Multilateral Investment Guarantee Agency
WORLD BANK GROUP

Condensed Quarterly Financial Statements

UNAUDITED

December 31, 2023

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Condensed Balance Sheets

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

	December 31, 2023	June 30, 2023
Assets		
Cash	$ 28,616	$ 10,509
Investments - Trading (including securities transferred under repurchase agreements) - Notes B and K	2,175,424	2,093,781
Derivative assets, net - Notes C and K	-	5,406
Non-negotiable, non interest - bearing demand obligations - Note D	108,174	107,856
Reinsurance recoverable, net - Note F	537,015	477,643
Prepaid premium ceded to reinsurers - Note E	496,054	437,514
Other assets - Notes B,G and I	177,851	136,340
TOTAL ASSETS	$ 3,523,134	$ 3,269,049
Liabilities and Shareholders' Equity		
LIABILITIES		
Reserve for claims, gross - Note F		
Specific reserves for claims	$ 132,633	$ 102,193
Insurance portfolio reserve	653,717	614,017
Reserve for claims - gross	786,350	716,210
Derivative liabilities, net - Notes C and K	8,847	-
Unearned premiums and commissions - Note E	787,776	703,648
Liabilities for pension and other post-retirement benefits - Note G	31,653	30,660
Other liabilities - Notes B, H and I	116,861	112,058
TOTAL LIABILITIES	1,731,487	1,562,576
CONTINGENT LIABILITIES - Note E		
SHAREHOLDERS' EQUITY		
Capital stock - Note D		
Authorized capital (186,665 shares, December 31, 2023 and June 30, 2023)		
Subscribed capital (177,409 shares, December 31, 2023 and June 30, 2023)	1,919,565	1,919,565
Less uncalled portion of subscriptions	1,553,274	1,553,274
	366,291	366,291
Retained earnings	1,398,827	1,313,327
Accumulated other comprehensive income - Note J	26,529	26,855
TOTAL SHAREHOLDERS' EQUITY	1,791,647	1,706,473
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,523,134	$ 3,269,049

Condensed Statements of Income

Expressed in thousands of US dollars

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
INCOME				
Net premium income - Note E	$ 34,182	$ 29,909	$ 65,985	$ 60,313
Income from investments - Note B	32,022	18,465	61,375	22,315
Miscellaneous income	28	53	58	102
Total income	66,232	48,427	127,418	82,730
EXPENSES				
Increase in reserve for claims, net - Note F				
Increase (decrease) in reserves, excluding translation gains	13,935	(137)	8,624	6,597
Translation losses	3,050	4,955	1,611	908
Increase in reserve for claims, net	16,985	4,818	10,235	7,505
(Decrease) increase in allowance for credit losses - Note F	(40)	131	(86)	145
Administrative expenses (including Pension service cost) - Notes G and I	17,467	17,078	35,654	35,367
Pension credit (excluding Pension service cost) - Note G	(1,046)	(1,133)	(2,092)	(2,268)
Translation gains - Investments and other assets	(3,805)	(6,940)	(1,793)	(1,857)
Increase in reserves and total expenses	29,561	13,954	41,918	38,892
NET INCOME	$ 36,671	$ 34,473	$ 85,500	$ 43,838

See accompanying notes to the financial statements

Condensed Statements of Comprehensive Income

Expressed in thousands of US dollars

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
NET INCOME………	$ 36,671	$ 34,473	$ 85,500	$ 43,838
OTHER COMPREHENSIVE LOSS - Note J				
Amortization of unrecognized net actuarial gains	(187)	(77)	(373)	(154)
Amortization of prior service costs ……………...............	24	55	47	111
Total other comprehensive loss …………...................	(163)	(22)	(326)	(43)
COMPREHENSIVE INCOME…………………………….	$ 36,508	$ 34,451	$ 85,174	$ 43,795

Condensed Statements of Changes in Shareholders' Equity

Expressed in thousands of US dollars

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
CAPITAL STOCK		
Balance at beginning of the fiscal year……………………………………..	$ 366,291	$ 366,291
Paid-in subscriptions…………………………………………………………	-	-
Ending Balance………………………………………………………………	366,291	366,291
RETAINED EARNINGS		
Balance at beginning of the fiscal year………………………………………	1,313,327	1,173,935
Net income…………………………………………………………………..	85,500	43,838
Ending Balance………………………………………………………………	1,398,827	1,217,773
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Balance at beginning of the fiscal year……………………………………..	26,855	(862)
Other comprehensive loss…………………………………………................	(326)	(43)
Ending Balance………………………………………………………………	26,529	(905)
TOTAL SHAREHOLDERS' EQUITY	$ 1,791,647	$ 1,583,159

See accompanying notes to the financial statements

Condensed Statements of Cash Flows

Expressed in thousands of US dollars

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 85,500	$ 43,838
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Increase in reserve for claims, net of claims paid - Note F	10,235	7,223
(Decrease) increase in allowance for credit losses - Note F	(86)	145
Translation gains - Investments and other assets	(1,793)	(1,857)
Net change in:		
Investments - Trading, net	(85,720)	(44,563)
Prepaid premiums ceded to reinsurers	(52,965)	26,056
Other assets and liabilities	(13,194)	(7,421)
Unearned premiums and commission fees	75,869	(39,126)
Net cash provided by (used in) operating activities	17,846	(15,705)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	261	1,385
Net increase (decrease) in cash	18,107	(14,320)
Cash at beginning of the fiscal year	10,509	28,250
CASH AT END OF THE PERIOD	$ 28,616	$ 13,930

Notes to 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, 2023 and notes included therein. The condensed comparative information that has been derived from the June 30, 2023 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, 2023.

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 February 12, 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.

Reporting Development

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 reportable segment disclosures, including disclosures about significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and the title and position of the CODM. The guidance is applied retrospectively to all periods presented in the financial statements. For MIGA, the ASU will be effective for the annual period ending June 30, 2025 (annual statements of fiscal year 2025) and applies to both annual and interim financial statements. Early adoption is permitted. MIGA is currently evaluating the impact of the ASU on its financial statements.

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Notes to Financial Statements

Note B: Investments

The investment securities held by MIGA are carried and reported at fair value. As of December 31, 2023, the majority of the Investments – Trading is comprised of Government and agency obligations and Time deposits (67.0% and 29.7%, respectively), with all instruments being classified as Level 1 and Level 2 within the fair value hierarchy.

A summary of MIGA's investment portfolio as of December 31, 2023 and June 30, 2023 is as follows:

In thousands of US dollars

	Fair Value	
	December 31, 2023	June 30, 2023
Government and agency obligations	$ 1,458,619	$ 1,353,710
Time deposits	646,356	696,573
Asset-backed securities (ABS)	70,449	43,498
Total investments - Trading	$ 2,175,424	$ 2,093,781

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	Fair Value	
	December 31, 2023	June 30, 2023
Investment - Trading	$ 2,175,424	$ 2,093,781
Cash held in investment portfolio[a]	7,181	6,271
Receivable for investment securities sold[b]	7,880	1,951
	2,190,485	2,102,003
Derivative assets		
Currency forward contracts	-	2,081
Currency swaps	11,277	20,875
Interest rate swaps	16,555	17,488
Others[c]	-	66
	27,832	40,510
Derivative liabilities		
Currency forward contracts	(7,281)	(70)
Currency swaps	(16,610)	(2,187)
Interest rate swaps	(1,523)	(1,044)
Others[c]	(42)	-
	(25,456)	(3,301)
Payable for investment securities purchased[d]	(28)	(16,501)
Payable for cash collateral received	(12,225)	(32,542)
Net investment portfolio[e]	$ 2,180,609	$ 2,090,168

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 swaptions 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 because of rounding.

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Notes to Financial Statements

The following table summarizes the currency composition of MIGA's net investment portfolio as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023		June 30, 2023	
	Carrying Value	%	Carrying Value	%
US Dollars	$ 1,993,406	91.4	$ 1,911,138	91.4
Euro	184,026	8.4	176,115	8.4
Other	3,177	0.2	2,915	0.2
	$ 2,180,609	100.0	$ 2,090,168	100.0

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 Condensed Statements of Income.

The following table summarizes MIGA's Income from investments during the three and six months ended December 31, 2023 and December 31, 2022:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Interest income	$ 26,904	$ 14,643	$ 52,924	$ 23,991
Realized gains (losses)	3,577	(2,284)	2,620	(570)
Unrealized gains (losses)	1,541	6,106	5,831	(1,106)
	$ 32,022	$ 18,465	$ 61,375	$ 22,315

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 December 31, 2023 and June 30, 2023, there were no amounts which could potentially be offset as a result of legally enforceable master netting arrangements.

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

Securities lending and repurchase agreements expose MIGA to several risks, including counterparty risk, reinvestment risk, and risk of a collateral gap (increase or decrease in the fair value of collateral pledged). MIGA has procedures in place to ensure that all repurchase agreement trading activity and balances are always below predefined counterparty and maturity limits, and to actively monitor all net counterparty exposure, after collateral, through daily mark-to-market. Whenever the collateral pledged by MIGA related to its borrowings under repurchase agreements and securities lending agreements declines in value, the transaction is re-priced as appropriate by pledging additional collateral. As of December 31, 2023 and June 30, 2023, there were no repurchase agreements that were accounted for as secured borrowings.

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Notes to Financial Statements

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 Condensed Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of December 31, 2023 and June 30, 2023, 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 December 31, 2023. 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.

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

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 and six months ended December 31, 2023 and December 31, 2022:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Interest income	$ 9,035	$ 7,285	$ 16,541	$ 10,858
Realized gains (losses)	4,067	(606)	4,210	3,572
Unrealized (losses) gains	(15,979)	1,676	(13,629)	5,998
	$ (2,877)	$ 8,355	$ 7,122	$ 20,428

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Notes to Financial Statements

Notional Amounts and Credit Exposures of the Derivative Instruments

The following table provides information on the notional amounts and credit exposure of the derivative instruments as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

Type of contracts	December 31, 2023	June 30, 2023
Interest rate swaps		
Notional principal	$ 469,434	$ 406,571
Credit exposure	16,555	17,488
Currency forward contracts and currency swaps		
Notional principal	738,774	712,908
Credit exposure	11,277	22,956
Exchange traded options and futures[a]		
Notional long position	-	37,941
Notional short position	453	2,264

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

Offsetting Assets and Liabilities

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

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on MIGA's Condensed Balance Sheet as of December 31, 2023 and June 30, 2023. 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.

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Notes to Financial Statements

In thousands of US dollars

	December 31, 2023											
	Derivative Assets						Derivative Liabilities					
	Gross Amounts Recognized		Gross Amounts Offset		Net Amounts Presented		Gross Amounts Recognized		Gross Amounts Offset		Net Amounts Presented	
Interest rate swaps	$	43,874	$	(27,319)	$	16,555	$	14,760	$	(13,237)	$	1,523
Currency forward contracts		-		-		-		130,743		(123,462)		7,281
Currency swaps		251,292		(240,015)		11,277		396,548		(379,938)		16,610
Others[a]		-		-		-		42		-		42
	$	295,166	$	(267,334)	$	27,832	$	542,093	$	(516,637)	$	25,456
Amounts subject to legally enforceable master netting agreement						(16,609)						(16,609)
Net derivative positions at at counterparty level					$	11,223					$	8,847
Less:												
Cash collateral received[b]						(11,223)						
Net derivative exposure after collateral[c]					$	-						

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

b. Does not include excess collateral received ($1,000 thousand).

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

In thousands of US dollars

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

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

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

(Continued)

Notes to Financial Statements

Note D: Capital Stock

At December 31, 2023, MIGA's authorized capital stock comprised 186,665 (186,665 – June 30, 2023) shares, of which 177,409 (177,409 – June 30, 2023) shares had been subscribed. Each share has a par value of USD10,820. Of the subscribed capital as of December 31, 2023, $366,291,000 ($366,291,000 – June 30, 2023) has been paid in; and the remaining $1,553,274,000 ($1,553,274,000 - June 30, 2023) is subject to call.

At December 31, 2023, MIGA had $108,174,000 ($107,856,000 – June 30, 2023) 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 six months ended December 31, 2023 and fiscal year ended June 30, 2023:

	Initial Capital		Capital Increase		Total	
	Shares	(US$000)	Shares	(US$000)	Shares	(US$000)
At December 31, 2023						
Authorized:						
At beginning of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
Subscribed:						
At beginning of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		$ 233,941		$ 132,350		$ 366,291
At June 30, 2023						
Authorized:						
At beginning of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	78,559	$ 850,008	186,665	$ 2,019,715
Subscribed:						
At beginning of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
New membership	-	-	-	-	-	-
At end of fiscal year	108,106	$ 1,169,707	69,303	$ 749,858	177,409	$ 1,919,565
Uncalled portion of the Subscription		(935,766)		(617,508)		(1,553,274)
Paid-in Capital		$ 233,941		$ 132,350		$ 366,291

(Continued)

Notes to Financial Statements

Note E: Guarantees

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

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

MIGA also has a TFP, under which it provides protection against the risk of non-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 $31,279,055,000 as of December 31, 2023 ($27,866,599,000 – June 30, 2023).

The composition of MIGA’s gross exposure as of December 31, 2023 and June 30, 2023 was as follows:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Gross exposure (Maximum amount of contingent liability)[ab]	$ 31,279,055	$ 27,866,599
Of which:		
Current amounts[a]	25,799,882	23,180,678
Standby amounts[a]	2,728,824	2,146,866
Future interest amounts[a]	2,750,349	2,539,055

a. Amounts represent maximum contingent liability under each category and are not necessarily additive.
b. Includes $117 million (June 30, 2023 - $10 million) of TFP guarantees.

(Continued)

Notes to Financial Statements

Trust Fund Activities

MIGA also acts as administrator of some investment guarantee trust funds. MIGA, on behalf of the trust funds, issues guarantees against losses caused by non-commercial risks to eligible investors on qualified investments in the countries specified in the trust fund agreements. Under the trust fund agreements, MIGA, as administrator of the trust funds, is not liable on its own account for payment of any claims under contracts of guarantees issued by MIGA on behalf of such trust funds. Guarantees issued by MIGA on behalf of trust funds had a total outstanding gross exposure of $29,858,677 as of December 31, 2023 ($31,675,765 – June 30, 2023).

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 December 31, 2023, the project limit states that MIGA may cede no more than 90 percent of any individual project. Similarly, the portfolio limit states that MIGA may not reinsure more than 70 percent of its aggregate gross exposure.

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

The following is a summary of the exposures under these arrangements as of December 31, 2023 and June 30, 2023.

In thousands of US dollars

	December 31, 2023	June 30, 2023
CAFEF:		
MIGA's gross exposure	$ 407,529	$ 440,197
Of which: Amount ceded to the Trust Fund (First and second loss layer)	47,557	48,942
RECTF:		
MIGA's gross exposure	$ 59,752	$ 9,414
Of which: Amount ceded to the Trust Fund (First loss layer)	5,177	2,300
SURETF:		
MIGA's gross exposure	$ 80,060	$ 44,335
Of which: Amount ceded to the Trust Fund (First loss layer)	21,129	11,884

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

(Continued)

Notes to Financial Statements

The following is a summary of the exposures under this risk sharing arrangement as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023	June 30, 2023
MIGA's gross exposure on projects utilizing IDA PSW-MGF	$ 2,597,230	$ 2,009,899
Of which: Amount ceded to IDA	544,086	347,205

The table below provides a reconciliation between MIGA's gross guarantee exposure and net exposure as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Gross guarantee exposure	$ 31,279,055	$ 27,866,599
Less: Ceded exposures		
Facultative and Treaty reinsurers	(20,731,142)	(18,005,600)
CAFEF	(47,557)	(48,942)
IDA PSW - MGF (Note I)	(544,086)	(347,205)
RECTF	(5,177)	(2,300)
SURETF	(21,129)	(11,884)
Total ceded exposures	(21,349,091)	(18,415,931)
Net guarantee exposure before exposure exchange	9,929,964	9,450,668
Less:		
Exposure Exchange Agreement (Note I)	(717)	(519)
Net guarantee exposure[a]	$ 9,929,246	$ 9,450,149

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

MIGA can also provide both public (official) and private insurers with facultative reinsurance. As of December 31, 2023, total insurance exposure assumed by MIGA, primarily with official investment insurers, amounted to $60,000,000 ($60,000,000 – June 30, 2023).

(Continued)

Notes to Financial Statements

Premiums, Fees and Commission

Premiums, fees and commission relating to direct, assumed, and ceded contracts for the three and six months ended December 31, 2023 and December 31, 2022 were as follows:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Premiums written				
Direct	$ 152,244	$ 51,534	$ 199,328	$ 86,129
Upfront premium contracts[a]	100,038	6,990	107,999	9,064
Regular guarantee contracts[b]	52,206	44,544	91,329	77,065
Assumed	165	312	330	622
Ceded	(114,328)	(29,204)	(147,081)	(50,244)
Upfront premium contracts[a]	(82,852)	(6,160)	(90,828)	(7,931)
Regular guarantee contracts[b]	(31,476)	(23,044)	(56,253)	(42,313)
	$ 38,081	$ 22,642	$ 52,577	$ 36,507
Gross premium income				
Direct	$ 68,742	$ 58,998	$ 134,708	$ 117,846
Assumed	167	312	332	622
	68,909	59,310	135,040	118,468
Premium ceded	(47,094)	(38,573)	(92,523)	(76,271)
Net Premium earned	21,815	20,737	42,517	42,197
Ceding commission and other fees	12,760	10,234	24,876	20,365
Brokerage and other charges	(393)	(1,062)	(1,408)	(2,249)
Net Premium Income	$ 34,182	$ 29,909	$ 65,985	$ 60,313

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

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

Prepaid Premium Ceded to Reinsurers

The following table summarizes the composition of Prepaid premium ceded to reinsurers as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Upfront premium contracts[a]	$ 493,231	$ 435,855
Regular guarantee contracts[b]	2,823	1,659
	$ 496,054	$ 437,514

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

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

(Continued)

Notes to Financial Statements

Unearned Premiums and Commitment Fees

The following table summarizes the composition of Unearned Premiums and Commitment fees as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Upfront premium contracts[a]	$ 739,440	$ 657,904
Regular guarantee contracts[b]	48,336	45,744
	$ 787,776	$ 703,648

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 December 31, 2023, the maximum net exposure which may be assumed by MIGA is $1,000 million ($1,000 million – June 30, 2023) in each host country and $300 million ($300 million – June 30, 2023) for each project.

As approved by the Board of Directors and the Council of Governors, the maximum aggregate amount of contingent liabilities that may be assumed by MIGA is 500 percent (500 percent – June 30, 2023) of the sum of MIGA's unimpaired subscribed capital, retained earnings, accumulated other comprehensive income (loss) and net insurance portfolio reserve plus 100 percent of gross exposure ceded by MIGA through contracts of reinsurance. Accordingly, at December 31, 2023, the maximum level of guarantees outstanding (including reinsurance) may not exceed $38,579,849,000 ($35,385,860,000 – June 30, 2023).

(Continued)

Notes to Financial Statements

Portfolio Diversification

MIGA aims to diversify its guarantee portfolio so as to limit the concentration of exposure to loss in a host country, region, or sector. The portfolio shares of the top five and top ten largest exposure countries provide an indicator of concentration risk. The gross and net exposures of the top five and top ten countries at December 31, 2023 and June 30, 2023 are as follows:

In thousands of US dollars

	December 31, 2023		June 30, 2023	
	Exposure in Top Five Countries	Exposure in Top Ten Countries	Exposure in Top Five Countries	Exposure in Top Ten Countries
Gross Exposure	$ 10,318,285	$ 15,404,570	$ 8,178,732	$ 13,194,125
% of Total Gross Exposure	33.0	49.2	29.4	47.4
Net Exposure	$ 2,142,154	$ 3,684,359	$ 1,967,437	$ 3,487,486
% of Total Net Exposure	21.6	37.1	20.8	36.9

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 December 31, 2023 and June 30, 2023 is as follows:

In thousands of US dollars

	December 31, 2023			June 30, 2023		
	Gross Exposure	Net Exposure	% of Total Net Exposure	Gross Exposure	Net Exposure	% of Total Net Exposure
East Asia & Pacific	$ 2,648,220	$ 602,652	6.1	$ 2,752,473	$ 628,894	6.7
Europe & Central Asia	8,029,527	2,409,084	24.3	6,420,819	2,188,610	23.2
Latin America & Caribbean	7,000,258	1,726,037	17.4	5,880,356	1,664,345	17.6
Middle East & North Africa	3,556,727	1,050,238	10.6	3,576,912	1,058,328	11.2
South Asia	1,293,309	513,488	5.2	1,327,065	521,450	5.5
Sub-Saharan Africa	7,987,588	3,474,806	35.0	7,536,735	3,313,090	35.1
Regional Development Bank (RDB)	763,425	152,942	1.5	372,240	75,431	0.8
Total[a]	$ 31,279,055	$ 9,929,246	100.0	$ 27,866,599	$ 9,450,149	100.0

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

(Continued)

Notes to Financial Statements

The sectoral distribution of MIGA's portfolio at December 31, 2023 and June 30, 2023 is as follows:

In thousands of US dollars

	December 31, 2023			June 30, 2023		
Sector	Gross Exposure[a]	Net Exposure[a]	% of Total Net Exposure	Gross Exposure	Net Exposure[a]	% of Total Net Exposure
Agribusiness	$ 9,483	$ 8,343	0.1	$ 9,483	$ 8,343	0.1
Construction	636,457	112,515	1.1	619,503	106,093	1.1
Financial	12,011,100	3,773,111	38.0	10,646,259	3,672,280	38.9
Infrastructure	14,796,618	4,503,861	45.4	12,869,059	4,205,083	44.5
Manufacturing	835,427	504,836	5.1	836,105	509,218	5.4
Mining	1,357,661	314,246	3.2	1,388,581	319,299	3.4
Oil and Gas	128,222	92,004	0.9	141,142	93,491	1.0
Services	1,213,415	396,771	4.0	1,215,284	395,158	4.2
Tourism	174,139	174,139	1.8	131,183	131,183	1.4
Trade Finance (TF)	116,534	49,421	0.5	10,000	10,000	0.1
	$ 31,279,055	$ 9,929,246	100.0	$ 27,866,599	$ 9,450,149	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 December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023			June 30, 2023		
	IPR	Specific Reserve for Claims	Total	IPR	Specific Reserve for Claims	Total
Gross Reserve for Claims	$ 653,717	$ 132,633	$ 786,350	$ 614,017	$ 102,193	$ 716,210
Less: Reinsurance recoverable[a,b]	(428,897)	(100,845)	(529,742)	(397,713)	(72,038)	$ (469,751)
Net Reserve for Claims	$ 224,820	$ 31,788	$ 256,608	$ 216,304	$ 30,155	$ 246,459

a. As of December 31, 2023, excludes $7,273 thousand (June 30, 2023 - $7,892 thousand) reinsurance recoverable, net of allowance for credit losses of $5 thousand (June 30, 2023 - $6 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 $636 thousand (June 30, 2023- $722 thousand), associated with prospective reinsurance.

(Continued)

Notes to Financial Statements

The following table provides the composition of reinsurance recoverables at December 31, 2023 and June 30, 2023:

In thousands of US dollars

		December 31, 2023	June 30, 2023
Prospective reinsurance[a]	- IPR	$ 428,897	$ 397,713
	- Specific Reserve for Claims	100,845	72,038
		529,742	469,751
Retroactive reinsurance[b]	- IPR	7,273	7,892
Reinsurance recoverable, net		$ 537,015	$ 477,643

a. Includes allowance for credit losses of $636 thousand ($722 thousand - June 30, 2023).

b. Includes allowance for credit losses $5 thousand ($6 thousand - June 30, 2023).

The net increase in reserves for claims reflected in the Condensed Statements of Income for the three and six months ended December 31, 2023 and December 31, 2022 comprised of changes in the Insurance Portfolio Reserve and Specific Reserve for claims as follows:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Change in Net Reserves:				
Insurance portfolio reserve	$ 10,069	$ (2,824)	$ 6,890	$ (10,485)
Specific reserve for claims	3,866	2,687	1,734	17,082
Increase (decrease) in reserves, before translation adjustment	13,935	(137)	8,624	6,597
Foreign currency translation losses	3,050	4,955	1,611	908
Increase in reserves, net	$ 16,985	$ 4,818	$ 10,235	$ 7,505

For the three and six months ended December 31, 2023 and December 31, 2022, MIGA’s claims reserving methodology and the related key assumptions remained unchanged.

The foreign currency translation adjustment reflects the impact on MIGA's Insurance Portfolio Reserve revaluation of guarantee contracts denominated in currencies other than US dollar and managed by holding equivalent amounts in the same currency 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 gains (losses) on MIGA's investment portfolio and other assets, reported on the Condensed Statements of Income.

(Continued)

Notes to Financial Statements

The change in Insurance Portfolio Reserve before translation adjustments for the six months ended December 31, 2023 and December 31, 2022, were attributable to the following factors:

In thousands of US dollars

	Six Months Ended	
	December 31, 2023	December 31, 2022
Changes in portfolio size and risk profile, net	$ 9,367	$ (6,991)
Changes in discount rate	(2,127)	(7,127)
Changes in host country risk ratings, net	(635)	3,761
Others	285	(128)
Net increase (decrease)	$ 6,890	$ (10,485)

Insurance Portfolio Reserve (IPR)

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

The following table provides an analysis of the changes in the gross IPR for the six months ended December 31, 2023 and fiscal year ended June 30, 2023:

	Six Months Ended	Fiscal Year Ended
	December 31, 2023	June 30, 2023
Gross IPR, beginning balance	$ 614,017	$ 644,091
Less: Reinsurance recoverables	(397,713)	(406,458)
Net IPR, beginning balance	216,304	237,633
Increase (decrease) in reserves before translation adjustments	6,890	(23,287)
Foreign currency translation losses	1,611	1,965
Increase (decrease) in reserves, net of reinsurance	8,501	(21,322)
Increase (decrease) in allowance for credit losses	14	(6)
Net IPR, ending balance[ad]	224,820	216,304
Add: Reinsurance recoverables, net[b]	428,897	397,713
Gross IPR, ending balance[c]	$ 653,717	$ 614,017

a. As of December 31, 2023 represents 2.3% of Total Net Exposure (June 30, 2023 - 2.3%).

b. As of December 31, 2023, excludes $7,273 thousand (June 30, 2023 - $7,892 thousand) reinsurance recoverables associated with retroactive reinsurance contracts which is included in the Reinsurance recoverables, net on the Condensed Balance Sheet.

c. As of December 31, 2023 represents 2.1% of Total Gross Exposure (June 30, 2023 - 2.2%).

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

(Continued)

Notes to Financial Statements

Specific Reserve for Claims

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

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

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

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

(Continued)

Notes to Financial Statements

The following table provides an analysis of the changes in the gross specific reserve for claims for the six months ended December 31, 2023 and fiscal year ended June 30, 2023:

	Six Months Ended December 31, 2023	Fiscal Year Ended June 30, 2023
Gross specific reserve for claims, beginning balance	$ 102,193	$ 81,719
Less: Reinsurance recoverables, net	(72,038)	(60,937)
Net specific reserve for claims, beginning balance	30,155	20,782
Increase in specific reserve for claims, before translation adjustments		
- Current year	3,420	9,540
- Prior years	(1,686)	(15)
Increase in specific reserve for claims, net of reinsurance	1,734	9,525
Less: Claims paid		
- Current year	-	(282)
- Prior years	-	-
Total Claims paid	-	(282)
Translation adjustment	-	6
(Decrease) increase in allowance for credit losses	(100)	125
Net specific reserve for claims, ending balance[a]	31,788	30,155
Add: Reinsurance recoverables, net	100,845	72,038
Gross specific reserve for claims, ending balance	$ 132,633	$ 102,193

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

The gross Specific Reserve for Claims as of December 31, 2023 and June 30, 2023 comprises:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Reserve for pending claims	$ 83,130	$ 52,611
Probable loss reserve	49,503	49,582
Gross Specific reserve	$ 132,633	$ 102,193

(Continued)

Notes to Financial Statements

Current Expected Credit Loss (CECL)

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

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

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

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 December 31, 2023 and June 30, 2023:

In thousands of US dollars

Reinsurer Risk Rating	**Allowance for Credit Losses**	
	December 31, 2023	June 30, 2023
AAA	$ 6	$ 7
AA	91	95
AA-	138	155
A+	341	405
A	52	49
A-	13	17
Total	$ 641	$ 728

(Continued)

Notes to Financial Statements

Accumulated Allowance for Credit Losses

The following table provides an analysis of the changes in the allowance for credit losses during the six months ended December 31, 2023 and fiscal year ended June 30, 2023:

In thousands of US dollars

	Six Months Ended December 31, 2023	Fiscal Year Ended June 30, 2023
Accumulated allowance, beginning of the fiscal year[a]	$ 728	$ 611
Current period (decrease) increase	(86)	117
Accumulated allowance, end of period	$ 641	$ 728
Attributable to:		
Prospective Reinsurance	$ 636	$ 722
Retroactive Reinsurance	5	6

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

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 Financial Statements

The following table summarizes MIGA's respective share of the costs associated with the SRP, RSBP, and PEBP for the three and six months ended December 31, 2023 and December 31, 2022:

In thousands of US dollars

	Three Months Ended December 31, 2023				Six Months Ended December 31, 2023			
Benefit Cost	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Interest cost	$ 3,169	$ 449	$ 368	$ 3,986	$ 6,338	$ 897	$ 736	$ 7,971
Expected return on plan assets	(4,202)	(667)	-	(4,869)	(8,404)	(1,333)	-	(9,737)
Amortization of unrecognized prior service cost[a]	12	6	6	24	24	12	11	47
Amortization of unrecognized net actuarial gains[a]	-	(187)	-	(187)	-	(373)	-	(373)
Net periodic pension (credit) cost, excluding service cost	$ (1,021)	$ (399)	$ 374	$ (1,046)	$ (2,042)	$ (797)	$ 747	$ (2,092)
Service cost[b]	1,761	412	359	2,532	3,521	823	719	5,063
Net periodic pension cost	$ 740	$ 13	$ 733	$ 1,486	$ 1,479	$ 26	$ 1,466	$ 2,971

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

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

In thousands of US dollars

	Three Months Ended December 31, 2022				Six Months Ended December 31, 2022			
Benefit Cost	SRP	RSBP	PEBP	Total	SRP	RSBP	PEBP	Total
Interest cost	$ 2,917	$ 450	$ 317	$ 3,684	$ 5,834	$ 899	$ 633	$ 7,366
Expected return on plan assets	(4,144)	(651)	-	(4,795)	(8,289)	(1,302)	-	(9,591)
Amortization of unrecognized prior service cost[a]	12	38	5	55	24	76	11	111
Amortization of unrecognized net actuarial gains[a]	-	(77)	-	(77)	-	(154)	-	(154)
Net periodic pension (credit) cost, excluding service cost	$ (1,215)	$ (240)	$ 322	$ (1,133)	$ (2,431)	$ (481)	$ 644	$ (2,268)
Service cost[b]	2,025	487	379	2,891	4,050	973	758	5,781
Net periodic pension cost	$ 810	$ 247	$ 701	$ 1,758	$ 1,619	$ 492	$ 1,402	$ 3,513

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

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

Note H: Other Liabilities

The following table provides the composition of other liabilities as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	December 31, 2023	June 30, 2023
Payable to reinsurers and brokers	$ 80,676	$ 49,001
Payable to affiliated organizations - administrative and other services (Note I)	12,741	15,146
Premium receipt (future contract periods)	5,113	12,765
Liabilities for application and processing fees	9,837	9,672
Accrued benefit reserves	8,281	8,879
Other/Miscellaneous	213	16,595
Other liabilities	$ 116,861	$ 112,058

(Continued)

Notes to Financial Statements

Note I: Transactions with Affiliated Organizations

Shared Services and Joint Business Development Agreement

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

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

Total fees paid by MIGA reflected in the Condensed Statements of Income for the three and six months ended December 31, 2023 and December 31, 2022 are as follows:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Fees charged/premium ceded - IBRD/IDA	$ 4,242	$ 4,056	$ 8,256	$ 7,306
Fees charged by IFC	390	918	1,438	1,981

At December 31, 2023 and June 30, 2023, 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

	December 31, 2023			June 30, 2023		
	Administrative & Other Services[a]	Pension and Other Postretirement Benefits[b]	Total	Administrative & Other Services[a]	Pension and Other Postretirement Benefits[b]	Total
IBRD/IDA	$ (8,255)	$ 28,457	$ 20,202	$ (10,648)	$ 27,227	$ 16,579
IFC	(4,486)	-	(4,486)	(4,498)	-	(4,498)
	$ (12,741)	$ 28,457	$ 15,716	$ (15,146)	$ 27,227	$ 12,081

a. This amount 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 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 December 31, 2023 and June 30, 2023, the outstanding off-Condensed Balance Sheet amounts relating to this exposure exchange agreement were as follows:

In thousands of US dollars

	December 31, 2023	June 30, 2023
IBRD's exposure in Brazil assumed by MIGA	$ 4,572	$ 10,201
MIGA's exposure in Panama assumed by IBRD	5,289	10,720
Net amount	$ (717)	$ (519)

As of December 31, 2023, there were no recorded liabilities related to MIGA's obligation under the existing exposure exchange agreement with IBRD included in Insurance portfolio reserve on the Condensed Balance Sheet ($NIL – June 30, 2023).

IDA Private Sector Window (PSW)

As of December 31, 2023, the amounts ceded to IDA under the first and second loss layer totaled $544,086,000 ($347,205,000 – June 30, 2023).

Total premium ceded to IDA and the related ceding commission reflected in the Condensed Statements of Income for the three and six months ended December 31, 2023 and December 31, 2022, are as follows:

In thousands of US dollars

	Three Months Ended		Six Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Premium ceded	$ 940	$ 635	$ 1,747	$ 1,305
Ceding commission	141	95	262	196

(Continued)

Notes to Financial Statements

Note J: Accumulated Other Comprehensive Income (Loss)

The following tables present the changes in Accumulated Other Comprehensive Income (Loss) for the six months ended December 31, 2023 and December 31, 2022:

In thousands of US dollars

	Six Months Ended December 31, 2023			
	Cumulative Translation Adjustment[a]	Unrecognized Net Actuarial Gains on Benefit Plans	Unrecognized Prior Service Costs on Benefit Plans	Total Accumulated Other Comprehensive Income
Balance, beginning of fiscal year	$ 3,435	$ 23,695	$ (275)	$ 26,855
Changes during the period:				
Amounts reclassified into net income[b]	-	(373)	47	(326)
Net change during the period	-	(373)	47	(326)
Balance, end of period	$ 3,435	$ 23,322	$ (228)	$ 26,529

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

	Six Months Ended December 31, 2022			
	Cumulative Translation Adjustment[a]	Unrecognized Net Actuarial Gains on Benefit Plans	Unrecognized Prior Service Costs on Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance, beginning of fiscal year	$ 3,435	$ (3,802)	$ (495)	$ (862)
Changes during the period:				
Amounts reclassified into net income[b]	-	(154)	111	(43)
Net change during the period	-	(154)	111	(43)
Balance, end of period	$ 3,435	$ (3,956)	$ (384)	$ (905)

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

(Continued)

Notes to Financial Statements

Note K: Fair Value Disclosures

Valuation Methods and Assumptions
As of December 31, 2023 and June 30, 2023, 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 December 31, 2023, all of the financial instruments in MIGA's investment portfolio were classified as trading. These securities are carried and reported at fair value or at face value, which approximates fair value.

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

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

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

(Continued)

Notes to Financial Statements

The following tables present MIGA's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and June 30, 2023:

In thousands of US dollars

	Fair Value Measurements on a Recurring Basis As of December 31, 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
ASSETS				
Government and agency obligations	$ 192,377	$ 1,266,243	$ -	$ 1,458,619
Time deposits[b]	44,920	601,436	-	646,356
Asset-backed securities	-	70,449	-	70,449
Total investments - Trading[b]	$ 237,297	$ 1,938,128	$ -	$ 2,175,424
Derivative Assets				
Currency forward contracts	$ -	$ -	$ -	$ -
Currency swaps	-	11,277	-	11,277
Interest rate swaps	-	16,555	-	16,555
Others[a]	-	-	-	-
	$ -	$ 27,832	$ -	$ 27,832
Less:				
Amounts subject to legally enforceable master netting agreements				16,609
Cash collateral received				11,223
Derivative Assets, net				$ -
LIABILITIES				
Derivative Liabilities:				
Currency forward contracts	$ -	$ 7,281	$ -	$ 7,281
Currency swaps	-	16,610	-	16,610
Interest rate swaps	-	1,523	-	1,523
Others[a]	42	-	-	42
	$ 42	$ 25,414	$ -	$ 25,456
Less:				
Amounts subject to legally enforceable master netting agreements				16,609
Derivative Liabilities, net				$ 8,847

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

(Continued)

Notes to Financial Statements

In thousands of US dollars

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

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

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

During the six months ended December 31, 2023 and fiscal year ended June 30, 2023, 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 December 31, 2023, and the related condensed statements of income, and comprehensive income for the three-month and six-month periods ended December 31, 2023 and 2022, and changes in shareholders' equity, and cash flows for the six-month periods ended December 31, 2023 and 2022, 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, 2023

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2023, 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 4, 2023.

In our opinion, the accompanying condensed balance sheet of MIGA as of June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Touche LLP

February 12, 2024