,536,624	1,492,869
Accumulated other comprehensive income - Note J.....	32,429	32,586
TOTAL SHAREHOLDERS' EQUITY	1,935,344	1,891,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,795,976	\$ 3,428,592

Condensed Statements of Income

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2024	2023
INCOME		
Net premium income - Note E.....	\$ 36,178	\$ 31,803
Income from investments - Note B.....	34,262	29,353
Miscellaneous income.....	1,713	30
Total income.....	<u>72,153</u>	<u>61,186</u>
EXPENSES		
Increase (decrease) in reserve for claims, net - Note F		
Increase (decrease) in reserves, excluding translation losses (gains)	10,182	(5,311)
Translation losses (gains).....	<u>3,717</u>	<u>(1,439)</u>
Increase (decrease) in reserve for claims, net.....	13,899	(6,750)
Increase (decrease) in allowance for credit losses - Note F.....	59	(46)
Administrative expenses (including Pension service cost) - Notes G and I	20,448	18,188
Pension credit (excluding Pension service cost) - Note G.....	(932)	(1,047)
Translation (gains) losses - Investments and other assets.....	<u>(5,077)</u>	<u>2,012</u>
Increase (decrease) in reserves and total expenses.....	<u>28,398</u>	<u>12,357</u>
NET INCOME.....	<u><u>\$ 43,755</u></u>	<u><u>\$ 48,829</u></u>

Condensed Statements of Comprehensive Income

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2024	2023
NET INCOME.....	\$ 43,755	\$ 48,829
OTHER COMPREHENSIVE INCOME - Note J		
Amortization of unrecognized net actuarial gains.....	(180)	(186)
Amortization of unrecognized prior service costs.....	23	23
Total other comprehensive loss.....	(157)	(163)
COMPREHENSIVE INCOME.....	\$ 43,598	\$ 48,666

Condensed Statements of Changes in Shareholders' Equity

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2024	2023
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.....	1,492,869	1,313,327
Net income.....	43,755	48,829
Ending Balance.....	1,536,624	1,362,156
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance at beginning of the fiscal year.....	32,586	26,855
Other comprehensive loss.....	(157)	(163)
Ending Balance.....	32,429	26,692
TOTAL SHAREHOLDERS' EQUITY	\$ 1,935,344	\$ 1,755,139

Condensed Statements of Cash Flows

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net income.....	\$ 43,755	\$ 48,829
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Increase (decrease) in reserve for claims, net - Note F.....	13,899	(6,750)
Increase (decrease) in allowance for credit losses - Note F.....	59	(46)
Translation (gains) losses - Investments and other assets.....	(5,077)	2,012
Net change in:		
Investments - Trading, net.....	(160,402)	(57,864)
Prepaid premiums ceded to reinsurers.....	(95,068)	11,435
Other assets and liabilities.....	65,359	37,536
Unearned premiums and commissions.....	137,436	(22,215)
Net cash (used in) provided by operating activities	<u>(39)</u>	<u>12,937</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	388	(171)
Net increase in cash.....	349	12,766
Cash at beginning of the fiscal year.....	18,265	10,509
CASH AT END OF THE PERIOD.....	<u>\$ 18,614</u>	<u>\$ 23,275</u>

Notes to Condensed Quarterly Financial Statements

Note A: Summary of Significant Accounting and Related Policies**Basis of Preparation**

These unaudited condensed quarterly financial statements should be read in conjunction with the audited financial statements for the fiscal year ended June 30, 2024 and notes included therein. The condensed comparative information that has been derived from the June 30, 2024 audited financial statements has not been audited.

Multilateral Investment Guarantee Agency's (MIGA or the Agency) condensed quarterly financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accounting policies used in the presentation of the interim statements are consistent with the accounting policies used in the financial statements for the fiscal year ended June 30, 2024.

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 the related reinsurance recoverable.

On November 14, 2024, the Executive Vice President and the Vice President and Chief Risk, Legal & Administrative Officer, authorized the condensed quarterly financial statements for issuance, which was also the date through which MIGA's management evaluated subsequent events.

Accounting and Reporting Developments***Accounting Standards under Evaluation:***

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires additional segment disclosures for public entities, including those with a single reportable segment, such as the significant segment expenses that are regularly provided to the Chief Operating Decision Maker (CODM), the title and position of the CODM, as well as an explanation of how the CODM uses the reported measure of segment profit or loss. All existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to disclosure of significant segment expenses. While not applicable to MIGA, being a non-public entity, the Agency is planning to voluntarily adopt the ASU for the annual period ending June 30, 2025. MIGA is currently evaluating the impact of the ASU on its financial statements.

Note B: Investments

The investment securities held by MIGA are carried and reported at fair value. As of September 30, 2024, the majority of the Investments – Trading is comprised of Government, agency and corporate obligations and Time deposits (59.6% and 36.0%, respectively), with all instruments being classified as Level 1 and Level 2 within the fair value hierarchy.

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Notes to Condensed Quarterly Financial Statements

A summary of MIGA's investment portfolio as of September 30, 2024 and June 30, 2024 is as follows:

In thousands of US dollars

	<i>Fair Value</i>	
	September 30, 2024	June 30, 2024
Government, agency and corporate obligations	\$ 1,486,740	\$ 1,577,388
Time deposits ^a	898,883	567,725
Asset-backed securities (ABS)	109,488	143,497
Total investments - Trading	<u>\$ 2,495,111</u>	<u>\$ 2,288,610</u>

a. Time deposits include certificate of deposit and money market instruments.

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	<i>Fair Value</i>	
	September 30, 2024	June 30, 2024
Investment - Trading	\$ 2,495,111	\$ 2,288,610
Cash held in investment portfolio ^a	5,579	12,092
Receivable for investment securities sold ^b	2,800	1,334
	<u>2,503,490</u>	<u>2,302,037</u>
Derivative assets		
Currency forward contracts	498	18
Currency swaps	7,603	23,524
Interest rate swaps	5,013	24,177
Others ^c	312	339
	<u>13,426</u>	<u>48,058</u>
Derivative liabilities		
Currency forward contracts	(1028)	(274)
Currency swaps	(7,801)	(846)
Interest rate swaps	(1,393)	(964)
	<u>(10,222)</u>	<u>(2,084)</u>
Payable for investment securities purchased ^d	(31,743)	(37)
Payable for cash collateral received	(4,933)	(43,337)
Net investment portfolio ^e	<u>\$ 2,470,018</u>	<u>\$ 2,304,637</u>

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

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

c. These relate to To-Be-Announced (TBA) securities, swaptions, exchange traded options and futures contracts.

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

e. May differ from the sum of individual figures shown on account of rounding.

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Notes to Condensed Quarterly Financial Statements

The following table summarizes the currency composition of MIGA's net investment portfolio as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024		June 30, 2024	
	Carrying Value	%	Carrying Value	%
US Dollars	\$ 2,217,532	89.8	\$ 2,065,357	89.6
Euro	249,095	10.1	236,276	10.3
Other	3,391	0.1	3,004	0.1
	<u>\$ 2,470,018</u>	<u>100.0</u>	<u>\$ 2,304,637</u>	<u>100.0</u>

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 Condensed Statements of Income.

The following table summarizes MIGA's Income from investments during the three months ended September 30, 2024 and September 30, 2023:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Interest income	\$ 25,132	\$ 26,020
Realized gains (losses)	15,584	(957)
Unrealized (losses) gains	(6,454)	4,290
	<u>\$ 34,262</u>	<u>\$ 29,353</u>

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 Condensed Balance Sheet presentation purposes, MIGA presents its securities lending and repurchases, as well as re-sales, on a gross basis. As of September 30, 2024 and June 30, 2024, 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

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Notes to Condensed Quarterly Financial Statements

appropriate by pledging additional collateral. As of September 30, 2024 and June 30, 2024, 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 repledge 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 Condensed Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of September 30, 2024 and June 30, 2024, 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 September 30, 2024. However, market deterioration could cause this to change in future periods.

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 three months ended September 30, 2024 and September 30, 2023:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Interest Income	\$ 1,811	\$ 7,506
Realized gains	3,686	143
Unrealized (losses) gains	(16,968)	2,350
	<u>\$ (11,471)</u>	<u>\$ 9,999</u>

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Notes to Condensed Quarterly Financial Statements

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 September 30, 2024 and June 30, 2024:

In thousands of US dollars

Type of contracts	September 30, 2024	June 30, 2024
Interest rate swaps		
Notional principal	\$ 370,515	\$ 707,319
Credit exposure	5,013	24,178
Currency forward contracts and currency swaps		
Notional principal	523,236	629,657
Credit exposure	8,101	23,542
Exchange traded options and futures ^a		
Notional short position	32,766	36,015
Others ^b		
Notional long position	452,700	—
Credit exposure	298	—

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.

b. These relate to TBA securities.

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.

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Notes to Condensed Quarterly Financial Statements

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on MIGA's Condensed Balance Sheets as of September 30, 2024 and June 30, 2024. 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

	September 30, 2024					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized ^a	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Interest rate swaps	\$ 18,000	\$ (12,987)	\$ 5,013	\$ 13,240	\$ (11,847)	\$ 1,393
Currency forward contracts	82,411	(81,912)	498	54,353	(53,325)	1,028
Currency swaps	183,202	(175,599)	7,603	206,383	(198,582)	7,801
Others ^b	312	-	312	-	-	-
	<u>\$ 283,924</u>	<u>\$ (270,498)</u>	<u>\$ 13,426</u>	<u>\$ 273,976</u>	<u>\$ (263,754)</u>	<u>\$ 10,222</u>
Less:						
Amounts subject to legally enforceable master netting agreement			7,105			7,105
Cash collateral received ^c			<u>4,930</u>			
Net derivative positions on the Condensed Balance Sheet^a			<u>\$ 1,390</u>			<u>\$ 3,116</u>
Less:						
Securities collateral received			<u>406</u>			
Net derivative exposure after collateral			<u>\$ 984</u>			

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

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

c. Does not include excess cash collateral received (\$3 thousand).

In thousands of US dollars

	June 30, 2024					
	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	\$ 79,229	\$ (55,052)	\$ 24,177	\$ 10,964	\$ (10,000)	\$ 964
Currency forward contracts	1,935	(1,917)	18	50,211	(49,937)	274
Currency swaps	496,498	(472,974)	23,524	54,380	(53,534)	846
Others ^a	339	-	339	-	-	-
	<u>\$ 578,001</u>	<u>\$ (529,943)</u>	<u>\$ 48,058</u>	<u>\$ 115,555</u>	<u>\$ (113,471)</u>	<u>\$ 2,084</u>
Less:						
Amounts subject to legally enforceable master netting agreement			2,084			2,084
Cash collateral received ^b			<u>42,548</u>			
Net derivative positions on the Condensed Balance Sheet^c			<u>\$ 3,425</u>			<u>\$ -</u>
Less:						
Securities collateral received			<u>1,869</u>			
Net derivative exposure after collateral^c			<u>\$ 1,557</u>			

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

b. Does not include excess collateral received (\$789 thousand).

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

(Continued)

Notes to Condensed Quarterly Financial Statements

Note D: Capital Stock

At September 30, 2024, MIGA's authorized capital stock comprised 186,665 (186,665 – June 30, 2024) shares, of which 177,409 (177,409 – June 30, 2024) shares had been subscribed. Each share has a par value of \$10,820. Of the subscribed capital as of September 30, 2024, \$366,291,000 (\$366,291,000 – June 30, 2024) has been paid in; and the remaining \$1,553,274,000 (\$1,553,273,977.88 - June 30, 2024) is subject to call.

At September 30, 2024, MIGA had \$108,431,000 (\$107,252,000– June 30, 2024) in the form of non-negotiable, non-interest bearing demand obligations (promissory notes), relating to the initial capital subscriptions.

A summary of the changes in MIGA's authorized, subscribed and paid-in capital during the three months ended September 30, 2024 and fiscal year ended June 30, 2024 is as follows:

	Initial Capital		Capital Increase		Total	
	Shares	(US\$000)	Shares	(US\$000)	Shares	(US\$000)
At September 30, 2024						
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 period	<u>108,106</u>	<u>\$ 1,169,707</u>	<u>78,559</u>	<u>\$ 850,008</u>	<u>186,665</u>	<u>\$ 2,019,715</u>
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 period	<u>108,106</u>	<u>\$ 1,169,707</u>	<u>69,303</u>	<u>\$ 749,858</u>	<u>177,409</u>	<u>\$ 1,919,565</u>
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		<u>\$ 233,941</u>		<u>\$ 132,350</u>		<u>\$ 366,291</u>
At June 30, 2024						
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	<u>108,106</u>	<u>\$ 1,169,707</u>	<u>78,559</u>	<u>\$ 850,008</u>	<u>186,665</u>	<u>\$ 2,019,715</u>
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	<u>108,106</u>	<u>\$ 1,169,707</u>	<u>69,303</u>	<u>\$ 749,858</u>	<u>177,409</u>	<u>\$ 1,919,565</u>
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		<u>\$ 233,941</u>		<u>\$ 132,350</u>		<u>\$ 366,291</u>

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Notes to Condensed Quarterly 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 in-convertibility 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-honoring of a financial obligation 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 \$34,569,007,000 as of September 30, 2024 (\$31,542,880,000 – June 30, 2024).

The composition of MIGA's gross exposure as of September 30, 2024 and June 30, 2024 was as follows:

<i>In thousands of US dollars</i>	September 30, 2024	June 30, 2024
Gross exposure (Maximum amount of contingent liability)	\$ 34,569,007	\$ 31,542,880
Of which:		
Current amounts*	29,100,732	26,545,923
Standby amounts*	2,225,372	2,401,797
Future interest amounts*	3,242,902	2,595,161

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

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Notes to Condensed Quarterly 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 \$29,859,000 as of September 30, 2024 (\$29,859,000 – June 30, 2024).

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 September 30, 2024, 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 September 30, 2024 and June 30, 2024.

In thousands of US dollars

	<u>September 30, 2024</u>	<u>June 30, 2024</u>
CAFEF		
MIGA' gross exposure	\$ 404,051	\$ 401,027
Of which: Amount ceded to the Trust Fund (First and second loss layer)	47,429	48,009
RECTF		
MIGA' gross exposure	\$ 105,532	\$ 61,245
Of which: Amount ceded to the Trust Fund (First loss layer)	14,052	5,643
SURETF		
MIGA' gross exposure	\$ 87,524	\$ 78,557
Of which: Amount ceded to the Trust Fund (First loss layer)	21,254	20,726

(Continued)

Notes to Condensed Quarterly Financial Statements

MIGA also cedes exposure 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 countries and Fragile and Conflict-Affected Situations (FCS). 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 September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024	June 30, 2024
MIGA' gross exposure on projects utilizing IDA PSW-MGF	\$ 2,584,885	\$ 2,562,819
Of which: Amount ceded to IDA	539,040	531,906

The table below provides a reconciliation between MIGA's gross guarantee exposure and net exposure as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024	June 30, 2024
Gross guarantee exposure	\$ 34,569,007	\$ 31,542,880
Less: Ceded exposures		
Facultative and Treaty reinsurers	(23,108,346)	(20,687,976)
CAFEF	(47,429)	(48,009)
IDA PSW - MGF (Note I)	(539,040)	(531,906)
Renewable Energy Catalyst Trust Fund (RECTF)	(14,052)	(5,643)
Support for Ukraine Trust Fund (SURETF)	(21,254)	(20,726)
	<u>(23,730,122)</u>	<u>(21,294,261)</u>
Net guarantee exposure before exposure exchange	<u>10,838,885</u>	<u>10,248,619</u>
Less:		
Exposure Exchange Agreement (Note I)	—	2,268
Net guarantee exposure	<u>\$ 10,838,885</u>	<u>\$ 10,250,887</u>

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of September 30, 2024, total insurance exposure assumed by MIGA, primarily with official investment insurers, amounted to \$60,000,000 (\$60,000,000 – June 30, 2024).

(Continued)

Notes to Condensed Quarterly Financial Statements

Premiums, Fees and Commission

Premiums, fees and commission relating to direct, assumed, and ceded contracts for the three months ended September 30, 2024 and September 30, 2023 were as follows:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Premiums written		
Direct	\$ 184,733	\$ 47,084
Upfront premium contracts ^a	135,938	7,961
Regular guarantee contracts ^b	48,795	39,123
Assumed	165	165
Ceded	(147,198)	(32,753)
Upfront premium contracts ^a	(114,100)	(7,976)
Regular guarantee contracts ^b	(33,098)	(24,777)
	<u>\$ 37,700</u>	<u>\$ 14,496</u>
Gross premium income		
Direct	74,909	65,966
Assumed	165	165
	<u>75,074</u>	<u>66,131</u>
Premium ceded	(52,257)	(45,429)
Net Premium earned	<u>22,817</u>	<u>20,702</u>
Ceding commission and other fees	14,129	12,116
Brokerage and other charges	(768)	(1,015)
Net Premium Income	<u>\$ 36,178</u>	<u>\$ 31,803</u>

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 and other entities as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024	June 30, 2024
Upfront premium contracts ^a	\$ 555,465	\$ 453,141
Regular guarantee contracts ^b	9,513	3,963
	<u>\$ 564,978</u>	<u>\$ 457,104</u>

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 Condensed Quarterly Financial Statements

Unearned Premiums and Commission Fees

The following table summarizes the composition of Unearned premiums and commissions as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024	June 30, 2024
Upfront premium contracts ^a	\$ 831,302	\$ 680,039
Regular guarantee contracts ^b	57,274	51,978
	<u>\$ 888,576</u>	<u>\$ 732,017</u>

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 September 30, 2024, the maximum net exposure which may be assumed by MIGA is \$1,150 million (\$1,000 million – June 30, 2024) in each host country and \$350 million (\$300 million – June 30, 2024) 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, 2024) 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 September 30, 2024, the maximum level of guarantees outstanding (including reinsurance) may not exceed \$41,665,066,000 (\$38,970,664,000 – June 30, 2024).

(Continued)

Notes to Condensed Quarterly 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 September 30, 2024 and June 30, 2024 are as follows:

In thousands of US dollars

	September 30, 2024		June 30, 2024	
	Exposure in Top Five Countries	Exposure in Top Ten Countries	Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	\$ 10,191,473	\$ 15,760,384	\$ 9,745,337	\$ 14,850,490
% of Total Gross Exposure	29.5	45.6	30.9	47.1
Net Exposure	\$ 2,224,151	\$ 3,852,098	\$ 2,148,341	\$ 3,721,248
% of Total Net Exposure	20.5	35.5	21.0	36.3

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 September 30, 2024 and June 30, 2024 are shown in the following table:

In thousands of US dollars

	September 30, 2024			June 30, 2024		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
East Asia & Pacific	\$ 2,356,868	\$ 543,372	5.0	\$ 2,395,322	\$ 557,944	5.4
Europe & Central Asia	8,081,033	2,335,732	21.5	7,565,220	2,267,624	22.1
Latin America & Caribbean	8,875,810	2,107,315	19.4	6,604,303	1,623,791	15.8
Middle East & North Africa	3,823,004	1,096,319	10.1	3,486,211	1,027,690	10.0
South Asia	1,664,052	649,042	6.0	1,702,968	659,433	6.4
Sub-Saharan Africa	9,006,498	3,954,493	36.5	9,059,891	3,968,359	38.7
Regional Development Bank (RDB)	761,741	152,613	1.4	728,966	146,046	1.4
Total ^a	\$34,569,007	\$10,838,885	100.0	\$31,542,880	\$10,250,887	100.0

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

(Continued)

Notes to Condensed Quarterly Financial Statements

The sectoral distribution of MIGA's portfolio at September 30, 2024 and June 30, 2024 are shown in the following table:

In thousands of US dollars

Sector	September 30, 2024			June 30, 2024		
	Gross Exposure ^a	Net Exposure	% of Total Net Exposure ^a	Gross Exposure ^a	Net Exposure ^a	% of Total Net Exposure ^a
Agribusiness	\$ 8,689	\$ 7,680	0.1	\$ 8,715	\$ 7,706	0.1
Construction	909,758	160,564	1.5	610,763	108,218	1.1
Financial	14,013,749	4,381,620	40.4	12,344,014	3,985,327	38.9
Infrastructure	14,942,140	4,437,288	40.9	14,135,389	4,275,468	41.7
Manufacturing	778,888	448,311	4.1	827,341	498,048	4.9
Mining	1,324,988	307,884	2.8	1,324,988	307,884	3.0
Oil and Gas	116,250	90,625	0.8	116,250	90,625	0.9
Services	1,141,562	374,043	3.5	1,109,665	365,847	3.6
Tourism	227,498	227,498	2.1	222,223	222,223	2.2
Trade Finance	1,105,485	403,372	3.7	843,531	389,541	3.8
Total	\$ 34,569,007	\$ 10,838,885	100.0	\$ 31,542,880	\$ 10,250,887	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 September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024			June 30, 2024		
	IPR	Specific Reserve for Claims	Total	IPR	Specific Reserve for Claims	Total
Gross Reserve for Claims	\$ 638,585	\$ 129,237	\$ 767,822	\$ 575,813	\$ 121,740	\$ 697,553
Less: Reinsurance recoverable ^{a,b,c}	(415,860)	(90,552)	(506,411)	(364,296)	(85,804)	(450,100)
Net Reserve for Claims	\$ 222,725	\$ 38,685	\$ 261,411	\$ 211,517	\$ 35,936	\$ 247,453

a. As of September 30, 2024 excludes \$6,317 thousand (June 30, 2024 - \$6,066 thousand) reinsurance recoverable, net of allowance for credit losses of \$4 thousand (June 30, 2024 - \$4 thousand) associated with retroactive reinsurance contracts, which is included in the Reinsurance recoverable, net on the Condensed Balance Sheet.

b. Includes allowance for credit losses of \$531 thousand (June 30, 2024 - \$471 thousand), associated with prospective reinsurance.

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

(Continued)

Notes to Condensed Quarterly Financial Statements

The following table provides the composition of reinsurance recoverables at September 30, 2024 and June 30, 2024:

In thousands of US dollars

		September 30, 2024	June 30, 2024
Prospective reinsurance ^a	IPR	\$ 415,860	\$ 364,296
	Specific Reserve for Claims	90,552	85,804
		<u>506,411</u>	<u>450,100</u>
Retroactive reinsurance ^b	IPR	6,317	6,066
Reinsurance recoverable, net ^c		<u>\$ 512,728</u>	<u>\$ 456,166</u>

a. Includes allowance for credit losses of \$531 thousand (June 30, 2024-\$471 thousand).

b. Includes allowance for credit losses of \$4 thousand (June 30, 2024-\$4 thousand).

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

The net increase (decrease) in reserves for claims reflected in the Condensed Statements of Income for the three months ended September 30, 2024 and September 30, 2023 comprised changes in the Insurance Portfolio Reserve and Specific reserve for claims as follows:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Change in Net Reserves:		
Insurance Portfolio Reserve	\$ 7,432	\$ (3,179)
Specific reserve for claims	2,750	(2,132)
Increase (decrease) in reserves, before translation adjustment ^a	<u>10,182</u>	<u>(5,311)</u>
Foreign currency translation losses (gains)	3,717	(1,439)
Increase (decrease) in reserves, net	<u>\$ 13,899</u>	<u>\$ (6,750)</u>

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

For the three months ended September 30, 2024 and September 30, 2023, 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 to the extent possible 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 Condensed Statements of Income.

(Continued)

Notes to Condensed Quarterly Financial Statements

The change in Insurance Portfolio Reserve before translation adjustments for the three months ended September 30, 2024 and September 30, 2023, were attributable to the following factors:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Changes in portfolio size and risk profile, net	\$ 8,702	\$ 1,475
Changes in discount rate	468	(1,760)
Changes in host country risk ratings, net	(1,738)	(2,894)
Net increase (decrease) in Insurance Portfolio Reserve	<u>\$ 7,432</u>	<u>\$ (3,179)</u>

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, historical default experience of the Trade Finance 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 three months ended September 30, 2024 and fiscal year ended June 30, 2024:

In thousands of US dollars

	Three Months Ended	Fiscal Year Ended
	September 30, 2024	June 30, 2024
Gross IPR, beginning balance	\$ 575,813	\$ 614,017
Less: Reinsurance recoverables	<u>(364,296)</u>	<u>(397,713)</u>
Net IPR, beginning balance	211,517	216,304
Increase (decrease) in reserves before translation adjustments	7,432	(3,084)
Foreign currency translation losses (gains)	<u>3,717</u>	<u>(1,650)</u>
Increase (decrease) in reserves, net of reinsurance ^d	11,148	(4,734)
Increase (decrease) in allowance for credit losses	<u>60</u>	<u>(53)</u>
Net IPR, ending balance ^{ad}	222,725	211,517
Add: Reinsurance recoverables, net ^b	<u>415,860</u>	<u>364,296</u>
Gross IPR, ending balance ^c	<u>\$ 638,585</u>	<u>\$ 575,813</u>

a. As of September 30, 2024 represents 2.1% of Total Net Exposure (June 30, 2024 - 2.1%).

b. As of September 30, 2024, excludes \$6,317 thousand (June 30, 2024 - \$6,066 thousand) reinsurance recoverables associated with retroactive reinsurance contracts which is included in the Reinsurance recoverables, net on the Condensed Balance Sheet.

c. As of September 30, 2024 represents 1.8% of Total Gross Exposure (June 30, 2024 - 1.8%).

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

(Continued)

Notes to Condensed Quarterly 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.

Notes to Condensed Quarterly Financial Statements

The following table provides an analysis of the changes in the gross specific reserve for claims for the three months ended September 30, 2024 and fiscal year ended June 30, 2024:

In thousands of US dollars

	Three Months Ended September 30, 2024	Fiscal Year Ended June 30, 2024
Gross specific reserve for claims, beginning balance	\$ 121,740	\$ 102,193
Less: Reinsurance recoverables, net	(85,804)	(72,038)
Net specific reserve for claims, beginning balance	35,936	30,155
Increase (decrease) in specific reserve for claims, before translation adjustments		
- Current year	204	11,264
- Prior years	2,546	(5,285)
Increase in specific reserve for claims, net of reinsurance	2,750	5,979
Decrease in allowance for credit losses	(1)	(198)
Net specific reserve for claims, ending balance ^a	38,685	35,936
Add: Reinsurance recoverables, net	90,552	85,804
Gross specific reserve for claims, ending balance	<u>\$ 129,237</u>	<u>\$ 121,740</u>

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

The gross Specific Reserve for Claims as of September 30, 2024 and June 30, 2024 comprises:

In thousands of US dollars

	September 30, 2024	June 30, 2024
Reserve for Pending Claims	\$ 124,830	\$ 104,197
Probable loss reserve	4,407	17,543
Gross Specific reserve	<u>\$ 129,237</u>	<u>\$ 121,740</u>

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 'Increase/Decrease in Allowance for credit losses' line on the Condensed 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.

(Continued)

Notes to Condensed Quarterly Financial Statements

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 Condensed Balance Sheets as well as the Condensed Statements of Income in relation to the presentation requirement under CECL:

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

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 September 30, 2024 and June 30, 2024:

In thousands of US dollars

Reinsurer Risk Rating	Allowance for Credit Losses	
	September 30, 2024	June 30, 2024
AAA	\$ 8	\$ 7
AA	82	77
AA-	123	109
A+	260	223
A	53	51
A-	9	8
Total^a	\$ 535	\$ 475

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

(Continued)

Notes to Condensed Quarterly Financial Statements

Accumulated Allowance for Credit Losses

The following table provides an analysis of the changes in the allowance for credit losses during the three months ended September 30, 2024 and fiscal year ended June 30, 2024:

In thousands of US dollars

	Three Months Ended September 30, 2024	Fiscal Year Ended June 30, 2024
Accumulated allowance, beginning of the fiscal year ^a	\$ 475	\$ 728
Increase (decrease) in allowance including retro reinsurance	60	(253)
Accumulated allowance, end of the period ^b	<u>\$ 535</u>	<u>\$ 475</u>
Attributable to:		
Prospective Reinsurance	\$ 531	\$ 471
Retroactive Reinsurance	4	4

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

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

Note G: Pension and Other Post-retirement Benefits

International Bank for Reconstruction and Development (IBRD) is the plan sponsor and MIGA, IBRD and International Finance Corporation (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.

(Continued)

Notes to Condensed Quarterly Financial Statements

The following table summarizes MIGA's respective share of the costs associated with the SRP, RSBP, and PEBP for the three months ended September 30, 2024 and September 30, 2023:

In thousands of US dollars

	Three Months Ended September 30, 2024				Three Months Ended September 30, 2023			
	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Benefit Cost								
Interest cost	\$ 3,615	\$ 504	\$ 400	\$ 4,519	\$ 3,169	\$ 448	\$ 368	\$ 3,985
Expected return on plan assets	(4,556)	(738)	-	(5,293)	(4,202)	(666)	-	(4,868)
Amortization of unrecognized prior service cost ^a	12	6	5	23	12	6	5	23
Amortization of unrecognized net actuarial gains ^a	-	(180)	-	(180)	-	(186)	-	(186)
Net periodic pension (credit) cost, excluding service cost	\$ (929)	\$ (408)	\$ 405	\$ (932)	\$ (1,021)	\$ (398)	\$ 373	\$ (1,046)
Service cost ^b	1,821	423	332	2,576	1,760	411	360	2,531
Net periodic pension cost	\$ 892	\$ 15	\$ 737	\$ 1,644	\$ 739	\$ 13	\$ 733	\$ 1,485

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

b. Included in Administrative Expenses on the Condensed Statement of Income.

Note H: Other Liabilities

The following table provides the composition of other liabilities as of September 30, 2024 and June 30, 2024:

In thousands of US dollars

	September 30, 2024	June 30, 2024
Payable to reinsurers and brokers	\$ 50,877	\$ 23,645
Payable to affiliated organizations - Administrative and other services (Note I)	60,858	23,051
Liabilities for application and processing fees	10,103	10,086
Accrued benefit reserves	9,874	8,979
Premium receipt (future contract periods)	7,176	10,004
Other/Miscellaneous	31,258	996
Other liabilities	\$ 170,146	\$ 76,762

(Continued)

Notes to Condensed Quarterly Financial Statements

Note I: Transactions with Affiliated Organizations

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. Transactions with IBRD and IDA include fees received for guarantee-related services.

Total fees paid by MIGA reflected under Net premium income and Administrative expenses in the Condensed Statements of Income for the three months ended September 30, 2024 and September 30, 2023 are as follows:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Fees charged/premium ceded - IBRD/IDA		
Administrative expenses	\$ 3,529	\$ 3,207
Premium ceded	1,130	807
Fees charged - IFC		
Administrative expenses	\$ 324	\$ 127
Brokerage fees	617	921

Total fees received by MIGA from IBRD/IDA for guarantee-related services reflected under Miscellaneous Income in the Condensed Statements of Income for the three months ended September 30, 2024 and September 30, 2023 are as follows:

	Three Months Ended	
	September 30, 2024	September 30, 2023
Fees received - IBRD/IDA	\$ 1,713	\$ —

At September 30, 2024 and June 30, 2024, 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

	September 30, 2024			June 30, 2024		
	Administrative & Other Services ^a	Pension and Other Postretirement Benefits ^b	Total	Administrative & Other Services ^a	Pension and Other Postretirement Benefits ^b	Total
IBRD/IDA	\$ (54,248)	\$ 31,476	\$ (22,772)	\$ (16,901)	\$ 30,260	\$ 13,359
IFC	(6,610)	—	(6,610)	(6,150)	—	(6,150)
	\$ (60,858)	\$ 31,476	\$ (29,382)	\$ (23,051)	\$ 30,260	\$ 7,209

a. This amount includes guarantee related services and is included in Other liabilities on the Condensed Balance Sheet.

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

(Continued)

Notes to Condensed Quarterly 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 Condensed 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 September 30, 2024 and June 30, 2024, the outstanding off-Condensed Balance Sheets amounts relating to this exposure exchange agreement were as follows:

In thousands of US dollars

	September 30, 2024	June 30, 2024
IBRD's exposure in Brazil assumed by MIGA	\$ —	\$ 2,268
Net amount	\$ —	\$ 2,268

As of September 30, 2024, 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 Condensed Balance Sheets (\$NIL – June 30, 2024).

IDA IFC-MIGA Private Sector Window (PSW)

As of September 30, 2024, the amounts ceded to IDA under a first loss layer and risk participation basis totaled \$539,040,000 (\$531,906,000 – June 30, 2024).

Total premium ceded to IDA and the related ceding commission reflected in the Condensed Statements of Income for the three months ended September 30, 2024 and September 30, 2023, are as follows:

In thousands of US dollars

	Three Months Ended	
	September 30, 2024	September 30, 2023
Premium ceded	\$ 1,130	\$ 807
Ceding commission	169	121

(Continued)

Notes to Condensed Quarterly Financial Statements

Note J: Accumulated Other Comprehensive Loss

The following tables present the changes in Accumulated Other Comprehensive Loss (AOCL) for the three months ended September 30, 2024 and September 30, 2023:

In thousands of US dollars

	Three Months Ended September 30, 2024			
	Cumulative Translation Adjustment ^a	Unrecognized Net Actuarial Losses on Benefit Plans	Unrecognized Prior Service Costs on Benefit Plans	Total Accumulated Other Comprehensive Income (loss)
Balance, beginning of fiscal year	\$ 3,435	\$ 29,334	\$ (183)	\$ 32,586
Changes during the period:				
Amounts reclassified into net income ^b	—	(180)	23	(157)
Net change during period	—	(180)	23	(157)
Balance, end of period	<u>\$ 3,435</u>	<u>\$ 29,154</u>	<u>\$ (160)</u>	<u>\$ 32,429</u>

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

	Three Months Ended September 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 (loss)
Balance, beginning of fiscal year	\$ 3,435	\$ 23,695	\$ (275)	\$ 26,855
Changes during the period:				
Amounts reclassified into net income ^b	—	(186)	23	(163)
Net change during the period	—	(186)	23	(163)
Balance, end of period	<u>\$ 3,435</u>	<u>\$ 23,509</u>	<u>\$ (252)</u>	<u>\$ 26,692</u>

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 Condensed Quarterly Financial Statements

Note K: Fair Value Disclosures*Valuation Methods and Assumptions*

As of September 30, 2024 and June 30, 2024, 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 September 30, 2024, 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.

Notes to Condensed Quarterly 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 September 30, 2024 and June 30, 2024:

In thousands of US dollars

	Fair Value Measurements on a Recurring Basis			
	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
ASSETS				
Government, agency and corporate obligations	\$ 554,435	\$ 932,304	\$ —	\$ 1,486,740
Time deposits ^b	484,966	413,916	—	898,883
Asset-backed securities	—	109,488	—	109,488
Total investments - Trading ^b	<u>\$ 1,039,402</u>	<u>\$ 1,455,709</u>	<u>\$ —</u>	<u>\$ 2,495,111</u>
Derivative Assets				
Currency forward contracts	\$ —	\$ 498	\$ —	\$ 498
Currency swaps	—	7,603	—	7,603
Interest rate swaps	—	5,013	—	5,013
Others ^a	14	298	—	312
	<u>\$ 14</u>	<u>\$ 13,412</u>	<u>\$ —</u>	<u>\$ 13,426</u>
Less:				
Amounts subject to legally enforceable master netting agreements				7,105
Cash collateral received				4,930
Derivative Assets, net^b				<u>\$ 1,390</u>
LIABILITIES				
Derivative Liabilities				
Currency forward contracts	\$ —	\$ 1,028	\$ —	\$ 1,028
Currency swaps	—	7,801	—	7,801
Interest rate swaps	—	1,393	—	1,393
	<u>\$ —</u>	<u>\$ 10,222</u>	<u>\$ —</u>	<u>\$ 10,222</u>
Less:				
Amounts subject to legally enforceable master netting agreements				7,105
Derivative Liabilities, net^b				<u>\$ 3,116</u>

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 Condensed Quarterly Financial Statements

In thousands of US dollars

	<i>Fair Value Measurements on a Recurring Basis</i>			
	<i>As of June 30, 2024</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
ASSETS				
Government, agency and corporate obligations	\$ 98,532	\$ 1,478,856	\$ —	\$ 1,577,388
Time deposits	67,130	500,595	—	567,725
Asset-backed securities	—	143,497	—	143,497
Total investments - Trading	<u>\$ 165,662</u>	<u>\$ 2,122,948</u>	<u>\$ —</u>	<u>\$ 2,288,610</u>
Derivative Assets				
Currency forward contracts	\$ —	\$ 18	\$ —	\$ 18
Currency swaps	—	23,524	—	23,524
Interest rate swaps	—	24,177	—	24,177
Others ^a	339	—	—	339
	<u>\$ 339</u>	<u>\$ 47,719</u>	<u>\$ —</u>	<u>\$ 48,058</u>
Less:				
Amounts subject to legally enforceable master netting agreements				2,084
Cash collateral received				42,548
Derivative Assets, net^b				<u>\$ 3,425</u>
LIABILITIES				
Derivative Liabilities:				
Currency forward contracts	\$ —	\$ 274	\$ —	\$ 274
Currency swaps	—	846	—	846
Interest rate swaps	—	964	—	964
	<u>\$ —</u>	<u>\$ 2,084</u>	<u>\$ —</u>	<u>\$ 2,084</u>
Less:				
Amounts subject to legally enforceable master netting agreements				2,084
Derivative Liabilities, net				<u>\$ —</u>

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 three months ended September 30, 2024 and fiscal year ended June 30, 2024, there were no transfers within the levels of fair value hierarchy.

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INDEPENDENT AUDITOR'S REVIEW REPORT

President and Board of Directors
Multilateral Investment Guarantee Agency:

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed balance sheet of the Multilateral Investment Guarantee Agency ("MIGA") as of September 30, 2024, and the related condensed statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended September 30, 2024, and 2023, and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. 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 review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information 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 interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of June 30, 2024

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2024, and the related statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 7, 2024. In our opinion, the accompanying condensed balance sheet of MIGA as of June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The logo for Deloitte & Touche, featuring the company name in a cursive script.

November 14, 2024