



Condensed Quarterly Financial Statements

U N A U D I T E D

September 30, 2017

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Condensed Balance Sheets

Expressed in thousands of US dollars

	September 30, 2017	June 30, 2017
Assets		
Cash.....	\$ 14,314	\$ 7,076
Investments - Trading (including securities transferred under repurchase agreements) - Note B.....	1,505,680	1,515,121
Derivative assets - Note B.....	231,675	145,823
Non negotiable, non interest - bearing demand obligations - Note C.....	110,191	109,763
Reinsurance recoverable - Note E.....	234,011	223,770
Prepaid premium ceded to reinsurers.....	264,787	271,637
Other assets - Notes B, F and G.....	20,220	57,554
TOTAL ASSETS	\$ 2,380,878	\$ 2,330,744
Liabilities and Shareholders' Equity		
LIABILITIES		
Securities sold under repurchase agreements and payable for cash collateral received - Note B.....	-	\$ 13,040
Derivative liabilities - Note B.....	231,402	150,388
Unearned premiums and commitment fees.....	420,487	433,359
Other liabilities - Notes B, F and G.....	86,511	120,548
Reserve for claims, gross - Note E.....		
Specific reserves for claims.....	3,109	1,488
Insurance portfolio reserve.....	404,554	398,725
Reserve for claims - gross.....	407,663	400,213
TOTAL LIABILITIES	1,146,063	1,117,548
CONTINGENT LIABILITIES - Note D		
SHAREHOLDERS' EQUITY		
Capital stock - Note C		
Authorized capital (186,587 shares - September 30, 2017 and June 30, 2017)		
Subscribed capital (177,331 shares - September 30, 2017 and June 30, 2017)	1,918,721	1,918,721
Less uncalled portion of subscriptions.....	1,552,599	1,552,599
	366,122	366,122
Retained earnings.....	905,344	884,235
Accumulated other comprehensive loss - Note H.....	(36,651)	(37,161)
TOTAL SHAREHOLDERS' EQUITY	1,234,815	1,213,196
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,380,878	\$ 2,330,744

See accompanying notes to condensed quarterly financial statements

Condensed Statements of Income

Expressed in thousands of US dollars

	Three Months Ended September 30,	
	2017	2016
INCOME		
Income from guarantees - Note D.....	\$ 25,785	\$ 24,096
Income from investments - Note B.....	5,775	3,587
Total income.....	<u>31,560</u>	<u>27,683</u>
EXPENSES		
Increase (decrease) in reserves, net - Note E		
(Decrease) in reserves, excluding translation losses.....	(421)	(5,291)
Translation losses.....	<u>2,250</u>	<u>122</u>
Increase (decrease) in reserves, net.....	1,829	(5,169)
Administrative expenses - Note G.....	8,979	9,197
Expenses from pension and other post retirement benefit plans - Notes F and G.....	1,952	2,551
Translation gains - Investments and other assets.....	<u>(2,309)</u>	<u>(75)</u>
Increase (decrease) in reserves and total expenses.....	<u>10,451</u>	<u>6,504</u>
NET INCOME.....	<u>\$ 21,109</u>	<u>\$ 21,179</u>

See accompanying notes to condensed quarterly financial statements

Condensed Statements of Comprehensive Income

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
NET INCOME.....	\$ 21,109	\$ 21,179
OTHER COMPREHENSIVE INCOME - Note H		
Amortization of unrecognized net actuarial losses.....	444	993
Amortization of unrecognized prior service costs.....	66	66
Total other comprehensive income.....	510	1,059
COMPREHENSIVE INCOME.....	\$ 21,619	\$ 22,238

Condensed Statements of Changes in Shareholders' Equity

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
CAPITAL STOCK		
Balance at beginning of the fiscal year.....	\$ 366,122	\$ 366,122
Paid-in subscriptions.....	-	-
Ending Balance.....	366,122	366,122
RETAINED EARNINGS		
Balance at beginning of the fiscal year.....	884,235	684,023
Net income.....	21,109	21,179
Ending Balance.....	905,344	705,202
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of the fiscal year.....	(37,161)	(61,639)
Other comprehensive income.....	510	1,059
Ending Balance.....	(36,651)	(60,580)
TOTAL SHAREHOLDERS' EQUITY	\$ 1,234,815	\$ 1,010,744

See accompanying notes to condensed quarterly financial statements

Condensed Statements of Cash Flows

Expressed in thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net income.....	\$ 21,109	\$ 21,179
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase (decrease) in reserves, net - Note E.....	1,829	(5,169)
Translation gains - Investments and other assets	(2,309)	(75)
Claims paid, net of reinsurance recoveries.....	-	(4,458)
Net change in:		
Investments - Trading, net.....	19,609	(47,996)
Other assets and liabilities.....	(12,907)	307
Unearned premiums and commitment fees.....	(20,280)	37,045
Net cash provided by operating activities	<u>7,051</u>	<u>833</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	187	212
Net Increase in cash.....	7,238	1,045
Cash at beginning of the fiscal year.....	<u>7,076</u>	<u>7,087</u>
CASH AT END OF THE PERIOD.....	<u>\$ 14,314</u>	<u>\$ 8,132</u>

See accompanying notes to condensed quarterly financial statements

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, 2017 and notes included therein. The condensed comparative information that has been derived from the June 30, 2017 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, 2017.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Due to the inherent uncertainty involved in making those estimates, actual results could differ from these estimates. Significant judgment is used in the establishment of the insurance portfolio loss reserve, reinsurance recoverable, valuation of pension and post-retirement benefits-related liabilities and the related net periodic cost of such benefit plans, and in the valuation of certain financial instruments.

On November 13, 2017, the Executive Vice President and Chief Executive Officer and the Director, Finance and Risk, authorized the condensed quarterly financial statements for issuance, which was also the date through which MIGA's management evaluated subsequent events.

Note B: Investments

The investment securities held by MIGA are carried and reported at fair value. As of September 30, 2017, the majority of the Investments – Trading is comprised of Time deposits and Government and agency obligations (51.3% and 36.6%, respectively), with all instruments classified as Level 1 and Level 2 within the fair value hierarchy.

A summary of MIGA's investment portfolio at September 30, 2017 and June 30, 2017 is as follows:

In thousands of US dollars

	<i>Fair Value</i>	
	<i>September 30, 2017</i>	<i>June 30, 2017</i>
Time deposits	\$ 772,902	\$ 863,630
Government and agency obligations	550,855	461,743
Asset-backed securities	181,923	189,748
Total investments - Trading	<u>\$ 1,505,680</u>	<u>\$ 1,515,121</u>

(Continued)

Notes to Condensed Quarterly Financial Statements

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of September 30, 2017, and June 30, 2017:

In thousands of US dollars

	<i>Fair Value</i>	
	<i>September 30, 2017</i>	<i>June 30, 2017</i>
Investment - Trading	\$ 1,505,680	\$ 1,515,121
Cash held in investment portfolio ^a	3,463	2,789
Receivable for investment securities sold ^b	78	36,090
	<u>1,509,221</u>	<u>1,554,000</u>
Derivative assets		
Currency forward contracts	231,650	145,592
Others ^c	25	231
	<u>231,675</u>	<u>145,823</u>
Derivative liabilities		
Currency forward contracts	(231,226)	(150,095)
Others ^c	(176)	(293)
	<u>(231,402)</u>	<u>(150,388)</u>
Payable for investment securities purchased ^d	(7,436)	(19,983)
Securities sold under repurchase agreement and payable for cash collateral received	-	(13,040)
Net investment portfolio	<u>\$ 1,502,058</u>	<u>\$ 1,516,412</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 related to To-Be-Announced (TBA) securities and futures contracts.

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

As of September 30, 2017, investments are denominated primarily in United States dollars with instruments in non-U.S. dollar currencies representing 9.0 percent (8.7 percent – June 30, 2017) of the portfolio, of which the Euro-denominated instruments accounted for 8.8 percent (8.6 percent – June 30, 2017) of the total portfolio.

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.

(Continued)

Notes to Condensed Quarterly Financial Statements

The following table summarizes MIGA's Income from investments during the three months ended September 30, 2017 and September 30, 2016:

In thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
Interest income	\$ 4,836	\$ 4,812
Realized gains (losses)	39	(284)
Unrealized gains (losses)	900	(941)
	<u>\$ 5,775</u>	<u>\$ 3,587</u>

The following table summarizes MIGA's income from derivative instruments, reported as part of Income from investments and included in the table above, which mainly relates to interest rate futures, options, and covered forwards during the three months ended September 30, 2017 and September 30, 2016:

In thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
Interest income	\$ -	\$ 1,039
Realized (losses)	(6,944)	(131)
Unrealized gains	7,629	219
	<u>\$ 685</u>	<u>\$ 1,127</u>

(Continued)

Notes to Condensed Quarterly Financial Statements

Fair Value Disclosures:

The following tables present MIGA's fair value hierarchy for investment assets and liabilities measured at fair value on a recurring basis as of September 30, 2017 and June 30, 2017:

In thousands of US dollars

	<i>Fair Value Measurements on a Recurring Basis As of September 30, 2017</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
ASSETS:				
Time deposits	\$ 29,002	\$ 743,900	\$ -	\$ 772,902
Government and agency obligations	323,650	227,205	-	550,855
Asset backed securities	-	181,923	-	181,923
Total investments - Trading	<u>352,652</u>	<u>1,153,028</u>	<u>-</u>	<u>1,505,680</u>
Derivative assets				
Currency forward contracts	-	231,650	-	231,650
Others ^a	16	9	-	25
Total derivative assets	<u>16</u>	<u>231,659</u>	<u>-</u>	<u>231,675</u>
Total	<u>\$ 352,668</u>	<u>\$ 1,384,687</u>	<u>\$ -</u>	<u>\$ 1,737,355</u>
LIABILITIES:				
Derivative liabilities				
Currency forward contracts	-	231,226	-	231,226
Others ^a	-	176	-	176
Total derivative liabilities	<u>-</u>	<u>231,402</u>	<u>-</u>	<u>231,402</u>
Total	<u>\$ -</u>	<u>\$ 231,402</u>	<u>\$ -</u>	<u>\$ 231,402</u>

a. These relate to TBA securities and futures contracts.

(Continued)

Notes to Condensed Quarterly Financial Statements

In thousands of US dollars

	Fair Value Measurements on a Recurring Basis			
	As of June 30, 2017			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Time deposits	\$ 109,004	\$ 754,626	\$ -	\$ 863,630
Government and agency obligations	276,394	185,349	-	461,743
Asset backed securities	-	189,748	-	189,748
Total investments - Trading	<u>385,398</u>	<u>1,129,723</u>	<u>-</u>	<u>1,515,121</u>
Derivative assets				
Currency forward contracts	-	145,592	-	145,592
Others ^a	30	201	-	231
Total derivative assets	<u>30</u>	<u>145,793</u>	<u>-</u>	<u>145,823</u>
Total	<u>\$ 385,428</u>	<u>\$ 1,275,516</u>	<u>\$ -</u>	<u>\$ 1,660,944</u>
LIABILITIES:				
Securities sold under repurchase agreements	\$ -	\$ 13,040	\$ -	\$ 13,040
Derivative liabilities				
Currency forward contracts	\$ -	\$ 150,095	\$ -	\$ 150,095
Others ^a	-	293	-	293
Total derivative liabilities	<u>-</u>	<u>150,388</u>	<u>-</u>	<u>150,388</u>
Total	<u>\$ -</u>	<u>\$ 163,428</u>	<u>\$ -</u>	<u>\$ 163,428</u>

a. These relate to TBA securities and futures contracts.

Inter-Level Transfers:

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.

There were no inter-level transfers during the three months ended September 30, 2017 or September 30, 2016.

Valuation Methods and Assumptions:

Summarized below are the techniques applied in determining the fair values of investments.

Investment securities and derivatives

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include most government and agency securities, futures contracts, asset-backed securities and TBAs.

For instruments for which marked 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 market 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.

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Notes to Condensed Quarterly Financial Statements

Securities purchased under resale agreements, Securities sold under repurchase agreements, and Securities lent under securities lending agreements

These securities are reported at face value which approximates fair value.

Securities Lending, Borrowing and Repurchases:

MIGA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resale) of government and agency obligations and asset-backed securities. 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 September 30, 2017 and June 30, 2017, there were no amounts which could potentially be offset as a result of legally enforceable master netting arrangements.

The following is a summary of the carrying amount of the securities transferred under repurchase agreements, and the related liabilities as of September 30, 2017 and June 30, 2017:

In thousands of US dollars

	<u>September 30, 2017</u>	<u>June 30, 2017</u>
Securities transferred under repurchase agreements	\$ -	\$ 13,028
Liabilities relating to securities transferred under repurchase agreements	\$ -	\$ 13,040

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.

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Notes to Condensed Quarterly Financial Statements

As of September 30, 2017, there were no repurchase agreements that were accounted for as secured borrowings.

The following table presents the disaggregation of the gross obligation by class of collateral pledged and the remaining contractual maturities for repurchase agreements that were accounted for as secured borrowings as of June 30, 2017:

In thousands of US dollars

	June 30, 2017		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	Up to 30 days	Total
Repurchase or security lending agreements			
Government and agency obligations	\$ 13,040	\$ -	\$ 13,040
Total liabilities relating to securities transferred under repurchase or security lending agreements	\$ 13,040	\$ -	\$ 13,040

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 September 30, 2017, MIGA had received securities with a fair value of \$Nil (\$Nil - June 30, 2017) under resale agreements.

Credit Exposure:

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

Asset backed securities (ABS) are diversified among credit cards, student loans, home equity loans and mortgage backed securities. Since these holdings are investment grade, they do not pose a significant concentration or credit risk to MIGA as of September 30, 2017. However, market deterioration could cause this to change in future periods.

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Notes to Condensed Quarterly Financial Statements

Derivative Instruments:

MIGA uses currency forward contracts to enhance the returns from and manage the currency risk in the investment portfolio.

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 on the Condensed Balance Sheets as of September 30, 2017 and June 30, 2017:

In thousands of US dollars

Type of contracts	September 30, 2017	June 30, 2017
Currency forward contracts		
Credit exposure	\$ 1,633	\$ -
Exchange traded options and futures ^a		
Notional long position	22,000	56,000
Notional short position	28,000	28,000
Others ^b		
Notional long position	47,000	80,000
Notional short position	7,000	49,000
Credit exposure	9	201

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 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.

The presentation of derivative instruments is consistent with the manner in which these instruments are settled, with currency forward contracts settled on a gross basis.

(Continued)

Notes to Condensed Quarterly Financial Statements

The following tables summarize information on derivative receivables and payables (before and after netting adjustments) that are reflected on MIGA's Condensed Balance Sheets as of September 30, 2017 and June 30, 2017. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements and, where applicable, the net derivative asset positions are further reduced by the cash collateral received.

September 30, 2017						
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Currency forward						
contracts	\$ 231,650	\$ -	\$ 231,650	\$ 231,226	\$ -	\$ 231,226
Others ^a	26	(1)	25	176	-	176
	<u>\$ 231,676</u>	<u>\$ (1)</u>	<u>\$ 231,675</u>	<u>\$ 231,402</u>	<u>\$ -</u>	<u>\$ 231,402</u>
Amounts subject to legally enforceable master netting agreement			(230,033)			(230,033)
Net derivative positions at counterparty level			<u>\$ 1,642</u>			<u>\$ 1,369</u>

a. These relate to TBA securities and futures contracts.

June 30, 2017						
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Currency forward						
contracts	\$ 145,592	\$ -	\$ 145,592	\$ 150,095	\$ -	\$ 150,095
Others ^a	252	(21)	231	293	-	293
	<u>\$ 145,844</u>	<u>\$ (21)</u>	<u>\$ 145,823</u>	<u>\$ 150,388</u>	<u>\$ -</u>	<u>\$ 150,388</u>
Amounts subject to legally enforceable master netting agreement			(145,773)			(145,773)
Net derivative positions at counterparty level			<u>\$ 50</u>			<u>\$ 4,615</u>

a. These relate to TBA securities and futures contracts.

(Continued)

Notes to Condensed Quarterly Financial Statements

Note C: Capital Stock

At September 30, 2017, MIGA's authorized capital stock comprised 186,587 (186,587 – June 30, 2017) shares, of which 177,331 (177,331 – June 30, 2017) shares had been subscribed. Each share has a par value of SDR10,000, valued at the rate of \$1.082 per SDR. Of the subscribed capital, as of September 30, 2017, \$366,122,000 (\$366,122,000 – June 30, 2017) has been paid in; and the remaining \$1,552,599,000 (\$1,552,599,000 - June 30, 2017) is subject to call.

At September 30, 2017, MIGA had \$110,191,000 (\$109,763,000 – June 30, 2017) in the form of non-negotiable, non-interest bearing demand obligations (promissory notes).

A summary of the changes in MIGA's authorized, subscribed and paid-in capital during the three months ended September 30, 2017 and fiscal year ended June 30, 2017 is as follows:

	Initial Capital		Capital Increase		Total	
	Shares	(US\$000)	Shares	(US\$000)	Shares	(US\$000)
For three months ended September 30, 2017						
Authorized:						
At beginning of fiscal year	108,028	\$ 1,168,863	78,559	\$ 850,008	186,587	\$ 2,018,871
New membership	-	-	-	-	-	-
At end of period	<u>108,028</u>	<u>\$ 1,168,863</u>	<u>78,559</u>	<u>\$ 850,008</u>	<u>186,587</u>	<u>\$ 2,018,871</u>
Subscribed:						
At beginning of fiscal year	108,028	\$ 1,168,863	69,303	\$ 749,858	177,331	\$ 1,918,721
New membership	-	-	-	-	-	-
At end of period	<u>108,028</u>	<u>\$ 1,168,863</u>	<u>69,303</u>	<u>\$ 749,858</u>	<u>177,331</u>	<u>\$ 1,918,721</u>
Uncalled portion of the Subscription		(935,091)		(617,508)		(1,552,599)
Paid-in Capital		<u>\$ 233,772</u>		<u>\$ 132,350</u>		<u>\$ 366,122</u>
For the fiscal year ended June 30, 2017						
Authorized:						
At beginning of fiscal year	108,028	\$ 1,168,863	78,559	\$ 850,008	186,587	\$ 2,018,871
New membership	-	-	-	-	-	-
At end of fiscal year	<u>108,028</u>	<u>\$ 1,168,863</u>	<u>78,559</u>	<u>\$ 850,008</u>	<u>186,587</u>	<u>\$ 2,018,871</u>
Subscribed:						
At beginning of fiscal year	108,028	\$ 1,168,863	69,303	\$ 749,858	177,331	\$ 1,918,721
New membership	-	-	-	-	-	-
At end of fiscal year	<u>108,028</u>	<u>\$ 1,168,863</u>	<u>69,303</u>	<u>\$ 749,858</u>	<u>177,331</u>	<u>\$ 1,918,721</u>
Uncalled portion of the Subscription		(935,091)		(617,508)		(1,552,599)
Paid-in Capital		<u>\$ 233,772</u>		<u>\$ 132,350</u>		<u>\$ 366,122</u>

(Continued)

Notes to Condensed Quarterly Financial Statements

Note D: Guarantees***Guarantee Program***

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 financial obligation by a state-owned enterprise.

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 or the arbitration award.

Contingent Liability

The maximum amount of contingent liability (gross exposure) of MIGA under guarantees issued and outstanding at September 30, 2017 totaled \$18,095,921,000 (\$17,777,533,000 – June 30, 2017). 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. MIGA is currently at risk for amounts placed on current. The maximum amount of contingent liability is MIGA's maximum exposure to insurance claims, which includes standby and future interest coverage for which MIGA is committed but not currently at risk. At September 30, 2017, MIGA's actual exposure to insurance claims, exclusive of standby and future interest coverage is \$13,754,664,000 (\$13,635,830,000 – June 30, 2017).

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 and outstanding as of September 30, 2017, totaled \$21,505,300 (\$22,815,093 – June 30, 2017).

In addition, MIGA administers the Conflict Affected and Fragile Economies Facility (CAFEF), a donor partner-funded trust fund established in April 2013. Under the CAFEF reinsurance structure, MIGA issues guarantees and cedes to the CAFEF an initial loss layer, for eligible projects. As of September 30, 2017, out of \$369,400,600 (\$366,744,000 – June 30, 2017) in gross exposure under this arrangement on MIGA's own account, amounts ceded to CAFEF under the initial loss layer totaled \$26,408,000 (\$26,195,000 – June 30, 2017).

Reinsurance

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

(Continued)

Notes to Condensed Quarterly Financial Statements

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, 2017, 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.

Of the \$18,095,921,000 outstanding contingent liability (gross exposure) as at September 30, 2017 (\$17,777,533,000 – June 30, 2017), \$11,297,806,000 (\$10,969,771,000 – June 30, 2017) was ceded through contracts of reinsurance and \$26,408,000 (\$26,195,000 – June 30, 2017) was ceded to CAFEF. After adjusting for the impact of the Exposure Exchange Agreement with IBRD (See Note G, Transactions with Affiliated Organizations) of \$4,161,000 (\$1,190,000 – June 30, 2017) the net exposure amounted to \$6,767,546,000 as at September 30, 2017 (\$6,780,377,000 – June 30, 2017).

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of September 30, 2017, total insurance assumed by MIGA, primarily with official investment insurers, amounted to \$210,302,100 (\$210,302,000 – June 30, 2017).

Premiums, fees and commission relating to direct, assumed, and ceded contracts for the three months ended September 30, 2017 and September 30, 2016 were as follows:

In thousands of US dollars

	Three Months Ended	
	September 30,	
	2017	2016
Premiums written		
Direct	\$ 39,546	\$ 73,040
Assumed	84	94
Ceded	(25,129)	(58,580)
	<u>14,501</u>	<u>14,554</u>
Premium income		
Direct	50,285	42,866
Assumed	501	517
	<u>\$ 50,786</u>	<u>\$ 43,383</u>
Premium ceded	(31,399)	(23,973)
Ceding commission and other fees	7,772	5,983
Brokerage and other charges	(1,374)	(1,297)
Income from guarantees	<u>\$ 25,785</u>	<u>\$ 24,096</u>

(Continued)

Notes to Condensed Quarterly Financial Statements

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, 2017, the maximum net exposure which may be assumed by MIGA is \$820 million (\$820 million – June 30, 2017) in each host country and \$250 million (\$250 million – June 30, 2017) 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 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, 2017, the maximum level of guarantees outstanding (including reinsurance) may not exceed \$26,158,636,000 (\$25,721,471,000 – June 30, 2017).

(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, 2017 and June 30, 2017 are as follows:

In thousands of US dollars

	September 30, 2017		June 30, 2017	
	Exposure in Top Five Countries	Exposure in Top Ten Countries	Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	\$ 6,948,430	\$ 10,219,168	\$ 6,753,653	\$ 9,994,280
% of Total Gross Exposure	38.4	56.5	38.0	56.2
Net Exposure	\$ 1,752,155	\$ 2,940,777	\$ 1,745,952	\$ 2,934,791
% of Total Net Exposure	25.9	43.5	25.8	43.3

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, 2017 and June 30, 2017 is as follows:

In thousands of US dollars

	September 30, 2017			June 30, 2017		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
East Asia & Pacific	\$ 2,411,317	\$ 576,071	8.5	\$ 2,422,523	\$ 578,028	8.5
Europe & Central Asia	6,086,801	2,195,624	32.5	5,854,850	2,172,134	32.0
Latin America & Caribbean	3,122,008	1,375,442	20.3	2,893,696	1,292,398	19.1
Middle East & North Africa	853,081	494,926	7.3	876,898	495,375	7.3
South Asia	1,034,579	486,729	7.2	991,484	479,909	7.1
Sub-Saharan Africa	4,588,135	1,638,754	24.2	4,738,082	1,762,533	26.0
	\$ 18,095,921	\$ 6,767,546	100.0	\$ 17,777,533	\$ 6,780,377	100.0

(Continued)

Notes to Condensed Quarterly Financial Statements

The sectoral distribution of MIGA's portfolio at September 30, 2017 and June 30, 2017 is shown in the following table:

In thousands of US dollars

Sector	September 30, 2017			June 30, 2017		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
Agribusiness	\$ 79,527	\$ 78,090	1.2	\$ 74,709	\$ 74,412	1.1
Financial	6,228,714	2,147,652	31.7	5,905,097	2,016,773	29.7
Infrastructure	8,432,601	3,310,932	48.9	8,504,159	3,389,322	50.0
Manufacturing	421,406	331,969	4.9	500,179	409,601	6.0
Mining	965,570	147,249	2.2	965,570	147,249	2.2
Oil and Gas	936,061	335,389	5.0	964,665	339,458	5.0
Services and Tourism	1,032,042	416,265	6.1	863,154	403,562	6.0
	<u>\$ 18,095,921</u>	<u>\$ 6,767,546</u>	<u>100.0</u>	<u>\$ 17,777,533</u>	<u>\$ 6,780,377</u>	<u>100.0</u>

Note E: Reserve for Claims and other Exposures

MIGA's gross reserve for claims and other exposures at September 30, 2017 amounted to \$407,663,000 (\$400,213,000 - June 30, 2017) and the related reinsurance recoverables amounted to \$234,011,000 (\$223,770,000 - June 30, 2017).

The following table provides an analysis of the changes in the gross reserve for claims and other exposures for the three months ended September 30, 2017 and fiscal year ended June 30, 2017:

In thousands of US dollars

	Three Months Ended September 30, 2017	Fiscal Year Ended June 30, 2017
Gross reserve balance	\$ 400,213	\$ 545,501
Less: Reinsurance recoverables	(214,181)	(200,353)
Net reserve balance, beginning of the year	186,032	345,148
Decrease in reserves before translation gains	(421)	(152,298)
Foreign currency translation losses (gains)	2,250	(2,038)
Increase (decrease) in reserves, net of reinsurance	1,829	(154,336)
Less: Claims paid	-	(4,780)
Net reserve balance ^a	187,861	186,032
Add: Reinsurance recoverables ^b	219,802	214,181
Gross reserve balance, end of the period ^c	<u>\$ 407,663</u>	<u>\$ 400,213</u>

a. As of September 30, 2017 represents 2.8% of Total Net Exposure (June 30, 2017 - 2.8%).

b. As of September 30, 2017, excludes \$14,210K (June 30, 2017 - \$9,589K) reinsurance recoverables associated with retroactive reinsurance contracts which is included in the Reinsurance recoverables on the Condensed Balance Sheet.

c. As of September 30, 2017 represents 2.3% of Total Gross Exposure (June 30, 2017 - 2.3%).

(Continued)

Notes to Condensed Quarterly Financial Statements

The net increase (decrease) in reserves for claims for the three months ended September 30, 2017 and September 30, 2016 reflected the following changes in the Insurance portfolio reserve and Specific reserve for claims:

In thousands of US dollars

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
<i>Increase (decrease) in Net Reserves:</i>		
Insurance Portfolio reserve	\$ (2,042)	\$ (5,291)
Specific reserve for claims	1,621	-
Decrease in reserves, before translation adjustments	(421)	(5,291)
Foreign currency translation adjustments	2,250	122
Increase (decrease), net	<u>\$ 1,829</u>	<u>\$ (5,169)</u>

During the three months ended September 30, 2017, MIGA's claims reserving methodology and the related assumptions remained unchanged. Excluding translation effects, the \$421,000 net decrease in reserve largely reflects the impact of reduction in Insurance Portfolio reserve resulting from the decrease in net guarantee exposure and increase in discount rates, partially offset by an increase in specific reserve for claims. The \$5,291,000 decrease during the comparative period was attributable to the combined effect of the decrease in net guarantee exposure and net host country risk rating upgrades.

The foreign currency translation adjustment reflects the impact on MIGA's claim reserve arising from the revaluation of guarantee contracts denominated in currencies other than US dollar. The foreign currency translation impact on claim reserve is effectively managed through MIGA's system for managing exposures to foreign currencies by holding equivalent amounts in the Investment portfolio. The amount by which the reserve increases (decreases) as a result of translation adjustment is offset by the translation gains (losses) on MIGA's investment portfolio and other assets, reported on the Condensed Statements of Income.

Reinsurance Recoverables

The following table provides an analysis of the composition of reinsurance recoverables on the Condensed Balance Sheet at September 30, 2017 and June 30, 2017:

In thousands of US dollars

	September 30, 2017	June 30, 2017
Prospective reinsurance	\$ 219,802	\$ 214,181
Retroactive reinsurance	14,209	9,589
	<u>\$ 234,011</u>	<u>\$ 223,770</u>

As of September 30, 2017, the deferred gains reflecting the shortfall between the retroactive reinsurance contracts associated reserves and the related premium ceded totaled \$9,054,100 (\$5,013,500 – June 30, 2017), and is included in Other liabilities on the Condensed Balance Sheets.

(Continued)

Notes to Condensed Quarterly Financial Statements

Specific Reserve for Claims

The specific reserve for claims is composed of reserves for pending claims and reserves for contracts where a claimable event, or events that may give rise to a claimable event, may have occurred, but in relation to which no claim has been filed, but where a loss is probable. 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. At September 30, 2017, the specific reserves amounted to \$3,109,000 (\$1,488,000 – June 30, 2017).

The following table shows how the estimates of the specific reserves for each reporting period have developed over the past reporting periods:

Specific Reserve development

<i>In thousands of US dollars</i>										
Reporting Period	Up to FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 Q1
Estimate of cumulative - claims:										
At end of reporting period	25,704	30,300	5,000	4,200	5,200	-	403	4,458	1,810	3,109
One year later	10,004	2,900	-	9,100	268	-	-	-	-	-
Two years later	9,913	-	-	5,932	273	-	-	-	-	-
Three years later	4,704	-	-	4,781	-	-	-	-	-	-
Four years later	4,604	-	-	-	-	-	-	-	-	-
Five years later	1,204	-	-	-	-	-	-	-	-	-
Six years later	13	-	-	-	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-	-	-	-	-

Specific reserves at September 30, 2017

Reporting Period	Up to FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 Q1	Total
Estimate of cumulative claims at July 1	1,204	-	-	4,781	273	-	403	4,458	1,810	1,621	14,550
Cumulative payments	(1,204)	-	-	(4,781)	(273)	-	(403)	-	(4,780)	-	(11,441)
Specific reserves at September 30, 2017	-	-	-	-	-	-	-	4,458	(2,970)	1,621	3,109

(Continued)

Notes to Condensed Quarterly Financial Statements

Note F: Pension and Other Post Retirement Benefits

MIGA, International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC) participate in a defined benefit Staff Retirement Plan (SRP), a Retired Staff Benefits Plan (RSBP) and a Post-Employment Benefits Plan (PEBP) that cover substantially all of their staff members.

The SRP provides regular pension benefits and includes a cash balance plan. The regular pension benefit component provides a final salary guaranteed benefit or equivalent annuity, while the cash balance plan provides benefits equal to the amounts contributed by both the employer and the employee plus investment returns, or equivalent annuity. The RSBP provides certain health and life insurance benefits to eligible retirees. The PEBP provides certain pension benefits administered outside the SRP.

Responsibility for governance of the plans, including overseeing all aspects of the plans including investment decisions and contribution rates, lies with the IBRD's Pension Financial Committee.

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 following tables summarizes MIGA's respective share of the costs associated with the SRP, RSBP, and PEBP for the three months ended September 30, 2017 and September 30, 2016:

In thousands of US dollars

Benefit Cost	Three Months Ended September 30, 2017				Three Months Ended September 30, 2016			
	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Service cost	\$ 1,570	\$ 356	\$ 295	\$ 2,221	\$ 1,641	\$ 357	\$ 289	\$ 2,287
Interest cost	1,811	284	223	2,318	1,611	258	190	2,059
Expected return on plan assets	(2,729)	(368)	-	(3,097)	(2,530)	(324)	-	(2,854)
Amortization of unrecognized prior service cost ^a	15	45	6	66	15	45	6	66
Amortization of unrecognized net actuarial losses ^a	211	-	233	444	690	57	246	993
Net periodic pension cost	\$ 878	\$ 317	\$ 757	\$ 1,952	\$ 1,427	\$ 393	\$ 731	\$ 2,551

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

(Continued)

Notes to Condensed Quarterly Financial Statements

Note G: Transactions with Affiliated Organizations

MIGA contributes its share of the World Bank Group's corporate costs. Payments for these services are made by MIGA to IBRD, International Development Association (IDA) and IFC based on negotiated fees, charge backs and allocated charges where charge back is not feasible. Transactions with IBRD and IFC also include brokerage fees paid for referral and due diligence services on guarantee projects.

Total fees paid by MIGA reflected in the Condensed Statements of Income during the three months ended September 30, 2017 and September 30, 2016 are as follows:

In thousands of US dollars

	Three Months Ended September 30,	
	2017	2016
Fees charged by IBRD/IDA	\$ 1,845	\$ 1,912
Fees charged by IFC	221	128

At September 30, 2017 and June 30, 2017, MIGA had the following (payables to) receivables from its affiliated organizations regarding administrative and other services, and pension and other postretirement benefits:

In thousands of US dollars

	September 30, 2017			June 30, 2017		
	Administrative & Other Services ^a	Pension and Other Postretirement Benefits ^b	Total	Administrative & Other Services ^a	Pension and Other Postretirement Benefits ^b	Total
IBRD	\$ (5,053)	\$ 11,165	\$ 6,112	\$ (11,891)	\$ 10,760	\$ (1,131)
IFC	(6,012)	-	(6,012)	(6,363)	-	(6,363)
	\$ (11,065)	\$ 11,165	\$ 100	\$ (18,254)	\$ 10,760	\$ (7,494)

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

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

(Continued)

Notes to Condensed Quarterly Financial Statements

Exposure Exchange Agreement with IBRD

During FY14, MIGA entered into an exposure exchange agreement with IBRD under which MIGA and IBRD agreed to exchange \$120 million each of notional amount of exposure 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 September 30, 2017, and June 30, 2017, the outstanding off-balance sheets amounts relating to the exposure exchange agreement were as follows:

In thousands of US dollars

	September 30, 2017	June 30, 2017
IBRD's exposure assumed by MIGA	\$ 78,233	\$ 84,625
MIGA's exposure assumed by IBRD	82,394	85,815
Net amount	<u>\$ (4,161)</u>	<u>\$ (1,190)</u>

As of September 30, 2017, the recorded liabilities related to MIGA's obligation under the existing exposure exchange agreement with IBRD amounted to \$864,000 (\$600,000 – June 30, 2017) and is included in Insurance portfolio reserve on the Condensed Balance Sheets.

Note H: Accumulated Other Comprehensive Loss

The following tables present the changes in Accumulated Other Comprehensive Loss (AOCL) for the three months ended September 30, 2017 and September 30, 2016:

In thousands of US dollars

	Three Months Ended September 30, 2017			
	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	\$ (38,851)	\$ (1,745)	\$ (37,161)
Changes during the Period ^b :				
Amounts reclassified into net income ^c	-	444	66	510
Net change during the period	-	444	66	510
Balance, end of period	<u>\$ 3,435</u>	<u>\$ (38,407)</u>	<u>\$ (1,679)</u>	<u>\$ (36,651)</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. Changes in fair value relating to provision and other post-retirement benefit plans are assessed annually.

c. See Note F, Pension and Other Post Retirement Benefits.

(Continued)

Notes to Condensed Quarterly Financial Statements

In thousands of US dollars

	Three Months Ended September 30, 2016			
	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	\$ (63,071)	\$ (2,003)	\$ (61,639)
Changes during the Period ^b :				
Amounts reclassified into net income ^c	-	993	66	1,059
Net change during the period	-	993	66	1,059
Balance, end of period	\$ 3,435	\$ (62,078)	\$ (1,937)	\$ (60,580)

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. Changes in fair value relating to provision and other post-retirement benefit plans are assessed annually.

c. See Note F, Pension and Other Post Retirement Benefits.



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Independent Auditors' Review Report

President and Board of Directors
Multilateral Investment Guarantee Agency:

Report on the Financial Statements

We have reviewed the condensed financial statements of the Multilateral Investment Guarantee Agency (MIGA), which comprise the condensed balance sheet as of September 30, 2017, the related condensed statements of income and comprehensive income for the three-month periods ended September 30, 2017 and 2016, and the condensed statements of changes in shareholders' equity and cash flows for the three-month periods ended September 30, 2017 and 2016.

Management's Responsibility

MIGA's management is responsible for the preparation and fair presentation of the condensed financial information in accordance with U.S. generally accepted accounting principles; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with U.S. generally accepted accounting principles.

Auditors' Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America 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. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the condensed financial information referred to above for it to be in accordance with U.S. generally accepted accounting principles.

Report on Condensed Balance Sheet as of June 30, 2017.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2017, 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 3, 2017. In our opinion, the accompanying condensed balance sheet of MIGA as of June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Washington, D.C.
November 13, 2017