# Management's Discussion & Analysis
# and
# Financial Statements

June 30, 2025

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**BOXES**



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This Management Discussion and Analysis (MD&A) discusses the financial condition and results of operations for the Multilateral Investment Guarantee Agency (MIGA or "the Agency") for the fiscal year ended June 30, 2025 (FY25). Key financial indicators for the past five years are provided in **Box 1** below.

### Box 1. Key Financial Indicators, Fiscal Years 2021 – 2025

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

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Guarantee Activities (See Section 4. Operational Results)** | | | | | |
| New business | $ 9,463 | $ 8,204 | $ 6,446 | $ 4,935 | $ 5,199 |
| Cumulative new business (since inception)[1] | 93,959 | 84,496 | 76,292 | 69,846 | 64,911 |
| Portfolio run-off[2] | 5,364 | 4,376 | 3,028 | 3,443 | 4,836 |
| Gross guarantee exposure | 36,804 | 31,543 | 27,867 | 24,449 | 22,957 |
| Ceded exposure | 25,588 | 21,294 | 18,416 | 15,458 | 13,822 |
| Net guarantee exposure | 11,216 | 10,251 | 9,450 | 8,991 | 9,134 |
| Guarantee portfolio reinsurance rate[3] (%) | 67.7% | 65.6% | 64.6% | 61.9 % | 59.2 % |
| **Financial Results (See Section 3. Financial Results)** | | | | | |
| Gross premium income | $ 310.3 | $ 272.3 | $ 245.0 | $ 229.4 | $ 239.3 |
| Net premium income | 146.0 | 130.5 | 123.9 | 116.3 | 121.3 |
| Operating income[4] | 60.2 | 56.9 | 54.3 | 51.2 | 62.6 |
| Net income | 168.0 | 179.5 | 139.4 | 27.7 | 81.5 |
| Administrative Expense / Net Premium Income Ratio (%)[5] | 60% | 57% | 56% | 56 % | 48 % |
| Cumulative Loss Ratio[6] (%) | 2.7% | 0.8% | 0.9% | 1.0 % | 1.1 % |
| **Investing Activities (See Section 8. Investment Management)** | | | | | |
| Net investment portfolio | $ 2,478 | $ 2,305 | $ 2,090 | $ 1,960 | $ 1,907 |
| Investment income (loss) | 104.1 | 125.2 | 70.1 | (8.5) | 5.6 |
| Return on investments (%) | 4.4% | 5.8% | 3.6% | -0.4 % | 0.3 % |
| **Portfolio Risk Measures (See Section 9. Risk Management)** | | | | | |
| Top five host country concentrations[7] (%) | 22.7% | 21.0% | 20.9% | 22.0 % | 23.7 % |
| Top ten host country concentrations[7] (%) | 37.4% | 36.3% | 37.0% | 38.0 % | 38.3 % |
| **Capital Measures (See Section 6. Funding Sources and Section 7. Capital Management)** | | | | | |
| Total shareholders' equity | $ 2,102 | $ 1,892 | $ 1,706 | $ 1,539 | $ 1,474 |
| Operating capital[8] | 2,319 | 2,103 | 1,923 | 1,777 | 1,724 |
| Total economic capital[9] | 909 | 811 | 773 | 759 | 768 |
| Total economic capital/operating capital (%) | 39.2% | 38.6% | 40.2% | 42.7 % | 44.5 % |
| Risk capital[10] | 1,226 | 1,140 | 1,092 | 1,083 | 1,054 |
| Risk capital/operating capital | 52.8% | 54.2% | 56.8% | 61.0 % | 61.1 % |

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

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

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

*4. Includes Net premium income and Miscellaneous Income relating to staff transferred under the WBG GP less Administrative and Pension and Other Post Retirement Benefit Plan expenses.*

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

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

*7. Net exposure host country concentrations.*

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

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

*10. Represents the sum of Total Economic Capital (EC) and buffer capital, with the latter computed using a stress testing tool developed around multiple macroeconomic and country-specific scenarios.*

# 1. EXECUTIVE SUMMARY

## *Operational Results*

*Overall Guarantee Issuance*

MIGA's new guarantee business volume during FY25 reached a record high of $9.5 billion in support of 44 projects, compared to $8.2 billion of new guarantees issued in FY24 in support of 40 projects.

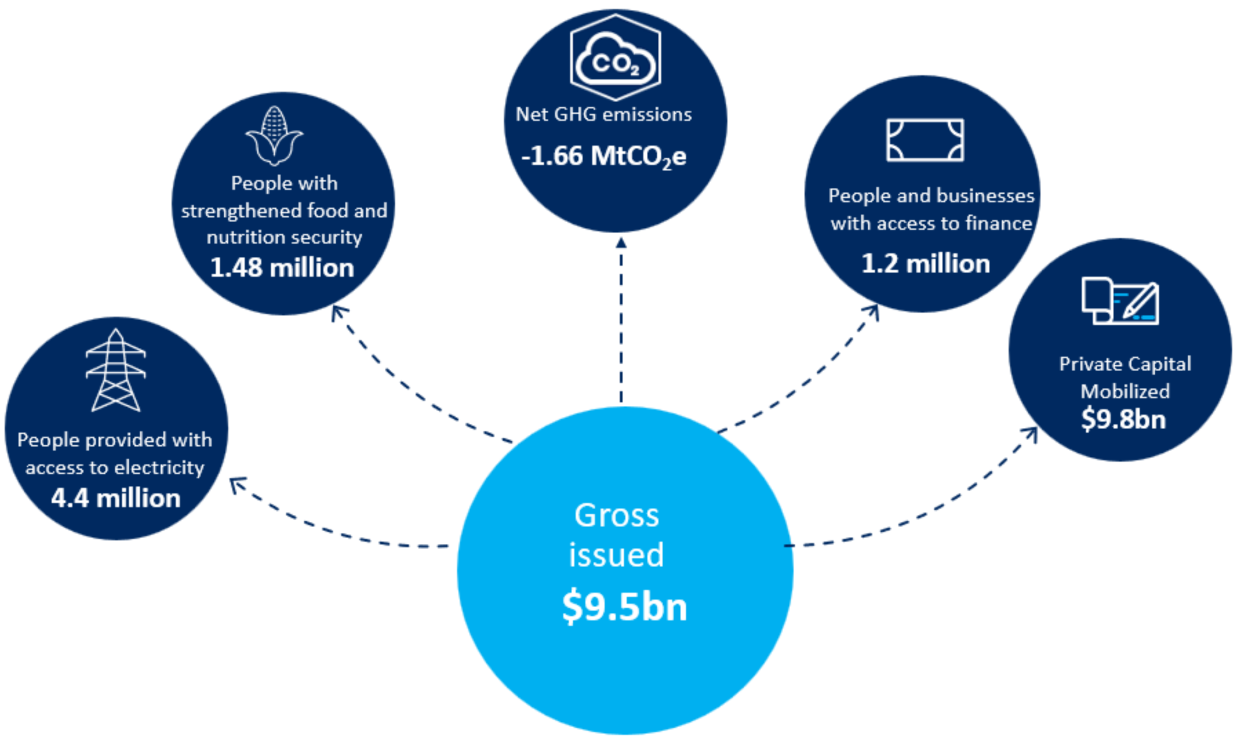
**$9.5B**
Guarantees Issued in FY25

Of the 44 projects supported during FY25, 75% addressed at least one of the strategic priority areas, namely, IDA-eligible countries, Fragile and Conflict-Affected Situations (FCS) and Climate Finance.

The projects supported in FY25 are expected to mobilize $9.8 billion in private capital, provide 4.4 million people with access to electricity, strengthened food and nutrition security for 1.5 million people, avoid more than 1.7 million metric tons of CO2 emissions annually, and provide access to finance for 1.2 million people and businesses (**See Figure 1**).

**75%**
of FY25 Projects addressed a Strategic Priority Area

**Figure 1. Selected Expected Development Results (FY25 New Business)**




Since its inception in 1988, the Agency has issued $94.0 billion of guarantees in support of over 1,060 projects in 124 host countries.

**$94.0B**
Guarantees Issued since MIGA's inception

*Guarantee Portfolio*

The Agency's gross outstanding guarantee portfolio reached a record high of $36.8 billion as of June 30, 2025, representing a 17% increase from $31.5 billion as of end-FY24. The $5.3 billion increase is due to the record new business volume of $9.5 billion exceeding portfolio run-off (inclusive of translation adjustments) of $4.2 billion.

**$36.8B**
Gross Portfolio

Net outstanding guarantee portfolio increased by 9% to a record high of $11.2 billion as of June 30, 2025 from $10.3 billion as of end-FY24. The increase of $965 million is attributable to the increase in net new business volume exceeding the net portfolio run-off.

**$11.2B**
Net Portfolio

Of the gross outstanding exposure as of end-FY25, 32% related to projects supported in IDA-eligible countries, 13% in FCS and 30% related to Climate Finance, reflecting MIGA's strong commitment to the strategic priority areas.

**Strong Focus**
on Strategic Priority Area

*Reinsurance*

The Agency continued to leverage the reinsurance market, ceding $7.1 billion of new business to the reinsurance market during FY25 in line with the strategy of preserving capital to support growth. As of June 30, 2025, $24.9 billion or 68% of the outstanding gross portfolio was reinsured, up from 66% as of June 30, 2024, remaining well below the 80% Board-approved limit.

**$24.9B**
Portfolio Reinsurance

***Financial Results***

*Net Income*

MIGA recorded net income of $168.0 million in FY25 compared to $179.5 million in the prior year. The $11.6 million decrease is attributable to the lower investment income of $21.1 million, partially offset by the $4.6 million lower claim reserve requirements (excluding translation adjustments) net of claim related expenses, higher operating income by $3.3 million and net translation gains of $2.0 million.

**$168.0M**
Net Income

*Gross Premium Income (GPI)*

FY25 gross premium income increased by 14% to $310.3 million from $272.3 million in FY24. The increase primarily reflects the increase in average exposure, across the Non-Honoring (NH) and Trade Finance Guarantee (TFG) products, partially offset by a decline in the effective portfolio premium rate.

**$310.3M**
Gross Premium Income

*Net Premium Income (NPI)*

FY25 net premium income increased by 12% to $146.0 million from $130.5 million in FY24. The increase is primarily attributable to the higher average exposure, partially offset by the combined effect of lower effective portfolio premium rate and higher portfolio reinsurance rate.

**$146.0M**
Net Premium Income

*Operating Income*

Operating income increased by 6% to $60.2 million in FY25 from $56.9 million in FY24. The increase is attributable to the $15.4 million increase in net premium income and the $6.9 million miscellaneous income received from IBRD/IDA in relation to staff transferred to MIGA under the WBG Guarantee Platform (WBG GP) outpacing the $19.0 million growth in administrative expenses.

**$60.2M**
Operating Income

*Investment Portfolio Performance*

MIGA recorded an investment income of $104.1 million during FY25, compared to $125.2 million in FY24. The $21.1 million decrease is attributable to the lower interest income of 18.2 million, consistent with the evolution of the short-term interest rates, and lower unrealized mark-to-market gains of 2.9 million.

**$104.1M**
Investment Income

*Cost Efficiency*

MIGA's budget basis Administrative Expense-to-Net Premium Income ratio increased to 60% in FY25 compared to 57% in FY24. The increase reflects the impact of the planned growth in budgetary resources (primarily attributable to headcount growth) associated with the WBG-GP implementation outpacing the effect of the growth rate in NPI.

**60%**
Cost Efficiency Ratio

*Claim Payment*

MIGA paid $67.5 million towards a War and Civil Disturbance claim on its own account during FY25. The related project was supported by the IDA Private Sector Window (PSW), with IDA paying $32.8 million towards the claim. This was the twelfth claim paid by the Agency on its own account since its inception.

**$67.5 M**
Claim Paid

***Capital Management***

As of June 30, 2025, the risk capital-to-operating capital ratio, RC/OC, stood at 52.8% down from 54.2% as of June 30, 2024, with the decrease attributable primarily to the growth in OC, of which FY25 net income and the unrecognized actuarial gains on the pension plans are key contributors. This ratio remains well below the 80% inner limit and 85% outer limit for RC/OC ratio, implying a robust capital adequacy position.

**52.8%**
Risk Capital to Operating Capital Ratio

## 2. OVERVIEW

### *Introduction*

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

MIGA contributes to the WBG's mission of ending extreme poverty and promoting shared prosperity on a livable planet by facilitating foreign direct investment (FDI) into developing countries to support economic growth, reduce poverty, and improve people's lives. To this end, acting as a risk mitigator, the Agency aims to provide investors and lenders in the international investment community with the level of risk mitigation necessary to invest in developing countries by providing political risk insurance (PRI), credit enhancement products, and trade finance guarantees. To further support these efforts, the Boards of Directors and management have been reforming the WBG and are working to better address the scale of private sector investment needs by simplifying client engagement and streamlining the project approval timelines. Collectively, these measures aim to strengthen the investment climate by increasing the bankability of projects and mitigating financial and political risks for the private sector.

Since its inception, MIGA has issued $94 billion of guarantees, supporting over 1,060 projects in 124 of its 182 member countries. The Agency has also supported multiple programs at regional and global levels in member countries.

### *World Bank Group Guarantee Platform (WBG-GP)*

The World Bank Group Guarantee Platform, housed at MIGA, was launched on July 1, 2024, with the objective of bringing together guarantee products and experts from across all the WBG institutions for simplicity, efficiency and speed. The WBG-GP's creation was in response to the G20 Independent Expert Group's report on Strengthening Multilateral Development Banks that called for the expanded use of guarantees to mitigate risk and unlock private finance.

The platform, aimed at mobilizing private capital for development by boosting the WBG annual guarantee issuance to $20 billion by 2030, also introduced a simplified and comprehensive menu of guarantee solutions by providing three types of coverages: credit guarantees for loans to the public or private sector; trade finance guarantees for projects involving public entities; and political risk insurance against non-commercial risks for private sector projects or public-private partnerships.

During its first year of operation, the WBG-GP issued guarantees totaling $12.3 billion in support of 77 projects comprising $9.5 billion for MIGA, $1.2 billion for IFC and $1.6 billion for IBRD / IDA.

### *Non-Commercial Risk Insurance*

MIGA plays a critical role in supporting private investment flows to developing member countries by offering PRI, credit enhancement and trade finance products. MIGA provides investment guarantees against certain non-commercial risks to eligible foreign investors for qualified investments in developing member countries and offers coverage against the risks of: (1) transfer restriction and inconvertibility, (2) expropriation, (3) breach of contract, (4) war and civil disturbance, (5) the non-honoring of a sovereign

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

financial obligation, (6) the non-honoring of a financial obligation by a state-owned enterprise, and (7) trade finance guarantees (see **Box 2**)[2].

MIGA insures new and existing cross-border investments originating in any MIGA member country, destined for any developing member country. Investments covered under MIGA's PRI and Non-Honoring guarantees include equity, quasi-equity, shareholder and non-shareholder loans, and loan guarantees (provided the loans have a minimum maturity of more than one year). Other forms of investments—such as technical assistance and management contracts or franchising and licensing agreements—may also be eligible. Trade Finance guarantees are provided for a maximum period of one year. MIGA also partners with other multilateral development agencies to provide trade finance guarantees in member countries.

**Box 2. MIGA's Product Line Up**

***Political Risk Insurance (PRI)***

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

***Non-Honoring of Financial Obligations***

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

***Trade Finance Guarantees (TFG)***

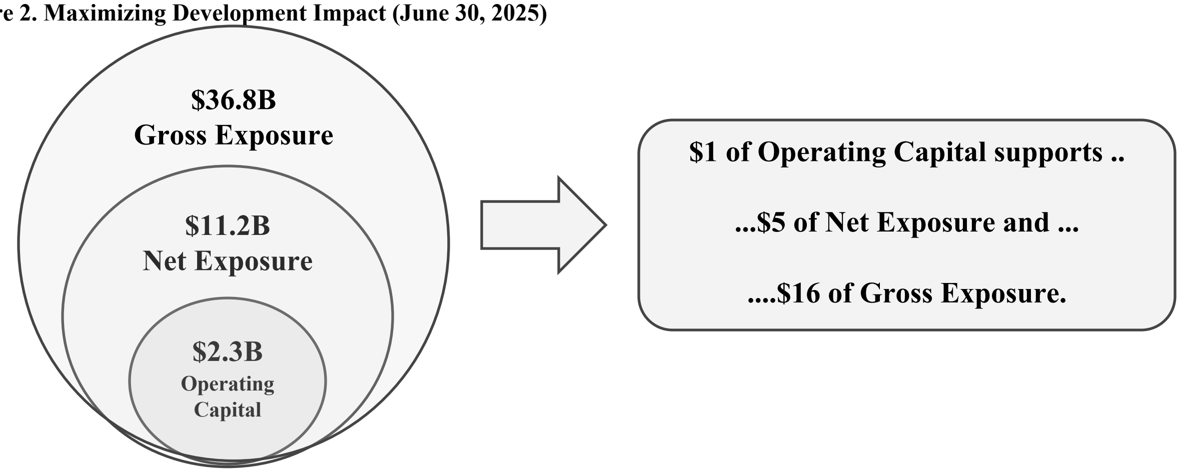
* **Trade Finance Guarantees (TFG)** – provides coverage for the risk of non-payment by a sovereign, sub-sovereign, or state-owned bank on trade finance transactions.

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

***Business and Operating Model***

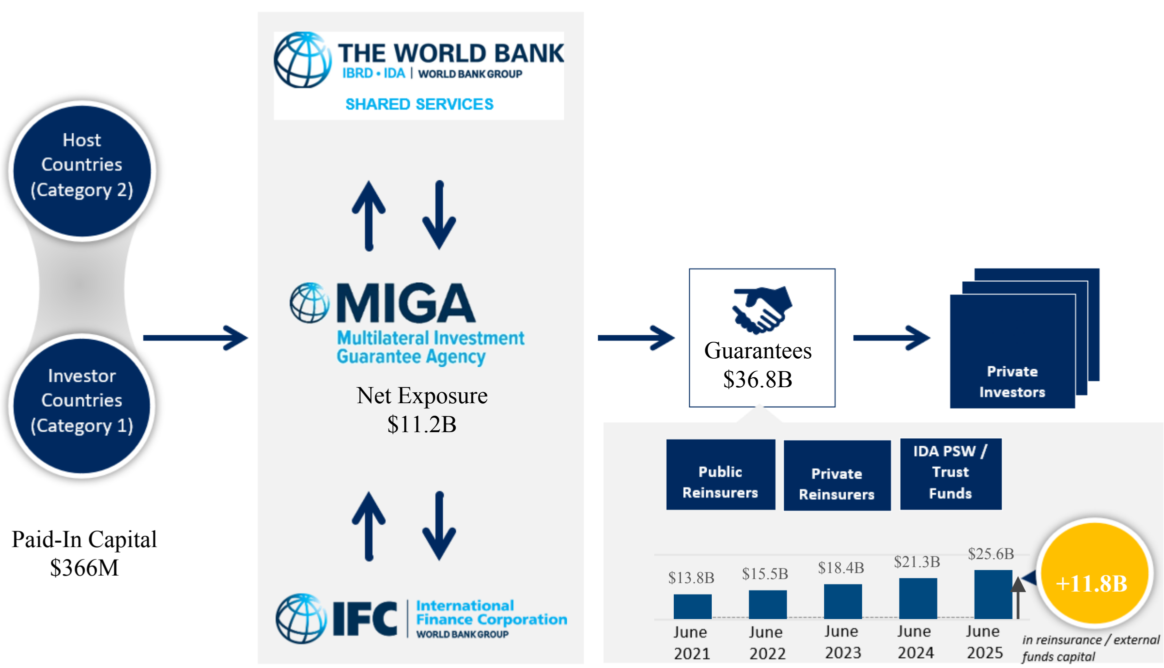
MIGA is financially self-sustaining and its activities are supported by a strong capital base and a comprehensive risk management framework. In the context of its statutory underwriting capacity, the Agency is able to support significant amounts of gross exposure and to contain risk through the use of reinsurance in order to manage net guarantee exposure and the related capital utilization. **Figure 2** below illustrates how MIGA is able to utilize its capital base, coupled with reinsurance capacity, to maximize its development reach. As of June 30, 2025, each $1 of operating capital supported $16 of gross guarantee exposure.

**Figure 2. Maximizing Development Impact (June 30, 2025)**




MIGA's operating model leverages the entire World Bank Group (WBG), and leverages private and public reinsurers, multiplying the impact of guaranteed investments in its member countries. **Figure 3** below is a graphic depiction of the Agency's operating model. Over the last five fiscal years, MIGA's total outstanding reinsurance and exposure ceded to external funds increased by $11.8 billion, allowing the Agency to support its growth trajectory through increased guarantee capacity without the need for additional capital from its shareholders.

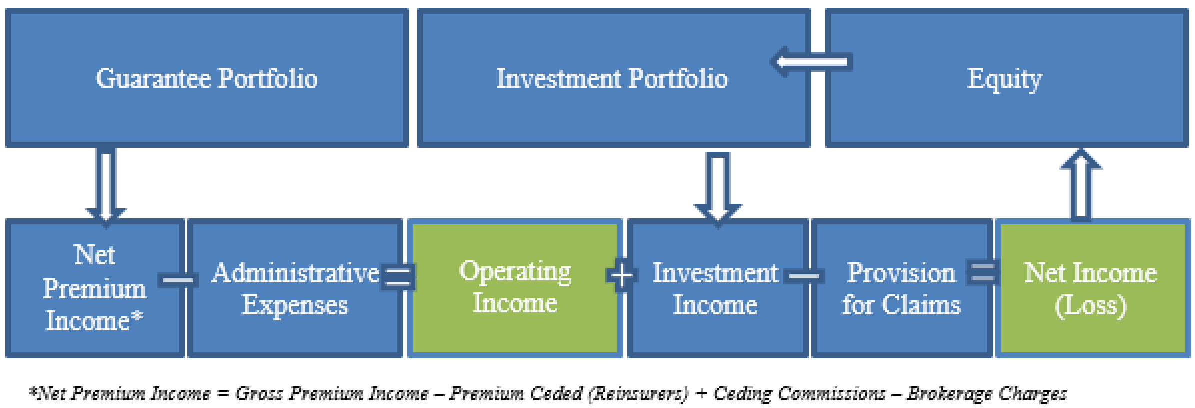
**Figure 3. MIGA Operating Model (June 30, 2025)**



### *Financial Model*

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

**Figure 4. MIGA Financial Model**




### *Basis of Reporting*

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

# 3. FINANCIAL RESULTS

MIGA recorded a net income of $168.0 million in FY25 compared to $179.5 million in FY24 (see **Table 1**). The decrease of $11.6 million is attributable to the (i) lower investment income of $21.1 million, partially offset by (ii) the $4.6 million lower claims reserve requirements (excluding translation adjustments and net of claim related expenses), (iii) higher operating income by $3.3 million, and (iv) net translation gains of $2.0 million.

**Table 1. Summary of Net Income and Key Financial Ratios (FY21-FY25) ($M)**

| As of and for the Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | *FY25 vs FY24* |
|---|---|---|---|---|---|---|
| Gross Premium Income | $310.3 | $272.3 | $245.0 | $229.4 | $239.3 | *$38.0* |
| Premium Ceded | (219.7) | (188.5) | (159.0) | (146.3) | (150.7) | *(31.2)* |
| Ceding Commissions and Fees | 59.2 | 50.4 | 42.6 | 38.4 | 38.8 | *8.8* |
| Brokerage and Other Charges | (3.8) | (3.6) | (4.6) | (5.3) | (6.0) | *(0.2)* |
| **Net Premium Income** | **$146.0** | **$130.5** | **$123.9** | **$116.3** | **$121.3** | ***$15.4*** |
| Miscellaneous Income | | | | | | |
| Miscellaneous Income (WBG GP) [(1)] | 6.9 | — | — | — | — | *6.9* |
| Other Miscellaneous Income | 0.1 | 0.3 | 0.3 | 0.4 | 0.2 | *(0.2)* |
| Income from Investments | 104.1 | 125.2 | 70.1 | (8.5) | 5.6 | *(21.1)* |
| **Total Income** | **$257.0** | **$256.0** | **$194.3** | **$108.2** | **$127.1** | ***$1.0*** |
| Administrative Expenses, including Pension Costs[(2)] | (92.6) | (73.7) | (69.6) | (65.0) | (58.7) | *(19.0)* |
| Decrease (Increase) in Reserves: | | | | | | |
| Decrease (Increase) in Reserves | 1.7 | (2.9) | 13.8 | (13.8) | 12.7 | *4.6* |
| Translation Adjustments | (8.0) | 1.7 | (2.0) | 9.7 | (4.5) | *(9.6)* |
| Decrease (Increase) in Reserves, net | (6.2) | (1.2) | 11.8 | (4.2) | 8.2 | *(5.0)* |
| (Decrease) Increase in Credit Loss Allowance | — | (0.3) | 0.1 | — | — | *0.2* |
| Translation Gains (Losses) | 9.8 | (1.8) | 3.0 | (11.3) | 4.9 | *11.6* |
| **Total Expenses** | **($89.0)** | **($76.4)** | **($54.9)** | **($80.5)** | **($45.6)** | ***($12.6)*** |
| **Net Income** | **$168.0** | **$179.5** | **$139.4** | **$27.7** | **$81.5** | ***($11.6)*** |
| **Operating Income[(3)]** | **$60.2** | **$56.9** | **$54.3** | **$51.2** | **$62.6** | ***$3.3*** |

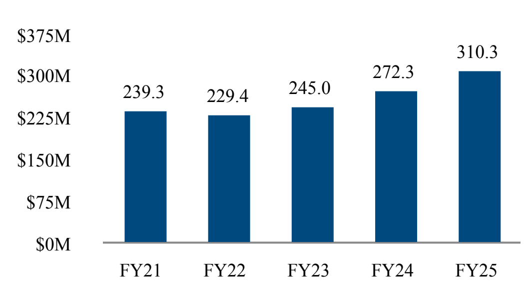
Note: numbers may not add up due to rounding.
(1) Classified under Miscellaneous Income in the Income Statement
(2) Includes costs associated with staff transferred under the WBG GP and for which IBRD/IDA compensate the Agency for services provided.
(3) Operating Income = Net Premium Income and Miscellaneous Income relating to IBRD / IDA staff transferred under the WBG GP less Administrative Expenses, including Pension Costs

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

*Guarantee Business Results*

*Gross Premium Income (GPI)* in FY25 increased by $38.0 million (14%) to $310.3 million compared to $272.3 million in the prior year. The increase is primarily attributable to the increase in premium revenue associated with the NH and TFG products, with PRI premium revenue also increasing slightly during the fiscal year. **Figure 5** shows the Agency's gross premium income evolution over the past five fiscal years.

**Figure 5. Gross Premium Income (FY21 – FY25)**



GPI on NH guarantees increased by $23.0 million (18%) from $125.1 million in FY24 to $148.1 million in FY25. The increase is driven primarily by the 20% increase in average exposure, partially offset by a reduction in the effective premium rate, with the majority of the average exposure increase attributable to the NHFO-SOE product.

GPI on the TFG product increased by $11.1 million from $2.4 million in FY24 to $13.5 million in FY25, driven primarily by the rapid growth and expansion in the Agency's newest product line.

GPI on the PRI product increased slightly by $3.6 million (2%) from $144.9 million in FY24 to $148.5 million in FY25. The slight increase is driven primarily by the higher average exposure of Capital optimization guarantees, partially offset by reduction in other PRI guarantees.

Refer to **Figures 6 to 8** for the Agency's GPI and average exposure across the three product lines.

*Net Premium Income (NPI)* increased by 12% from $130.5 million in FY24 to $146.0 million in FY25, with the increase in average exposure being the main driver, partially offset by the increased utilization of reinsurance during FY25.

*Operating Income:* FY25 operating income of $60.2 million increased by 6% from $56.9 million in FY24. with the impact of the increase in NPI of $15.4 million and miscellaneous income relating to staff transferred from IBRD/IDA under the WBG GP of $6.9 million outpacing the increase in reported Administrative Expenses of $19.0 million.

**Figure 9** shows the evolution of the Agency's net premium and operating income over the past five fiscal years.

*Administrative Expenses (including Pension costs)* totaled $92.6 million in FY25, compared to $73.7 million in FY24. The 26% increase is primarily driven by the higher staff costs associated with planned growth in headcount aligned with the WBG-GP implementation, including the IBRD/IDA staff transferred to MIGA effective July 1, 2024.

**Figure 6. NH Gross Premium Income & Average Exposure (FY24 - FY25)**

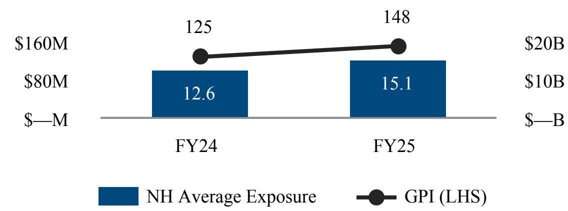



**Figure 7. TFG Gross Premium Income & Average Exposure (FY24 - FY25)**

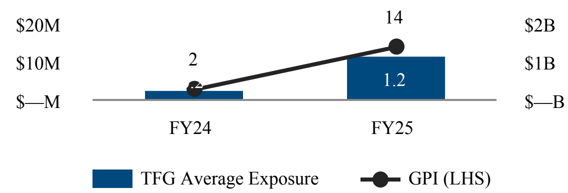



**Figure 8. PRI Gross Premium Income & Average Exposure (FY24 - FY25)**

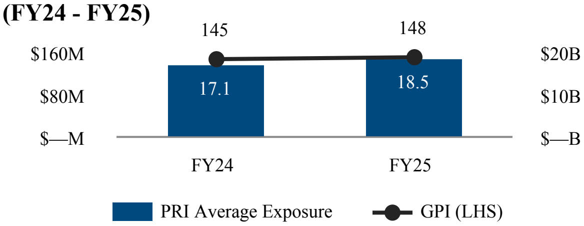
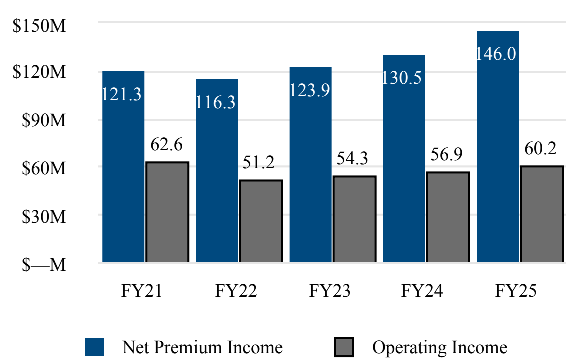
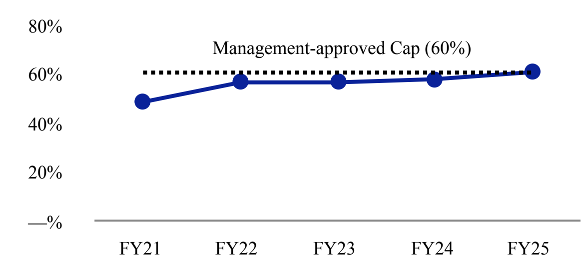



**Figure 9. Net Premium and Operating Income (FY21 – FY25)**



Correspondingly, the Administrative Expenses-to-Net Premium Income ratio, a key measure of MIGA's cost efficiency, increased to 60% in FY25 from 57% in FY24, reflecting the effect of planned growth in Administrative expenses (See **Figure 10)**. The ratio is based on budget basis administrative expenses, excluding the costs associated with staff transferred from IBRD/IDA under the WBG-GP, for which MIGA is being compensated.

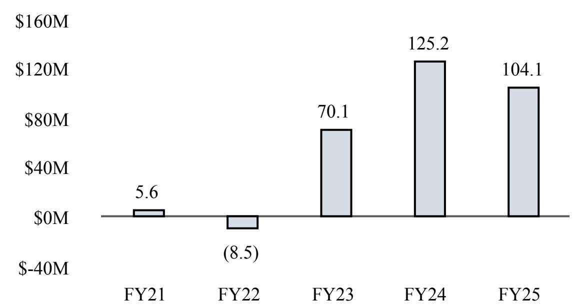
**Figure 10. Administrative Expenses-to-NPI Ratio (FY21 – FY25)**




*Investment Activity Results*

*Investment Income:* FY25 investment income totaled \$104.1 million compared to \$125.2 million in FY24. The \$21.1 million decrease in investment income was primarily due to the \$18.2 million lower interest income, consistent with the evolution of short-term interest rates, and \$2.9 million lower mark-to-market gains. **Figure 11** shows the investment income trend over the past five fiscal years.

**Figure 11. Investment Income (FY21 – FY25)**

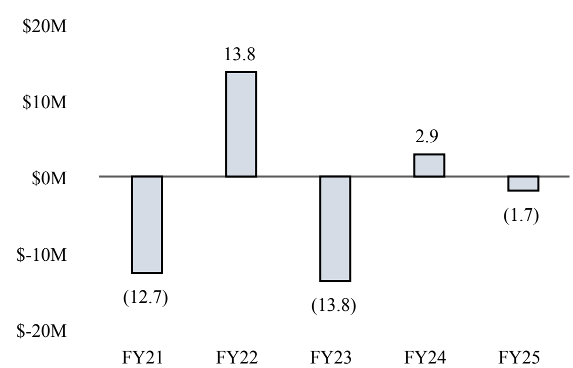



*Reserves for Claims, excluding currency fluctuation effects*

In FY25, the Agency recorded a decrease in the Reserve for Claims of \$1.7 million attributable to a \$1.4 million decrease in the Specific Reserve and a \$1.8 million decrease in the Insurance Portfolio Reserve (IPR), partially offset by the impact of Claims-related expenses of \$1.5 million.

In comparison, Reserves for Claims increased by \$2.9 million in FY24, attributable to the \$6.0 million increase in Specific Reserve, partially offset by a \$3.1 million decrease in the IPR. **Figure 12** provides details on the trend in the changes in Reserve for Claims over the past five years.

**Figure 12. Change in Reserve for Claims (FY21 – FY25)**



# 4. OPERATIONAL RESULTS

***New Guarantee Issuance***

Since its inception in 1988, MIGA has issued $94.0 billion in guarantees in 124 countries in support of over 1060 projects.

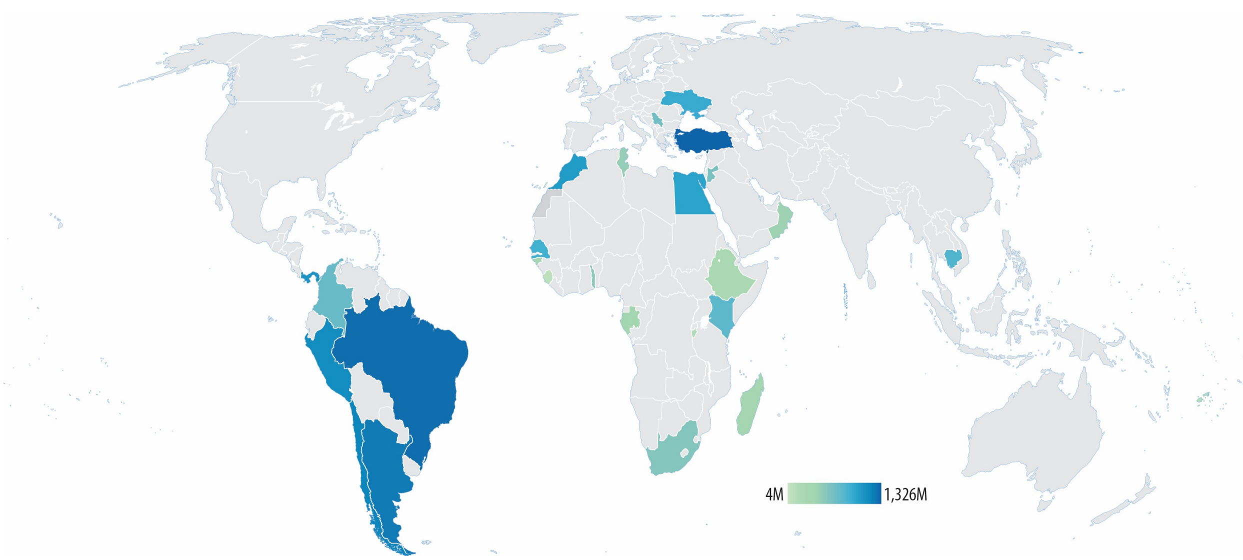
*Overall Results in FY25*

MIGA issued a record $9.5 billion in new guarantees in support of 44 projects during FY25, including 33 new projects and 11 projects previously supported. This compares to $8.2 billion new guarantees issued in FY24 in support of 40 projects.

New business written in FY25 spanned 26 countries across five regions and one Regional Development Bank, with Latin America and the Caribbean (48%) and Europe and Central Asia (20%) having been the key FDI destinations.

**Figure 13** below depicts a map of the world where MIGA has deployed its guarantees during FY25.

**Figure 13. World Map of FY25 New Guarantee Issuance**[3]




[3] IBRD 49017/July 2025

*Regional Distribution of New Business Volume*

FY25 saw MIGA's continued commitment to fostering economic development across various regions. The Agency's efforts in Latin America and the Caribbean, Europe and Central Asia, Middle East and North Africa and Sub-Saharan Africa have not only supported significant infrastructure and development projects but have also paved the way for increased trade and regional cooperation. A breakdown of MIGA's new business volumes during FY25 and FY24 is presented in **Table 2** below.

**Table 2. Regional New Business Volumes ($M)**

| | FY25 Issuance | | | | FY24 Issuance | | | |
|---|---|---|---|---|---|---|---|---|
| **Region** | **Gross Exposure** | **%** | **Net Exposure** | **%** | **Gross Exposure** | **%** | **Net Exposure** | **%** |
| East Asia & Pacific | $ 304 | 3 % | $ 79 | 4 % | $ — | — % | $ — | — % |
| Europe & Central Asia | 1,882 | 20 % | 315 | 14 % | 2,852 | 35 % | 621 | 25 % |
| Latin America & Caribbean | 4,544 | 48 % | 965 | 43 % | 1,855 | 23 % | 274 | 11 % |
| Middle East & North Africa | 1,195 | 13 % | 380 | 17 % | — | — % | — | — % |
| South Asia | — | — % | — | — % | 449 | 5 % | 158 | 6 % |
| Sub-Saharan Africa | 1,006 | 11 % | 369 | 17 % | 2,665 | 32 % | 1,387 | 55 % |
| Regional Development Banks (RDB's) | 532 | 6 % | 117 | 5 % | 382 | 5 % | 76 | 3 % |
| **Total New Business Volume** | **$ 9,463** | **100 %** | **$ 2,226** | **100 %** | **$ 8,204** | **100 %** | **$ 2,515** | **100 %** |

The **Latin America and the Caribbean** (LAC) region accounted for almost half of the Agency's FY25 new business volume, with guarantees in support of nine projects totaling $4.5 billion. Four of the projects supported related to capital optimization guarantees provided to financial institutions in Argentina and Peru, aimed at freeing up lending capacity and enhancing climate finance initiatives. MIGA also issued four non-honoring guarantees supporting SOE's and sub-sovereigns in Brazil, Chile, Colombia and Panama. Additionally, MIGA issued its first trade finance guarantee in Brazil supporting short-term financing for Micro, Small and Medium Enterprises (MSME's) in the country.

MIGA backed eight projects in **Europe and Central Asia (ECA)** with guarantees totaling $1.9 billion, the majority of these being capital optimization guarantees issued to financial institutions in Turkiye, Serbia and Ukraine. In addition, MIGA provided a trade finance guarantee covering the risk of non-payment of a short-term trade loan facility in Turkiye.

In **Middle East and North Africa (MENA),** MIGA issued guarantees totaling $1.2 billion in support of 10 projects spanning five countries - Egypt, Jordan, Morocco, Oman and Tunisia. Notable projects in the region include the expansion of an educational campus in Morocco, a container port project in Morocco, several renewable energy projects in Tunisia and the expansion of the Jordan international airport. Through partnership arrangements with the European Bank for Reconstruction and Development (EBRD), MIGA also provided trade finance guarantees in Egypt supporting trade transactions conducted through State-Owned Banks.

MIGA's impact in **Sub-Saharan Africa (SSA)** was marked by its support for 14 projects, with guarantees amounting to $1.0 billion across 10 nations. The region saw the implementation of several innovative projects, including a multi-country Currency Inconvertibility and Transfer Restriction portfolio framework for a distributed energy platform, with the first tranche of guarantees written in Kenya, Madagascar and Sierra Leone. The Agency issued its first ever policy insuring political risks linked to Paris Agreement carbon markets in Kenya and also supported several other infrastructure and renewable energy projects in the region. MIGA continued to expand its trade finance footprint and issued two guarantees in Senegal and Togo totaling $485 million covering short-term trade loan facilities.

Additionally, MIGA issued a guarantee for $532 million to a **Regional Development Bank (RDB)** that supported eight African countries.

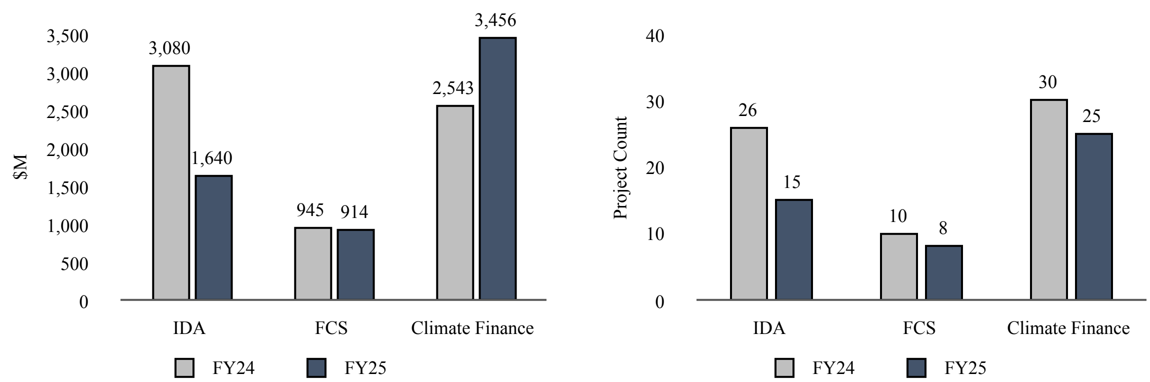
In **East Asia and Pacific (EAP),** MIGA issued guarantees for $304 million in support of two projects, including a Capital optimization guarantee in Cambodia and the Agency's first guarantee in Fiji, through its trade finance partnership arrangement with IFC.

*Guarantees Issued in Strategic Priority Areas*

In FY25, 75% of the 44 projects supported addressed at least one of the strategic priority areas - namely IDA-eligible countries (IDA), Fragile and Conflict Affected Situations (FCS) and Climate Finance.

**Figure 14** below illustrates the distribution of new business volume and projects supported in the three strategic priority areas in FY24 and FY25.

**Figure 14. New Business Volumes and Projects Supported in Strategic Priority Areas**




MIGA's commitment to IDA-eligible countries during FY25 included guarantees totaling $1.6 billion, representing 17% of the total guarantee issuance. In terms of projects supported, commitments in IDA-eligible countries supported 15 projects across nine nations in Africa and the East Asia and Pacific regions and one Regional Development Bank in Africa.

MIGA's engagement in Fragile and Conflict-affected Situations (FCS) was also notable, with $914.0 million in guarantees (10% of the total guarantees) supporting 8 projects (18% of the total projects supported) in four countries, namely: Burundi, Ethiopia, Guinea-Bissau and Ukraine, and one Regional Development Bank in Africa.

Climate Finance initiatives were a significant focus in FY25, with MIGA issuing guarantees in support of 25 projects (57% of the total projects) across 14 countries and one regional bank supporting either mitigation or adaptation efforts. Climate finance component of the FY25 guarantees totaled $3.5 billion, representing 55.2%[4] of the total guaranteed investment supported.

[4] MIGA's methodology for climate finance reporting is aligned with the private capital mobilization methodology, computing the component as a percentage of the underlying loan or equity investment guaranteed, as opposed to the entire guarantee exposure.

*Guarantees Issued by Product Type*

**Table 3** provides the guarantee issuance breakdown by product type during FY25 and FY24.

**Table 3. Guarantees Issued by Product Type ($M)**

| | FY25 Issuance | | | | FY24 Issuance | | | |
|---|---|---|---|---|---|---|---|---|
| **Products** | **Gross Exposure** | **%** | **Net Exposure** | **%** | **Gross Exposure** | **%** | **Net Exposure** | **%** |
| Political Risk Insurance (PRI) | | | | | | | | |
| Capital Optimization [a] | $ 3,702 | 39 % | $ 783 | 35 % | $ 3,906 | 48 % | $ 1,252 | 50 % |
| Other PRI Guarantees | 620 | 7 % | 252 | 11 % | 752 | 9 % | 349 | 14 % |
| Non Honoring (NH) | | | | | | | | |
| NHSFO | 439 | 5 % | 61 | 3 % | 1,099 | 13 % | 188 | 7 % |
| NHFO-SOE [b] | 3,571 | 38 % | 689 | 31 % | 1,604 | 20 % | 343 | 14 % |
| Trade Finance (TFG) | 1,131 | 12 % | 440 | 20 % | 842 | 10 % | 383 | 15 % |
| **Total PRI Issuance** | **$ 4,322** | **46 %** | **$ 1,035** | **46 %** | **$ 4,658** | **57 %** | **$ 1,601** | **64 %** |
| **Total NH Issuance** | **$ 4,011** | **42 %** | **$ 750** | **34 %** | **$ 2,703** | **33 %** | **$ 531** | **21 %** |
| **Total TFG Issuance** | **$ 1,131** | **12 %** | **$ 440** | **20 %** | **$ 842** | **10 %** | **$ 383** | **15 %** |
| **Total Issuance** | **$ 9,463** | **100 %** | **$ 2,226** | **100 %** | **$ 8,204** | **100 %** | **$ 2,515** | **100 %** |

[a] *PRI sub-product that covers the guarantee holder from the risk of expropriation of funds on mandatory and voluntary reserves maintained with Central Banks.*

[b] *Includes NH coverage against the risk that a regional development bank fails to honor an unconditional payment obligation*

PRI product (46%) remains a key component of the annual new guarantee issuance, followed by NH product (42%), and the TF product line (12%).

*Blended Finance Facilities*

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

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

In FY25, MIGA leveraged its blended finance facilities to further expand operations into higher-risk, IDA and FCS countries and issued six MGF-supported guarantees in five countries in Sub-Saharan Africa (Burundi, Ethiopia, Guinea-Bissau, Madagascar and Sierra Leone) ceding $25 million to IDA using a shared first-loss structure.

MIGA also leveraged the use of the other three blended facilities during FY25, ceding exposure to the RECTF in connection with six renewable energy projects across Kenya and Tunisia for $17 million and continued its support of projects in Ukraine, utilizing both the CAFEF and SURETF facilities for $70 million in total guarantees issued.

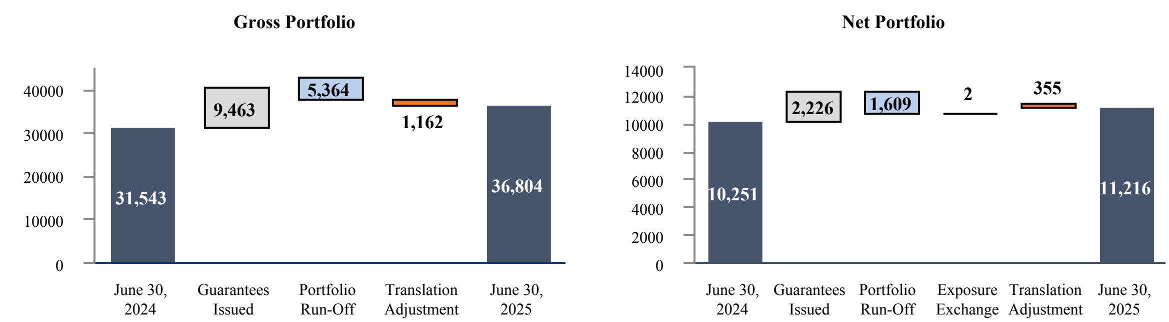
***Guarantee Portfolio Composition***

MIGA's gross outstanding exposure increased by $5.3 billion or 16.7% to a record-high of $36.8 billion as of June 30, 2025 from $31.5 billion as of June 30, 2024. The increase is attributable to the record-high new business volume of $9.5 billion and the positive currency translation adjustments of $1.2 billion (principally on the Euro-denominated guarantee portfolio), partially offset by portfolio run-off of $5.4 billion during the fiscal year.

Net outstanding exposure also increased to a record-high of $11.2 billion as of June 30, 2025, from $10.3 billion as of June 30, 2024. The increase of $965 million is due to the net new business volume of $2.2 billion and the positive currency translation adjustments of $0.4 billion exceeding the net portfolio run-off of $1.6 billion.

**Figure 15** below provides a roll-forward of the gross and net guarantee portfolios.

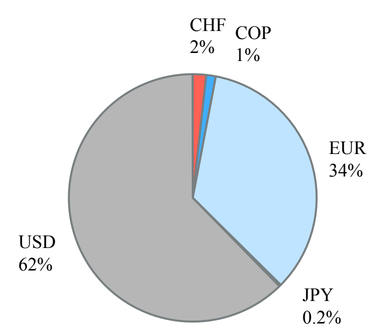
**Figure 15. Gross and Net Guarantee Portfolio Roll-Forward ($M)**




*Currency Composition of the Portfolio*

MIGA has authorized guarantee issuance in eight currencies, namely, the US Dollar, Euro, Pound Sterling, Swiss Francs, Japanese Yen, Colombian Peso, Renminbi, and South African Rand. While the majority of the Agency's guarantees are written in US Dollars (USD), MIGA has about a third of its gross and net guarantee portfolio denominated in Euros as of June 30, 2025, and a smaller proportion in Colombian Pesos, Swiss Francs and Japanese Yen **(Figure 16)**. The appreciation of the Euro by 9.5% during FY25 resulted in the positive currency translation adjustment in both the gross and net guarantee portfolios of $1.2 billion and $355 million, respectively **(Figure 15)**.

**Figure 16. Gross Portfolio Currency Composition (%)**



*Portfolio Composition by Product Type*

As of June 30, 2025, the PRI product represented 55% of MIGA's total gross outstanding gross exposure, the NH share was 41% across sovereign, sub-sovereign and SOE obligors (including RDBs), and the TFG share was 4%. Reflecting MIGA's risk appetite, NH covers are more heavily reinsured than PRI covers. Consequently, PRI guarantees represented 68% of total net exposure as of June 30, 2025 compared to NH share of total net exposure of 27% and TFG share of 5%.

**Table 4** below provides the gross and net exposures as of June 30, 2025 and June 30, 2024 by product type.

**Table 4. Portfolio Composition by Product ($M)**

| Products | As of June 30, 2025 | | | | As of June 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross Exposure | % | Net Exposure | % | Gross Exposure | % | Net Exposure | % |
| Political Risk Insurance (PRI) | | | | | | | | |
| Capital Optimization [a] | $ 9,894 | 27 % | $ 3,246 | 29 % | $ 7,059 | 22 % | $ 2,634 | 26 % |
| Other PRI Guarantees | 10,185 | 28 % | 4,359 | 39 % | 10,819 | 34 % | 4,658 | 45 % |
| Non Honoring (NH) | | | | | | | | |
| NHSFO [b] | 5,891 | 16 % | 1,065 | 9 % | 5,809 | 18 % | 1,086 | 11 % |
| NHFO-SOE [c] | 9,298 | 25 % | 1,961 | 17 % | 7,013 | 22 % | 1,484 | 14 % |
| Trade Finance (TFG) | 1,536 | 4 % | 585 | 5 % | 844 | 3 % | 390 | 4 % |
| **Total PRI Exposures** | **$ 20,079** | **55 %** | **$ 7,605** | **68 %** | **$ 17,878** | **57 %** | **$ 7,292** | **71 %** |
| **Total NH Exposures** | **$ 15,189** | **41 %** | **$ 3,026** | **27 %** | **$ 12,821** | **41 %** | **$ 2,570** | **25 %** |
| **Total TFG Exposures** | **$ 1,536** | **4 %** | **$ 585** | **5 %** | **$ 844** | **3 %** | **$ 390** | **4 %** |
| **Total Exposure** | **$ 36,804** | **100 %** | **$ 11,216** | **100 %** | **$ 31,543** | **100 %** | **$ 10,251** | **100 %** |

[a] *PRI sub-product that covers the guarantee holder from the risk of expropriation of funds on mandatory and voluntary reserves maintained with Central Banks.*

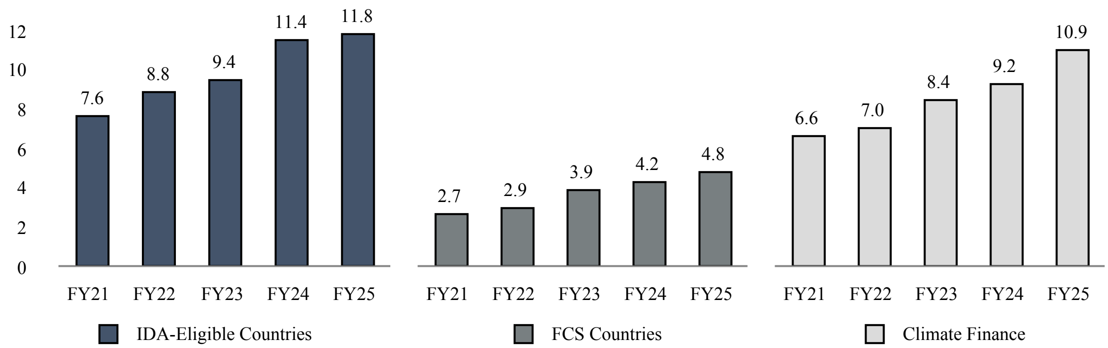
[b] *Includes NH coverage against the risk that a sovereign or sub-sovereign fails to honor an unconditional payment obligation*

[c] *Includes NH coverage against the risk that a state-owned enterprise or a regional development bank fails to honor an unconditional payment obligation*

*Portfolio Exposure in Strategic Priority Areas*

Over the last five fiscal years, the Agency has grown its portfolio in the strategic priority areas. As of June 30, 2025, MIGA's gross outstanding exposure in IDA-eligible countries increased to $11.8 billion, while its exposure in FCS countries grew to $4.8 billion. The Agency's portfolio supporting Climate Finance projects has also grown significantly from $6.6 billion at end-FY21 to $10.9 billion at end-FY25 (See **Figure 17**).

**Figure 17. Gross Portfolio by Strategic Priority Areas ($B)**




*Portfolio Exposure across Regions*

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

As of end-FY25, the Latin America and Caribbean region had the largest outstanding gross exposures, followed very closely by Europe and Central Asia and then by Sub Saharan Africa. In terms of net exposure, Sub-Saharan Africa was the largest mainly on account of PRI guarantees.

**Table 5** provides the regional gross and net exposures as of June 30, 2025 and June 30, 2024.

**Table 5. Portfolio Composition by Region ($M)**

| | As of June 30, 2025 | | | | As of June 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| **Region** | **Gross Exposure** | **Share %** | **Net Exposure** | **Share %** | **Gross Exposure** | **Share %** | **Net Exposure** | **Share %** |
| East Asia & Pacific | $ 1,841 | 5 % | $ 497 | 4 % | $ 2,395 | 8 % | $ 558 | 5 % |
| Europe & Central Asia | 9,389 | 26 % | 2,603 | 23 % | 7,565 | 24 % | 2,268 | 22 % |
| Latin America & Caribbean | 9,472 | 26 % | 2,169 | 19 % | 6,604 | 21 % | 1,624 | 16 % |
| Middle East & North Africa | 4,162 | 11 % | 1,068 | 10 % | 3,486 | 11 % | 1,028 | 10 % |
| South Asia | 1,576 | 4 % | 624 | 6 % | 1,703 | 5 % | 659 | 6 % |
| Sub-Saharan Africa | 8,996 | 24 % | 3,969 | 35 % | 9,060 | 29 % | 3,968 | 39 % |
| Regional Development Bank (RDB) | 1,369 | 4 % | 285 | 3 % | 729 | 2 % | 146 | 1 % |
| **Total[a]** | **$ 36,804** | **100 %** | **$ 11,216** | **100 %** | **$ 31,543** | **100 %** | **$ 10,251** | **100 %** |

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

### ***Claims and Dispute Management***

*Claim Activities*

MIGA made one claim payment for $67.5 million during the course of FY25 on its own account towards a WCD claim. The claim was supported by IDA PSW, with IDA paying $32.8 million towards the claim. As of June 30, 2025, the Agency had two pending claims against the risk of Transfer Restriction (TR) for which it has maintained adequate reserves.

Since its inception, the Agency has paid twelve claims on its own account for a total of $94.2 million on a gross basis. Of the twelve claims paid, ten were in relation to the War and Civil Disturbance cover and two related to Expropriation cover.

*Facilitating dispute resolution*

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

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

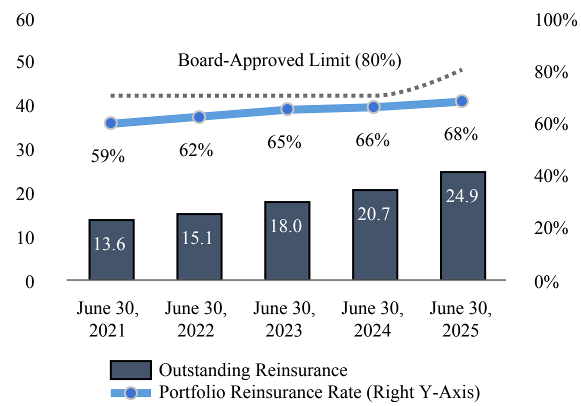
# 5. REINSURANCE MANAGEMENT

***Portfolio Reinsurance***

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

As of June 30, 2025, $24.9 billion (67.7%) of the Agency's gross outstanding exposure was reinsured under facultative and quota share treaty arrangements in comparison to $20.7 billion (65.6%) as of end-FY24. **Figure 18** shows the evolution of the reinsurance portfolio over the past five years and the trend of the portfolio reinsurance rate.

**Figure 18. Overall Portfolio Reinsurance ($B)**



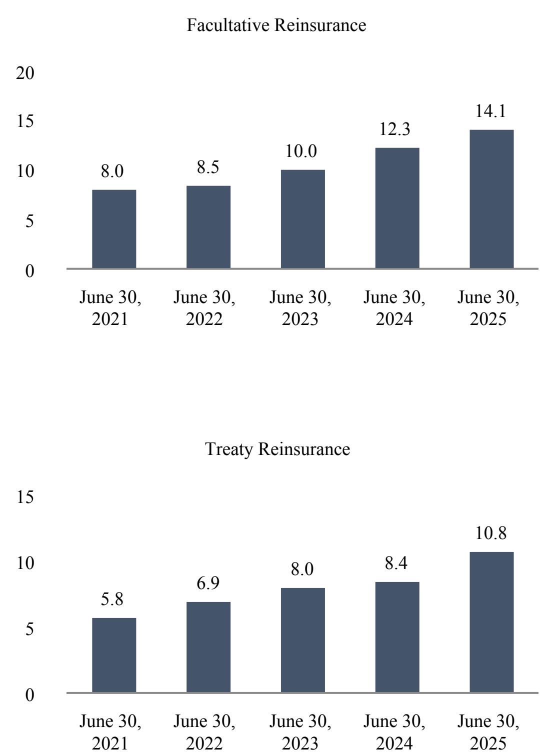

***Treaty and Facultative Reinsurance***

MIGA typically cedes exposure through facultative reinsurance, as required, for large or high-risk projects or in host countries where the Agency has high concentration levels. As of June 30, 2025, exposure ceded to facultative reinsurers was $14.1 billion or 57% of total outstanding reinsurance in comparison to $12.3 billion (59%) as of end-FY24.

In addition to facultative reinsurance, MIGA also cedes exposure to a panel of six treaty reinsurers, including two added effective July 1, 2024, to the previously existing four. The Agency's treaty reinsurance attaches to a guarantee when the associated gross exposure exceeds a defined attachment point and exposure ceded is capped at defined project and country limits. As of June 30, 2025, exposure ceded to the treaty reinsurers amounted to $10.8 billion or 43% of total outstanding reinsurance, in comparison to $8.4 billion (41%) as of end-FY24.

**Figure 19** shows the increasing utilization of both facultative and treaty reinsurance over the past five years.

**Figure 19. Portfolio Reinsurance – Facultative and Treaty ($B)**



***Ceding Commissions***

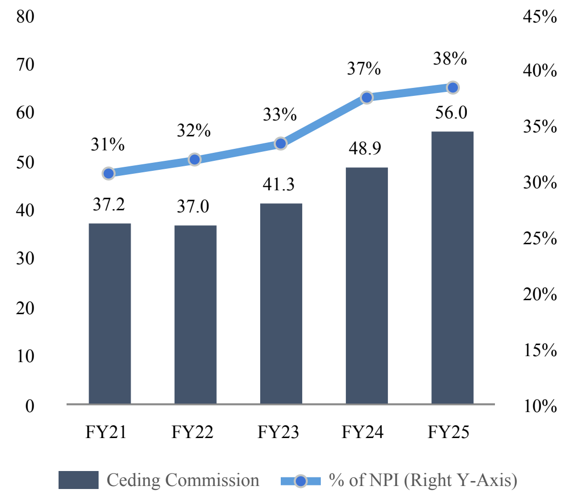
Reinsurance allows MIGA to fulfill its developmental mandate by utilizing its capital efficiently and minimizing risk concentrations.

Premiums ceded to reinsurers have increased proportionately in line with the increased ceded exposure. Ceding commissions which are a percentage of the ceded premiums, are retained by MIGA and considered a part of the Agency's NPI, have also increased substantially.

During FY25, MIGA earned ceding commissions of $56.0 million compared to $48.9 million earned in FY24. This represented 38% of the NPI in FY25, up from 37% in the previous fiscal year and continues to reflect that a significant proportion of revenue is generated by relatively lower-risk counterparties (the weighted average rating of MIGA's reinsurance panel is AA-).

**Figure 20** shows the increasing trend of the ceding commissions earned and their percentage of NPI over the past five fiscal years.

**Figure 20. Ceding Commissions ($M)**



# 6. FUNDING SOURCES

### *Capital Stock*

MIGA derives its financial strength primarily from the capital backing it receives from its shareholders and from its retained earnings and reserves. MIGA's Convention initially established its authorized capital stock (membership shares) at 100,000 shares—equivalent to $1,082 million—with a provision that the authorized capital stock shall automatically increase upon the admission of a new member to the extent that the total number of authorized shares are sufficient to allow subscription by the new member. As of June 30, 2025, MIGA had 182 member countries and a total subscribed capital of $1.9 billion. **Table 6** provides a summary of the capital stock as of June 30, 2025.

Of the initial membership shares subscribed, 20 percent have been paid-in. The remaining 80 percent is subject to call if needed by MIGA to meet its obligations. As of June 30, 2025, $108.9 million of paid-in capital is in the form of non-negotiable, non-interest bearing demand obligations or promissory notes. The notes are denominated in freely convertible currencies and are due on demand if needed to meet MIGA's obligations.
Since inception, MIGA has not encashed any of the promissory notes.

**Table 6. Capital Stock ($M) - June 30, 2025**

| | |
|---|---|
| Subscribed Capital | $ 1,920 |
| Of which: | |
| Paid in Capital | 366 |
| Callable Capital | 1,553 |

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

### *Shareholders' Equity*

Total shareholders' equity as of June 30, 2025 was $2.1 billion, an increase of $210 million from June 30, 2024. The increase reflects the combined effect of the FY25 net income contribution of $168 million and the increase in Accumulated Other Comprehensive Income (AOCI) of $42 million. The increase in AOCI is primarily due to the actuarial gains resulting from the decrease in the Projected Benefit Obligations (PBO) of the Pension plans and the actual returns on planned assets exceeding expected results.

**Table 7** provides the five-year trend of shareholders' equity.

**Table 7. Shareholders' Equity ($M)**

| As of June 30 | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Paid-in Capital | $ 366 | $ 366 | $ 366 | $ 366 | $ 366 |
| Retained Earnings | 1,661 | 1,493 | 1,313 | 1,174 | 1,146 |
| Accumulated Other Comprehensive Income (Loss) | 74 | 33 | 27 | (1) | (38) |
| | **$ 2,102** | **$ 1,892** | **$ 1,706** | **$ 1,539** | **$ 1,474** |

# 7. CAPITAL MANAGEMENT

### *Statutory Underwriting Capacity*

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

As of June 30, 2025, MIGA's underwriting capacity was $44.3 billion, as detailed in **Table 8**. MIGA's gross outstanding exposure on that date was $36.8 billion and represented 83% of the Agency's statutory underwriting capacity.

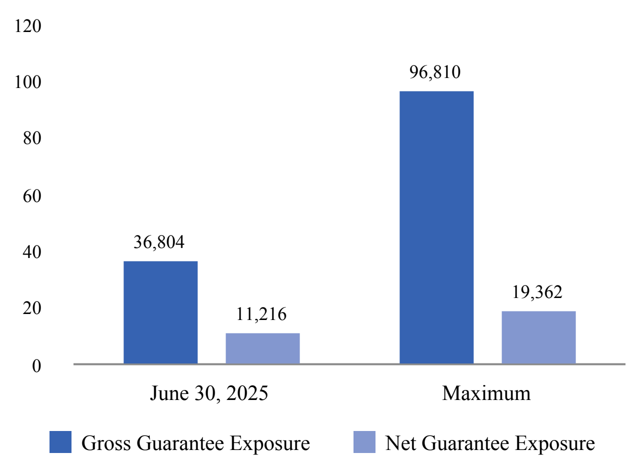
**Table 8. Statutory Underwriting Capacity ($M)**

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Subscribed Capital | $ 1,920 | $ 1,920 |
| Retained Earnings | 1,661 | 1,493 |
| Accumulated Other Comprehensive Income | 74 | 33 |
| Insurance Portfolio Reserve (net) | 218 | 212 |
| **Total (A)** | **3,872** | **3,657** |
| 500% of (A) | 19,362 | 18,283 |
| 100% of Exposure Ceded to Reinsurers | 24,930 | 20,688 |
| **Statutory Underwriting Capacity** | **$ 44,292** | **$ 38,971** |
| **Gross Exposure as % of Statutory Underwriting Capacity** | **83 %** | **81 %** |

As noted in **Section 5**, the Board of Directors has authorized the Agency to reinsure its guarantees up to a maximum of 80% of gross exposure on a portfolio basis. Therefore, as of June 30, 2025, the maximum guarantee capacity can be extended to $96.8 billion based on a maximum net guarantee exposure scenario of $19.4 billion as of that date and a 80% maximum portfolio reinsurance rate.

**Figure 21** highlights the potential room for growth based upon current levels of exposure.

**Figure 21. Maximum Guarantee Capacity ($M)**




Maximum Net Exposure Reflects 500% of unimpaired subscribed capital and reserves and the Maximum Gross Exposure assumes portfolio reinsurance at 80%.

***Capital Adequacy***

Under its economic capital-based capital adequacy framework, MIGA's measures of capital adequacy and risk-bearing capacity include economic capital (EC) consumed by the guarantee portfolio. It provides an analytically rigorous measure for assessing the risk inherent in the core guarantee business and incorporates the effects from portfolio diversification and concentration. Management also estimates the minimum amount of capital that should be held against operational risk[5] in the Agency and against the risk of loss in the investment portfolio. Together, these three measures constitute the total economic capital.

As of June 30, 2025, the economic capital consumed by the guarantee portfolio amounted to $750 million and the total economic capital for the Agency amounted to $909 million, compared to $691 million and $811 million, respectively, as of June 30, 2024.

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

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

**Table 9** shows the ratios of guarantee portfolio EC, Total EC and RC to operating capital as of the end of the past five fiscal years. The guarantee portfolio EC and total EC ratios stood at 32.4%, and 39.2%, respectively, as of June 30, 2025 compared with 32.8% and 38.6% as of June 30, 2024. Based on updated stress tests, the buffer capital was computed at 13.7% of operating capital, for an RC/OC ratio of 52.8% as of June 30, 2025 compared to 54.2% as of June 30, 2024, well below the inner and outer limits of 80% and 85%. Together, the ratios indicate an overall stable and robust capital adequacy position for the Agency, including an ability to withstand severe stress to its portfolio.

[5] Operational risk capital is based on the Basel II methodology for calculating operational risk capital as a percentage of gross revenues and amounted to $99 million as of June 30, 2025.

**Table 9. Capital Utilization (FY21-FY25) ($M)**

| As of June 30 | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Guarantee Portfolio Economic Capital | $ 750 | $ 691 | $ 669 | $ 661 | $ 669 |
| Total Economic Capital | 909 | 811 | 773 | 759 | 768 |
| Risk Capital | 1,226 | 1,140 | 1,092 | 1,083 | 1,054 |
| Insurance Portfolio Reserve (net) | 218 | 212 | 216 | 238 | 250 |
| Retained Earnings and Accumulated Other Comprehensive Income | 1,735 | 1,525 | 1,340 | 1,173 | 1,108 |
| Paid-in Capital | 366 | 366 | 366 | 366 | 366 |
| Operating Capital | 2,319 | 2,103 | 1,923 | 1,777 | 1,724 |
| Net Exposure | 11,216 | 10,251 | 9,450 | 8,991 | 9,134 |
| Guarantee Portfolio Economic Capital / Operating Capital | 32.4% | 32.8% | 34.8% | 37.2% | 38.8% |
| Total Economic Capital / Operating Capital | 39.2% | 38.6% | 40.2% | 42.7% | 44.5% |
| Risk Capital / Operating Capital | 52.8% | 54.2% | 56.8% | 61.0% | 61.1% |
| Guarantee Portfolio Economic Capital / Net Exposure | 6.7% | 6.7% | 7.1% | 7.4% | 7.3% |

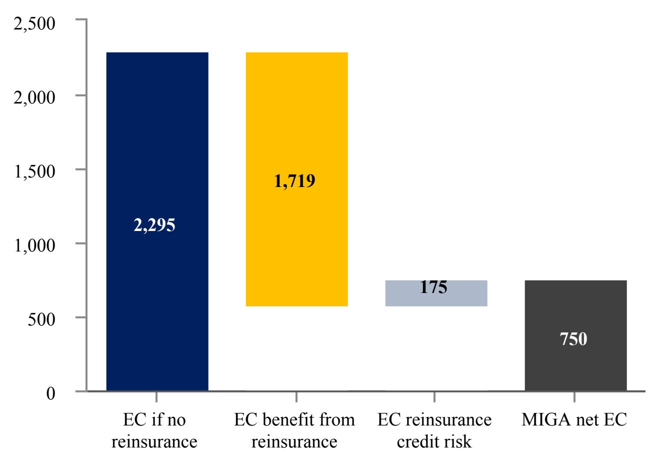
As a gauge of year-on-year changes to the relative risk-level of the guarantee portfolio, **Table 9** shows the ratio of guarantee portfolio economic capital to portfolio net exposure. As of June 30, 2025, this ratio remained unchanged at 6.7% compared to June 30, 2024, reflecting the stability in the risk profile of the Agency's guarantee portfolio.

*Effects of Reinsurance on Economic Capital*

As noted in **Section 5**, reinsurance of MIGA's guarantee portfolio plays a key part in risk management and business growth, as it helps MIGA manage its exposure concentration by transferring risk and provides substantial capital relief given the highly rated counterparty credit risk assumed. As of June 30, 2025, reinsurance on the guarantee portfolio provided relief to the overall guarantee portfolio EC consumption by 67% compared to 66% as of June 30, 2024. MIGA is also exposed to the risk of default by its reinsurers when claims materialize. As of June 30, 2025, the amount of Reinsurer Counterparty Credit Risk (RCCR) EC is estimated at $175 million compared to $156 million as of June 30, 2024, and is included in the overall guarantee portfolio EC.

**Figure 22** shows the benefit provided by reinsurance on the guarantee portfolio EC as of June 30, 2025, as well as the RCCR EC.

**Figure 22. Impact of Reinsurance on Economic Capital ($M) – June 30, 2025**

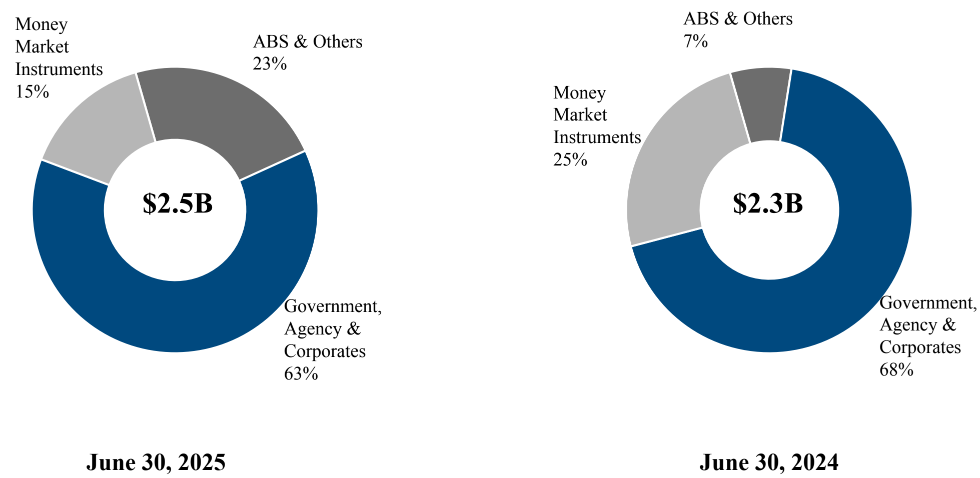


# 8. INVESTMENT MANAGEMENT

MIGA's investment policy objectives are to provide liquidity to pay for unanticipated claims and to grow MIGA's capital base to support MIGA's long-term business strategy, with the liquid assets held in cash and highly rated fixed income instruments. As of June 30, 2025, MIGA's net investment portfolio holdings totaled $2.5 billion, comprising of government and agency securities, high quality corporate bonds, money market instruments, asset-backed securities (ABS), and derivative instruments. The Agency uses currency forward contracts, currency swaps, options, futures contracts and TBA securities to enhance the returns and manage the currency risk in its investment portfolio.

Most of the Agency's assets are denominated in USD, with a small portion in non-USD holdings. As of June 30, 2025, MIGA held cash and government securities denominated in currencies other than USD totaling $268.9 million or 10.9% of its total holdings. **Figure 23** shows the broad asset class allocation as of June 30, 2025 and June 30, 2024.

**Figure 23. Composition of MIGA's Investment Portfolio by Asset Class**




MIGA's investment income for FY25 was $104.1 million (4.4% annual return) compared to $125.2 million (5.8% annual return) in FY24. The $21.1 million decrease reflects $18.2 million lower interest income (net) and $2.9 million lower mark-to-market gains. The Federal Reserve Bank's action to cut rates thrice during FY25 by 1% point was a key driver for the lower interest income.

**Table 10** provides details on the investment income over the past five fiscal years.

**Table 10. Investment Income (FY21-FY25) ($M)**

| | FY25 | FY24 | FY23 | FY22 | FY21 |
|---|---|---|---|---|---|
| Interest Income (net) | $ 93.1 | $ 111.4 | $ 63.9 | $ 10.2 | $ 9.9 |
| Mark-to-Market Gains (Losses) | 11.0 | 13.8 | 6.2 | (18.7) | (4.3) |
| **Total Investment Income** | **$ 104.1** | **$ 125.2** | **$ 70.1** | **$ (8.5)** | **$ 5.6** |
| **Total Portfolio Return %** | **4.4%** | **5.8%** | **3.6%** | **(0.4%)** | **0.3%** |

# 9. RISK MANAGEMENT

***Risk Governance***

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

In the context of the one-WBG approach and the evolving structure, the VP FRES works closely with the Vice President and WBG Chief Risk Officer (WBG CRO) and Managing Director and WBG Chief Financial Officer (WBG MDCFO) to review, measure, aggregate, and report on financial, operational, and environmental and social risks, and share best practices across the WBG.

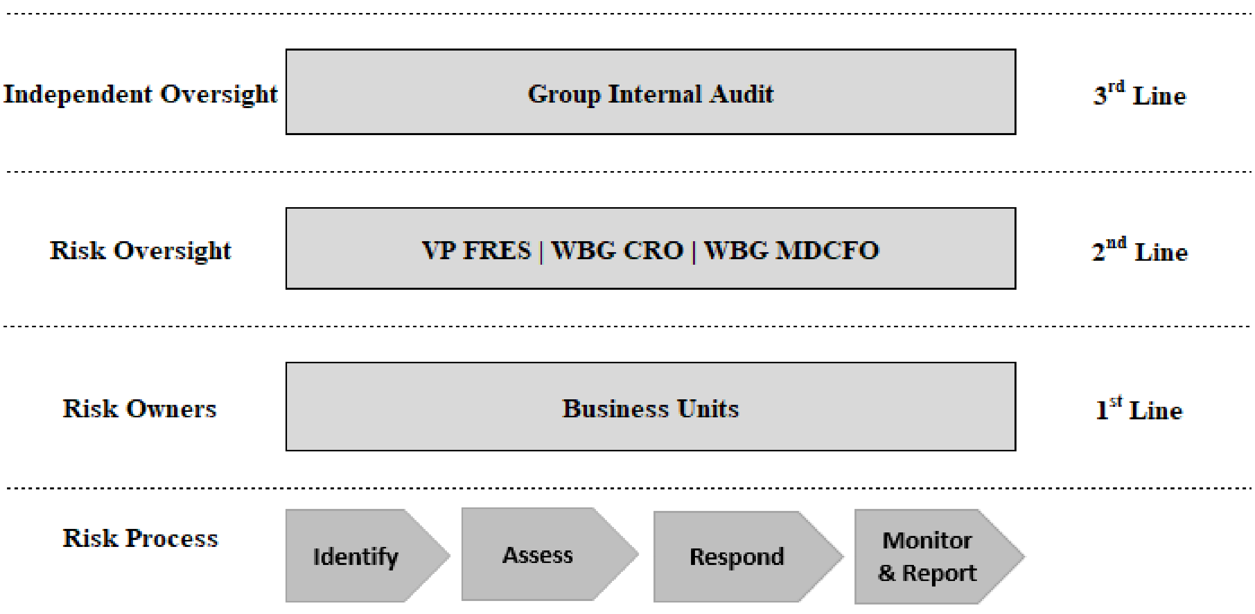
As effective risk management is critical for MIGA's overall operations, the risk management governance structure is designed to manage the principal risks MIGA assumes in its activities and supports Management in its oversight function. MIGA's risk governance structure is built on the "three lines of defense" principle (see **Figure 24**) where:

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

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

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

**Figure 24. Risk Management Structure**



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

***Risk Management Framework***

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

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

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

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

***Management of MIGA's Risks***

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

***Insurance Risk***

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

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

*Management of Insurance Risk*

The Agency's rigorous underwriting process is an integral part of MIGA's overall risk management. At the individual project level, a thorough assessment of the financial risk is undertaken from the perspectives of the host country and the project, and the impact to MIGA's overall risk and return balance. Each project, depending on complexity, is discussed and approved for guarantee issuance by either a Final Approval Committee (FAC) or a Project Review Committee (PRC). The FAC is chaired by the Director of Finance, the Director of Economics and Sustainability and the Director and General Counsel on a rotational basis. while the PRC is comprised of MIGA's management team and chaired by the VP FRES. The PRC is preceded by an initial Early Screening Committee (ESC), chaired by the Vice President, Operations of the Agency, and serves as an initial filter for determining whether to commit underwriting resources to a guarantee application. Finally, all projects other than those under the Small Investment Program (SIP), require Board concurrence or approval as well as host country approval for the investment.

***Portfolio Concentration Risk***

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

*Management of Portfolio Concentration Risk*

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

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

Under its Economic Capital (EC)[6] Model, based on best practices applied in risk modeling, MIGA defines its economic capital as the 99.97th percentile of the aggregate loss distribution over a three-year horizon, minus the mean of the loss distribution, which is in line with industry practice for a AAA rated institution. The model helps evaluate concentration risk in the guarantee portfolio and facilitates active, risk-based exposure management by allocating the Economic Capital to particular regions, countries, sectors, covers, or individual contracts, based on their respective risk contribution.

The top ten largest EC consuming countries had a combined consumption of 47.3%, of the total EC as of June 30, 2025, compared to 49.0% as of June 30, 2024. The composition of the top five and top ten EC consuming countries both trended downwards, with the decrease primarily resulting from rating upgrades and portfolio run-off in some of the highly concentrated countries. Moreover, a number of new guarantees issued during the last few fiscal years typically carry lower risk (namely, non-honoring guarantees in investment-grade countries, Capital optimization and trade finance guarantees), which means that spikes in host country net exposure do not necessarily translate to spikes in country EC.

**Table 11.** below captures the top five and top ten largest EC consuming countries in the portfolio as of June 30, 2025 and June 30, 2024.

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

**Table 11. Top EC Consuming Countries – June 30, 2025 and June 30, 2024 ($M)**

| | June 30, 2025 | | | June 30, 2024 | |
|---|---|---|---|---|---|
| **Country** | **EC** | **% of Total EC** | **Country** | **EC** | **% of Total EC** |
| Turkiye | $ 60.0 | 8.0% | Turkiye | $ 73.5 | 10.6% |
| Senegal | 49.1 | 6.5% | Bangladesh | 46.3 | 6.7% |
| Bangladesh | 43.9 | 5.9% | Serbia | 42.1 | 6.1% |
| Serbia | 42.0 | 5.6% | Egypt, Arab Republic of | 38.8 | 5.6% |
| Egypt, Arab Republic of | 40.5 | 5.4% | Cameroon | 27.4 | 4.0% |
| Cameroon | 29.3 | 3.9% | Senegal | 26.8 | 3.9% |
| Regional Dev Bank: TDB | 24.3 | 3.2% | Ethiopia | 21.7 | 3.1% |
| Morocco | 23.2 | 3.1% | Oman | 21.2 | 3.1% |
| Regional Dev Bank: BOAD | 21.4 | 2.9% | South Africa | 21.0 | 3.0% |
| Brazil | 21.2 | 2.8% | Mauritania | 19.9 | 2.9% |
| **Top 5 Countries** | **235.5** | **31.4 %** | **Top 5 Countries** | **228.1** | **33.0%** |
| **Top 10 Countries** | **354.9** | **47.3 %** | **Top 10 Countries** | **338.7** | **49.0%** |
| **Total EC** | **$ 750.4** | **100.0%** | **Total EC** | **$ 690.9** | **100.0%** |

*Note: Numbers may not add up due to rounding.*

In addition, in order to prevent excessive risk concentration, MIGA has in place nominal maximum net guarantee exposure limits per country and per project, which are $1.2 billion and $360 million, respectively as of June 30, 2025 ($1 billion and $300 million, respectively, as of June 30, 2024).

The top five and ten largest exposure countries by net exposure as of June 30, 2025 and June 30, 2024 are shown below in **Table 12**, accounting for 22.7% and 37.4% of the total net guarantee portfolio, respectively as of June 30, 2025.

**Table 12. Top Countries Ranked by Net Exposures – June 30, 2025 and June 30, 2024 ($M)**

| | June 30, 2025 | | | | June 30, 2024 | | |
|---|---|---|---|---|---|---|---|
| **Country** | **Gross Exposure** | **Net Exposure** | **% of Total Net Exposure** | **Country** | **Gross Exposure** | **Net Exposure** | **% of Total Net Exposure** |
| Serbia | $ 3,150 | $ 787 | 7.0 % | Serbia | $ 2,702 | $ 603 | 5.9 % |
| Turkiye | 2,917 | 519 | 4.6 % | Cote d'Ivoire | 769 | 418 | 4.1 % |
| Peru | 1,374 | 435 | 3.9 % | Turkiye | 1,815 | 397 | 3.9 % |
| Cote d'Ivoire | 710 | 410 | 3.7 % | Senegal | 1,059 | 367 | 3.6 % |
| Senegal | 1,135 | 394 | 3.5 % | Mexico | 2,382 | 364 | 3.6 % |
| Egypt, Arab Republic of | 652 | 388 | 3.5 % | Egypt, Arab Republic of | 458 | 346 | 3.4 % |
| Mexico | 2,362 | 360 | 3.2 % | Peru | 1,084 | 314 | 3.1 % |
| Cameroon | 468 | 316 | 2.8 % | Bangladesh | 963 | 311 | 3.0 % |
| Panama | 938 | 303 | 2.7 % | Colombia | 1,265 | 302 | 2.9 % |
| Bangladesh | 854 | 281 | 2.5 % | Cameroon | 443 | 299 | 2.9 % |
| **Top 5 Exposures** | **9,285** | **2,544** | **22.7 %** | **Top 5 Exposures** | **8,727** | **2,148** | **21.0 %** |
| **Top 10 Exposures** | **14,559** | **4,193** | **37.4 %** | **Top 10 Exposures** | **12,940** | **3,721** | **36.3 %** |
| **Total Exposure** | **$ 36,804** | **$ 11,216** | **100.0 %** | **Total Exposure** | **$ 31,543** | **$ 10,251** | **100.0 %** |

*Note: Numbers may not add up due to rounding.*

***Liquidity Risk***

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

*Management of Liquidity Risk*

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

***Commercial Counterparty Credit Risk***

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

*Management of Commercial Counterparty Credit Risk*

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

MIGA's overall commercial counterparty credit risk was about $2.5 billion as of June 30, 2025. As indicated in **Table 13**, the majority of the Agency's investments are concentrated in the upper end of the credit ratings range with 89% of the portfolio rated AA or above and the remaining portfolio rated A.

**Table 13. Commercial Counterparty Credit Risk Exposure ($M) – June 30, 2025**

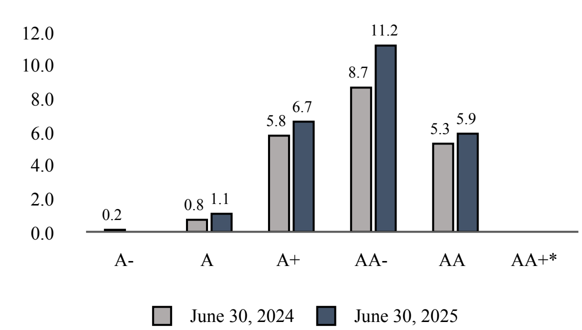
| | Investments | | Net Swap | | |
|---|---|---|---|---|---|
| Counterparty Rating | Sovereigns | Non-Sovereigns | Exposure | Total | % of Total |
| AAA | $33 | $726 | $— | $759 | 30% |
| AA | 556 | 909 | — | 1,465 | 59% |
| A | 25 | 244 | — | 270 | 11% |
| **Total** | **$614** | **$1,880** | **$—** | **$2,494** | **100%** |

*Numbers may not add up due to rounding*

***Reinsurance Counterparty Credit Risk (RCCR)***

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

**Figure 25. Reinsurer Counterparty Exposure Distribution by Rating ($B) – June 30, 2025 and June 30, 2024**




**Ceded Exposure below $100 million are not shown in the chart*

**Figure 25** provides a graphical representation of the ceded exposure with reinsurance counterparties by credit risk ratings as of June 30, 2025 and June 30, 2024. The capital allocation related to RCCR as of June 30, 2025 was $175 million compared to $156 million as of June 30, 2024 **(See Figure 22)**.

*Management of Reinsurance Counterparty Credit Risk*

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

***Operational Risk***

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

*Management of Operational Risk*

The Agency adopted a "three lines of defense" Operational Risk governance structure supported by a codified methodology consisting of an agency-wide directive, procedure and guidance, to identify, assess, manage, monitor and report Operational Risks on an ongoing basis. Business units are responsible for directly managing operational risks and constitute the first line of defense. The Operational Risk Committee (ORC) and Operational Risk Secretariat (ORS) form the second line of defense providing oversight of operational risk activities. GIA provides independent oversight and evaluation as the third line of defense.

During FY25, the Agency completed department and business unit level risk assessments, culminating in the production of an Operational Risk heatmap highlighting priority operational risks with corresponding action plans to address the related residual risks. The Agency is seeking to migrate to a steady state posture phase in FY26, with the focus on addressing the implementation of the identified action plans and monitoring emerging Operational Risks.

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

***CyberSecurity Risk***

MIGA's operations rely on the secure processing, storage and transmission of confidential and other information in computer systems and networks. Like other financial institutions, cybersecurity risk continues to be significant for MIGA due to the evolving sophistication and complexity of the cyber threat landscape. These risks are unavoidable and MIGA seeks to manage them on a cost-effective basis consistent with its risk appetite.

To protect the security of its computer systems, software, networks and other technology assets, MIGA relies on the cybersecurity risk management program managed by IBRD. The program consists of cybersecurity policies, procedures, compliance and awareness programs. A multi-layered approach for cybersecurity risk management is employed to prevent and detect malicious activities, both from within the organization and from external sources. In response to emerging cyber threats such as malware including ransomware, denial of service, phishing attacks and artificial-intelligence related risks, MIGA collaborates with the WBG cybersecurity task force to further strengthen its monitoring activities and enhance user awareness to mitigate the risk. When relying on third-party vendors for technology-enabled services, additional meaningful and diligent measures are applied to gain assurance regarding the security of its information and technology assets including but not limited to, legal and cybersecurity contractual safeguard clauses in third-party vendor agreements, as appropriate and the review and monitoring of third-party control environments.

MIGA periodically assesses the maturity and effectiveness of its cyber defenses through risk mitigation techniques, including but not limited to, targeted testing, internal and external audits, incident response tabletop exercises and industry benchmarking.

***Legal Risk***

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

*Management of Legal Risk*

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

***Integrity Risk***

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

*Management of Integrity Risk*

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

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

***Environment and Social (E&S) Risks***

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

*Management of E&S Risks*

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

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

## 10. CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

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

***Reserve for Claims***

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

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

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

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

***Pension and Other Post-retirement Benefits***

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

***Fair Value of Financial Instruments***

The fair values of financial instruments are based on a three-level hierarchy. For financial instruments classified as Levels 1 and 2, inputs are based on observable market data, with less judgment applied in arriving at fair values. For financial instruments classified as Level 3, where applicable, unobservable inputs are used. These require Management to make significant assumptions and judgments in determining fair value measures. There were no Level 3 instruments in MIGA's investment portfolio as of June 30, 2025.

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

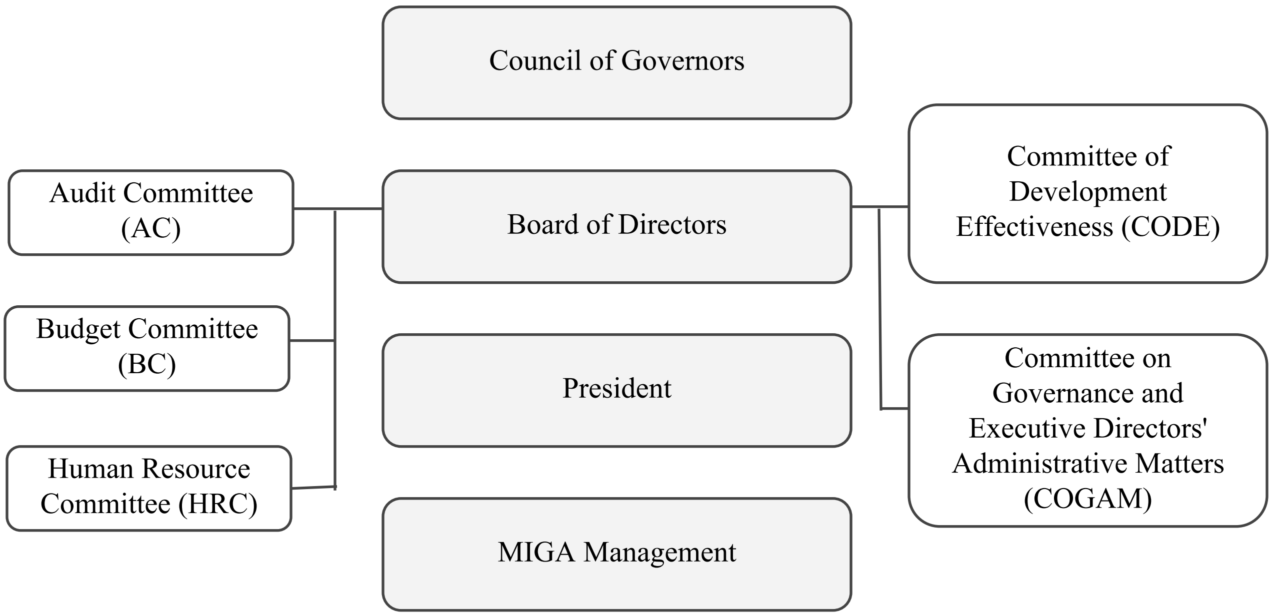
In cases where Management relies on instrument valuations supplied by external pricing vendors, procedures are in place to validate the appropriateness of the models used, as well as the inputs applied in determining those values.

## 11. GOVERNANCE AND CONTROL

### *General Governance*

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

**Figure 26. Governance Structure**




*Board Membership*

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

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

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

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

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

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

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

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

***Audit Committee***

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

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

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

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

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

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

*Executive Sessions*

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

*Access to Resources and to Management*

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

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

***Business Conduct***

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

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

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

***Auditor Independence***

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

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

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

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

***External Auditor***

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

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

***Senior Management Changes***

Effective April 1, 2025, Ethiopis Tafara resigned as Vice President and Chief Risk, Legal and Administrative Officer.

Effective May 1, 2025, Ed Mountfield was appointed as Vice President - Finance , Risk, Economics and Sustainability.

Effective July 1, 2025, Aradhana Kumar-Capoor resigned as Director and General Counsel.

***Internal Control***

*Internal Control Over Financial Reporting*

Each fiscal year, Management makes an annual assertion whether, as of June 30, the organization's system of internal control over its external financial reporting has met the criteria for effective internal control over external financial reporting as described in the 2013 *Internal Control – Integrated Framework* issued by The Committee of the Sponsoring Organizations of the Treadway Commission (COSO)[7].

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

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

# 12. ABBREVIATIONS AND ACRONYMS

ABS: Asset Backed Securities
AC: Audit Committee
AOCI: Accumulated Other Comprehensive Income
BC: Budget Committee
CAFEF: Conflict-Affected and Fragile Economies Facility
CODE: Committee on Development Effectiveness
COGAM: Committee on Governance and Administrative Matters
COSO: Committee of the Sponsoring Organizations of the Treadway Commission
EAP: East Asia and Pacific
E&S: Environmental and Social
EBRD: European Bank for Reconstruction and Development
EC: Economic Capital
ESC: Early Screening Committee
FAC: Final Approval Committee
FCS: Fragile and Conflict-Affected Situations
FDI: Foreign Direct Investment
GIA: Group Internal Audit
GPI: Gross Premium Income
HRC: Human Resources Committee
IBRD: International Bank for Reconstruction and Development
ICSID: International Centre for Settlement of Investment Disputes
IDA: International Development Association
IFC: International Finance Corporation
IPR: Insurance Portfolio Reserve
LAC: Latin America and the Caribbean
MBS: Mortgage Backed Securities
MENA: Middle East and North Africa
MIGA: Multilateral Investment Guarantee Agency
MGF: MIGA Guarantee Facility
MSME: Micro, Small and Medium Enterprises
NH: Non Honoring
NHFO-SOE: Non-Honoring of Financial Obligation by a State Owned Enterprise
NHSFO: Non-Honoring of a Sovereign Financial Obligation
NPI: Net Premium Income
OC: Operating Capital
ORC: Operational Risk Committee
ORS: Operational Risk Secretariat
PBO: Projected Benefit Obligation
PRC: Project Review Committee
PRI: Political Risk Insurance
PRMC: Portfolio Risk Management Committee
PSW: Private Sector Window
RAS: Risk Appetite Statement
RC: Risk Capital
RCCR: Reinsurance Counterparty Credit Risk
RECTF: Renewable Energy Catalyst Trust Fund
RMF: Risk Mitigation Facility
SIP: Small Investment Program
SSA: Sub-Saharan Africa
SURETF: Support for Ukraine Reconstruction Economy Trust Fund
TFG: Trade Finance Guarantees
TR: Transfer Restriction
UN: United Nations
VP FRSE: Vice President-Finance, Risk, Sustainability and Economics
WCD: War and Civil Disturbance
WBG: World Bank Group
WBG-GP: World Bank Group Guarantee Platform
WBG CRO: Vice President and WBG Chief Risk Officer
WBG MDCFO: Managing Director and WBG Chief Financial Officer

# CONTENTS

WORLD BANK GROUP
Guarantees | MIGA

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

August 7, 2025

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

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

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

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

MIGA assessed its internal control over financial reporting for financial statement presentation in conformity with accounting principles generally accepted in the United States of America as of June 30, 2025. This assessment was based on the criteria for effective internal control over financial reporting described in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this assessment, management believes that MIGA maintained effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America as of June 30, 2025. The independent audit firm that audited the financial statements has issued an Independent Auditors' Report which expresses an opinion on MIGA's internal control over financial reporting.

1818 H Street, NW Washington, DC 20433 www.miga.org

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

Ajay Banga
*President*

Hiroshi Matano
*Executive Vice President*

Anshula Kant
*Managing Director and World Bank Group Chief Financial Officer*

Edward Mountfield
*Vice President for Finance, Risk, Economics and Sustainability*

Deepti Jerath
*Director, Finance and Risk*

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# INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Multilateral Investment Guarantee Agency:

## Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of the Multilateral Investment Guarantee Agency (the "Agency" or "MIGA") as of June 30, 2025, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, MIGA maintained, in all material respects, effective internal control over financial reporting as of June 30, 2025, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the financial statements as of and for the year ended June 30, 2025 of MIGA, and our report dated August 7, 2025, expressed an unmodified opinion on those financial statements.

## Basis for Opinion

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

## Responsibilities of Management for Internal Control over Financial Reporting

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

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

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

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

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

### Definition and Inherent Limitations of Internal Control over Financial Reporting

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

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

Deloitte & Touche LLP

August 7, 2025

Deloitte.

Deloitte & Touche LLP

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# INDEPENDENT AUDITOR'S REPORT

President and Board of Directors
Multilateral Investment Guarantee Agency:

## Opinion

We have audited the financial statements of the Multilateral Investment Guarantee Agency ("MIGA" or the "Agency"), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MIGA as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), MIGA's internal control over financial reporting as of June 30, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 7, 2025 expressed an unmodified opinion on MIGA's internal control over financial reporting.

## Basis for Opinion

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

## Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

## Required Supplementary Information

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

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of subscriptions to capital stock and voting power and the statement of guarantees outstanding as of June 30, 2025 (“supplementary information”) listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Information Included in Management's Discussion & Analysis

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

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

Deloitte & Touche LLP

August 7, 2025

# Balance Sheets

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

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| **Assets** | | |
| Cash | $ 18,128 | $ 18,265 |
| Investments - Trading (including securities transferred under repurchase agreements) - Notes B and K | 2,490,560 | 2,288,610 |
| Derivative assets, net - Notes C and K | 626 | 3,425 |
| Non-negotiable, non interest - bearing demand obligations - Note D | 108,893 | 107,252 |
| Receivable from Investment securities sold - Note B | 8,430 | 1,334 |
| Reinsurance recoverable, net - Note F | 418,486 | 456,166 |
| Prepaid premium ceded to reinsurers - Note E | 545,257 | 457,104 |
| Net assets under retirement benefit plans - Note G | 87,624 | 45,488 |
| Other assets - Notes I | 52,679 | 50,948 |
| TOTAL ASSETS | $ 3,730,683 | $ 3,428,592 |
| **Liabilities and Shareholders' Equity** | | |
| LIABILITIES | | |
| Reserve for claims, gross - Note F | | |
| Specific reserves for claims | $ 6,097 | $ 121,740 |
| Insurance portfolio reserve | 629,115 | 575,813 |
| Reserve for claims - gross | 635,212 | 697,553 |
| Unearned premiums and commissions - Note E | 864,631 | 732,017 |
| Payable for investment securities purchased - Note B | 17,722 | 37 |
| Derivative liabilities, net - Notes C and K | 10,214 | — |
| Liabilities for pension and other post-retirement benefits - Note G | 33,235 | 30,514 |
| Other liabilities - Notes B, H and I | 68,164 | 76,725 |
| TOTAL LIABILITIES | 1,629,178 | 1,536,846 |
| CONTINGENT LIABILITIES - Note E | | |
| SHAREHOLDERS' EQUITY | | |
| Capital stock - Note D | | |
| Authorized capital (186,665 shares - June 30, 2025; 186,665 Shares - June 30, 2024) | | |
| Subscribed capital (177,409 shares - June 30, 2025; 177,409 Shares - June 30, 2024) | 1,919,565 | 1,919,565 |
| Less uncalled portion of subscriptions | 1,553,274 | 1,553,274 |
| | 366,291 | 366,291 |
| Retained earnings | 1,660,837 | 1,492,869 |
| Accumulated other comprehensive income - Note J | 74,377 | 32,586 |
| TOTAL SHAREHOLDERS' EQUITY | 2,101,505 | 1,891,746 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 3,730,683 | $ 3,428,592 |

# Statements of Income

**For the fiscal years ended June 30, 2025 and June 30, 2024**
**Expressed in thousands of US dollars**

| | 2025 | 2024 |
|---|---|---|
| INCOME | | |
| Income from guarantees | | |
| Gross premium income - Note E | $ 310,272 | $ 272,258 |
| Premium ceded - Note E | (219,697) | (188,504) |
| Net premium earned - Note E | 90,575 | 83,754 |
| Ceding commission and other fees - Note E | 59,220 | 50,414 |
| Brokerage and other charges - Note E | (3,840) | (3,636) |
| Net premium income - Note E | 145,955 | $ 130,532 |
| Income from investments - Note B | 104,085 | 125,193 |
| Miscellaneous income | 6,945 | 260 |
| Total income | 256,985 | 255,985 |
| EXPENSES | | |
| Increase in reserve for claims including claims related expenses, net - Note F | | |
| (Decrease) increase in reserves including claims related expenses, excluding translation losses (gains) | (1,734) | 2,895 |
| Translation losses (gains) | 7,957 | (1,650) |
| Increase in reserve for claims including claims related expenses, net | 6,223 | 1,245 |
| Decrease in allowance for credit losses - Note F | (22) | (251) |
| Administrative expenses (including Pension service cost) - Notes G and I | 96,369 | 77,862 |
| Pension credit (excluding Pension service cost) - Note G | (3,726) | (4,183) |
| Translation (gains) losses - Investments and other assets | (9,827) | 1,770 |
| Increase in reserves including claims related expenses and total expenses | 89,017 | 76,443 |
| NET INCOME | $ 167,968 | $ 179,542 |

# Statements of Comprehensive Income

**For the fiscal years ended June 30, 2025 and June 30, 2024**
**Expressed in thousands of US dollars**

| | 2025 | 2024 |
|---|---|---|
| NET INCOME | $ 167,968 | $ 179,542 |
| OTHER COMPREHENSIVE INCOME - Note J | | |
| Net actuarial gains on benefit plans | 41,701 | 5,639 |
| Prior service credits on benefit plans | 90 | 92 |
| Total other comprehensive income | 41,791 | 5,731 |
| COMPREHENSIVE INCOME | $ 209,759 | $ 185,273 |

# Statements of Changes in Shareholders' Equity

**For the fiscal years ended June 30, 2025 and June 30, 2024**
**Expressed in thousands of US dollars**

| | 2025 | 2024 |
|---|---|---|
| CAPITAL STOCK | | |
| Balance at beginning of the fiscal year | $ 366,291 | $ 366,291 |
| Paid-in subscriptions | - | - |
| Ending Balance | 366,291 | 366,291 |
| RETAINED EARNINGS | | |
| Balance at beginning of the fiscal year | 1,492,869 | 1,313,327 |
| Net income | 167,968 | 179,542 |
| Ending Balance | 1,660,837 | 1,492,869 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME | | |
| Balance at beginning of the fiscal year | 32,586 | 26,855 |
| Other comprehensive income | 41,791 | 5,731 |
| Ending Balance | 74,377 | 32,586 |
| TOTAL SHAREHOLDERS' EQUITY | $ 2,101,505 | $ 1,891,746 |

# Statements of Cash Flows

**For the fiscal years ended June 30, 2025 and June 30, 2024**
**Expressed in thousands of US dollars**

| | 2025 | 2024 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income | $ 167,968 | $ 179,542 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| (Decrease) increase in reserve for claims, net of claims paid - Note F | (25,479) | 1,245 |
| Decrease in allowance for credit losses - Note F | (22) | (251) |
| Translation (gains) losses - Investments and other assets | (9,827) | 1,770 |
| Net change in: | | |
| Investments - Trading, net | (155,669) | (212,341) |
| Prepaid premiums ceded to reinsurers | (58,742) | (24,091) |
| Other assets | (42,526) | 40,039 |
| Other liabilities | 35,601 | (12,385) |
| Unearned premiums and commissions | 88,065 | 35,100 |
| Net cash (used in) provided by operating activities | (631) | 8,628 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 494 | (872) |
| Net (decrease) increase in cash | (137) | 7,756 |
| Cash at beginning of the fiscal year | 18,265 | 10,509 |
| CASH AT END OF THE FISCAL YEAR | $ 18,128 | $ 18,265 |

# Statement of Subscriptions to Capital Stock and Voting Power

**As of June 30, 2025**

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

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

## Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*
## As of June 30, 2025
## Expressed in thousands of US dollars *(unless otherwise stated)*

| | | SUBSCRIPTIONS (NOTE D) | | | VOTING POWER | |
|---|---|---|---|---|---|---|
| **Members** | **Shares** | **Total Subscribed** | **Amount Paid-in** | **Amount Subject to Call** | **Number of Votes** | **% of Total** |
| Ecuador | 321 | $ 3,473 | $ 659 | $ 2,814 | 563 | 0.25 |
| Egypt, Arab Republic of | 809 | 8,753 | 1,662 | 7,091 | 1,051 | 0.47 |
| El Salvador | 122 | 1,320 | 264 | 1,056 | 364 | 0.16 |
| Equatorial Guinea | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Eritrea | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Estonia | 115 | 1,244 | 236 | 1,008 | 357 | 0.16 |
| Eswatini | 58 | 628 | 126 | 502 | 300 | 0.14 |
| Ethiopia | 123 | 1,331 | 253 | 1,078 | 365 | 0.16 |
| Fiji | 71 | 768 | 154 | 614 | 313 | 0.14 |
| Finland | 1,057 | 11,437 | 2,171 | 9,266 | 1,299 | 0.59 |
| France | 8,565 | 92,673 | 17,593 | 75,080 | 8,807 | 3.98 |
| Gabon | 169 | 1,829 | 347 | 1,482 | 411 | 0.19 |
| Gambia, The | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Georgia | 111 | 1,201 | 240 | 961 | 353 | 0.16 |
| Germany | 8,936 | 96,688 | 18,355 | 78,333 | 9,178 | 4.14 |
| Ghana | 432 | 4,674 | 887 | 3,787 | 674 | 0.30 |
| Greece | 493 | 5,334 | 1,013 | 4,321 | 735 | 0.33 |
| Grenada | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Guatemala | 140 | 1,515 | 303 | 1,212 | 382 | 0.17 |
| Guinea | 91 | 985 | 197 | 788 | 333 | 0.15 |
| Guinea-Bissau | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Guyana | 84 | 909 | 182 | 727 | 326 | 0.15 |
| Haiti | 75 | 812 | 162 | 650 | 317 | 0.14 |
| Honduras | 178 | 1,926 | 366 | 1,560 | 420 | 0.19 |
| Hungary | 994 | 10,755 | 2,042 | 8,713 | 1,236 | 0.56 |
| Iceland | 90 | 974 | 195 | 779 | 332 | 0.15 |
| India | 5,371 | 58,114 | 11,032 | 47,082 | 5,613 | 2.53 |
| Indonesia | 1,849 | 20,006 | 3,798 | 16,208 | 2,091 | 0.94 |
| Iran, Islamic Republic of | 1,659 | 17,950 | 3,590 | 14,360 | 1,901 | 0.86 |
| Iraq | 350 | 3,787 | 757 | 3,030 | 592 | 0.27 |
| Ireland | 650 | 7,033 | 1,335 | 5,698 | 892 | 0.40 |
| Israel | 835 | 9,035 | 1,715 | 7,320 | 1,077 | 0.49 |
| Italy | 4,970 | 53,775 | 10,208 | 43,567 | 5,212 | 2.35 |
| Jamaica | 319 | 3,452 | 655 | 2,797 | 561 | 0.25 |
| Japan | 8,979 | 97,153 | 18,443 | 78,710 | 9,221 | 4.16 |
| Jordan | 171 | 1,850 | 351 | 1,499 | 413 | 0.19 |
| Kazakhstan | 368 | 3,982 | 756 | 3,226 | 610 | 0.28 |
| Kenya | 303 | 3,278 | 622 | 2,656 | 545 | 0.25 |
| Korea, Republic of | 791 | 8,559 | 1,625 | 6,934 | 1,033 | 0.47 |
| Kosovo | 96 | 1,039 | 208 | 831 | 338 | 0.15 |
| Kuwait | 1,639 | 17,734 | 3,367 | 14,367 | 1,881 | 0.85 |
| Kyrgyz Republic | 77 | 833 | 167 | 666 | 319 | 0.14 |
| Lao People's Democratic Republic | 60 | 649 | 130 | 519 | 302 | 0.14 |
| Latvia | 171 | 1,850 | 351 | 1,499 | 413 | 0.19 |
| Lebanon | 250 | 2,705 | 514 | 2,191 | 492 | 0.22 |
| Lesotho | 88 | 952 | 181 | 771 | 330 | 0.15 |
| Liberia | 84 | 909 | 182 | 727 | 326 | 0.15 |
| Libya | 549 | 5,940 | 1,188 | 4,752 | 791 | 0.36 |

## Statement of Subscriptions to Capital Stock and Voting Power *(cont'd)*
## As of June 30, 2025
## Expressed in thousands of US dollars *(unless otherwise stated)*

| | | SUBSCRIPTIONS (NOTE D) | | | VOTING POWER | |
|---|---|---|---|---|---|---|
| **Members** | **Shares** | **Total Subscribed** | **Amount Paid-in** | **Amount Subject to Call** | **Number of Votes** | **% of Total** |
| Lithuania | 187 | $ 2,023 | $ 384 | $ 1,639 | 429 | 0.19 |
| Luxembourg | 204 | 2,207 | 419 | 1,788 | 446 | 0.20 |
| Madagascar | 176 | 1,904 | 362 | 1,542 | 418 | 0.19 |
| Malawi | 77 | 833 | 167 | 666 | 319 | 0.14 |
| Malaysia | 1,020 | 11,036 | 2,095 | 8,941 | 1,262 | 0.57 |
| Maldives | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Mali | 143 | 1,547 | 294 | 1,253 | 385 | 0.17 |
| Malta | 132 | 1,428 | 271 | 1,157 | 374 | 0.17 |
| Mauritania | 111 | 1,201 | 228 | 973 | 353 | 0.16 |
| Mauritius | 153 | 1,655 | 314 | 1,341 | 395 | 0.18 |
| Myanmar | 178 | 1,926 | 385 | 1,541 | 420 | 0.19 |
| Mexico | 1,192 | 12,897 | 2,579 | 10,318 | 1,434 | 0.65 |
| Micronesia, Federated States of | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Moldova | 96 | 1,039 | 208 | 831 | 338 | 0.15 |
| Mongolia | 58 | 628 | 126 | 502 | 300 | 0.14 |
| Montenegro | 61 | 660 | 132 | 528 | 303 | 0.14 |
| Morocco | 613 | 6,633 | 1,259 | 5,374 | 855 | 0.39 |
| Mozambique | 171 | 1,850 | 351 | 1,499 | 413 | 0.19 |
| Namibia | 107 | 1,158 | 232 | 926 | 349 | 0.16 |
| Nepal | 122 | 1,320 | 251 | 1,069 | 364 | 0.16 |
| Netherlands | 3,822 | 41,354 | 7,850 | 33,504 | 4,064 | 1.84 |
| New Zealand | 513 | 5,551 | 1,110 | 4,441 | 755 | 0.34 |
| Nicaragua | 180 | 1,948 | 370 | 1,578 | 422 | 0.19 |
| Niger | 62 | 671 | 134 | 537 | 304 | 0.14 |
| Nigeria | 1,487 | 16,089 | 3,054 | 13,035 | 1,729 | 0.78 |
| North Macedonia | 88 | 952 | 181 | 771 | 330 | 0.15 |
| Norway | 1,232 | 13,330 | 2,531 | 10,799 | 1,474 | 0.67 |
| Oman | 166 | 1,796 | 341 | 1,455 | 408 | 0.18 |
| Pakistan | 1,163 | 12,584 | 2,389 | 10,195 | 1,405 | 0.63 |
| Palau | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Panama | 231 | 2,499 | 474 | 2,025 | 473 | 0.21 |
| Papua New Guinea | 96 | 1,039 | 208 | 831 | 338 | 0.15 |
| Paraguay | 141 | 1,526 | 290 | 1,236 | 383 | 0.17 |
| Peru | 657 | 7,109 | 1,350 | 5,759 | 899 | 0.41 |
| Philippines | 853 | 9,229 | 1,752 | 7,477 | 1,095 | 0.49 |
| Poland | 764 | 8,266 | 1,653 | 6,613 | 1,006 | 0.45 |
| Portugal | 673 | 7,282 | 1,382 | 5,900 | 915 | 0.41 |
| Qatar | 241 | 2,608 | 495 | 2,113 | 483 | 0.22 |
| Romania | 978 | 10,582 | 2,009 | 8,573 | 1,220 | 0.55 |
| Russian Federation | 5,528 | 59,813 | 11,355 | 48,458 | 5,770 | 2.61 |
| Rwanda | 132 | 1,428 | 271 | 1,157 | 374 | 0.17 |
| St. Kitts and Nevis | 50 | 541 | 108 | 433 | 292 | 0.13 |
| St. Lucia | 88 | 952 | 181 | 771 | 330 | 0.15 |
| St. Vincent and the Grenadines | 88 | 952 | 181 | 771 | 330 | 0.15 |
| Samoa | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Sao Tome and Principe | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Saudi Arabia | 5,528 | 59,813 | 11,355 | 48,458 | 5,770 | 2.61 |
| Senegal | 256 | 2,770 | 526 | 2,244 | 498 | 0.22 |

**Statement of Subscriptions to Capital Stock and Voting Power** *(cont'd)*
**As of June 30, 2025**
**Expressed in thousands of US dollars** ***(unless otherwise stated)***

| | | SUBSCRIPTIONS (NOTE D) | | | VOTING POWER | |
|---|---|---|---|---|---|---|
| **Members** | **Shares[1]** | **Total Subscribed** | **Amount Paid-in** | **Amount Subject to Call** | **Number of Votes** | **% of Total** |
| Serbia | 407 | $ 4,404 | $ 836 | $ 3,568 | 649 | 0.29 |
| Seychelles | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Sierra Leone | 132 | 1,428 | 271 | 1,157 | 374 | 0.17 |
| Singapore | 272 | 2,943 | 559 | 2,384 | 514 | 0.23 |
| Slovak Republic | 391 | 4,231 | 803 | 3,428 | 633 | 0.29 |
| Slovenia | 180 | 1,948 | 370 | 1,578 | 422 | 0.19 |
| Solomon Islands | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Somalia | 78 | 844 | 169 | 675 | 320 | 0.14 |
| South Africa | 1,662 | 17,983 | 3,414 | 14,569 | 1,904 | 0.86 |
| South Sudan | 155 | 1,677 | 335 | 1,342 | 397 | 0.18 |
| Spain | 2,265 | 24,507 | 4,652 | 19,855 | 2,507 | 1.13 |
| Sri Lanka | 478 | 5,172 | 982 | 4,190 | 720 | 0.33 |
| Sudan | 206 | 2,229 | 445 | 1,784 | 448 | 0.20 |
| Suriname | 82 | 887 | 177 | 710 | 324 | 0.15 |
| Sweden | 1,849 | 20,006 | 3,798 | 16,208 | 2,091 | 0.94 |
| Switzerland | 2,643 | 28,597 | 5,429 | 23,168 | 2,885 | 1.30 |
| Syrian Arab Republic | 296 | 3,203 | 608 | 2,595 | 538 | 0.24 |
| Tajikistan | 130 | 1,407 | 267 | 1,140 | 372 | 0.17 |
| Tanzania | 248 | 2,683 | 509 | 2,174 | 490 | 0.22 |
| Thailand | 742 | 8,028 | 1,524 | 6,504 | 984 | 0.44 |
| Timor-Leste | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Togo | 77 | 833 | 167 | 666 | 319 | 0.14 |
| Trinidad and Tobago | 358 | 3,874 | 735 | 3,139 | 600 | 0.27 |
| Tunisia | 275 | 2,976 | 565 | 2,411 | 517 | 0.23 |
| Turkiye | 814 | 8,807 | 1,672 | 7,135 | 1,056 | 0.48 |
| Turkmenistan | 66 | 714 | 143 | 571 | 308 | 0.14 |
| Uganda | 233 | 2,521 | 478 | 2,043 | 475 | 0.21 |
| Ukraine | 1,346 | 14,564 | 2,765 | 11,799 | 1,588 | 0.72 |
| United Arab Emirates | 656 | 7,098 | 1,347 | 5,751 | 898 | 0.41 |
| United Kingdom | 8,565 | 92,673 | 17,593 | 75,080 | 8,807 | 3.98 |
| United States | 32,564 | 352,342 | 67,406 | 284,936 | 32,806 | 14.81 |
| Uruguay | 202 | 2,186 | 437 | 1,749 | 444 | 0.20 |
| Uzbekistan | 175 | 1,894 | 379 | 1,515 | 417 | 0.19 |
| Vanuatu | 50 | 541 | 108 | 433 | 292 | 0.13 |
| Venezuela, Republica Bolivariana de | 1,427 | 15,440 | 3,087 | 12,353 | 1,669 | 0.75 |
| Viet Nam | 388 | 4,198 | 797 | 3,401 | 630 | 0.28 |
| Yemen, Republic of | 155 | 1,677 | 335 | 1,342 | 397 | 0.18 |
| Zambia | 318 | 3,441 | 688 | 2,753 | 560 | 0.25 |
| Zimbabwe | 236 | 2,554 | 511 | 2,043 | 478 | 0.22 |
| Total - June 30, 2025[2] | 177,409 | $ 1,919,565 | $366,291 | $1,553,274 | 221,453 | 100.00 |
| Total - June 30, 2024 | 177,409 | $1,919,565 | $366,291 | $1,553,274 | 221,453 | 100.00 |

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

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

# Statement of Guarantees Outstanding

### As of June 30, 2025
### Expressed in thousands of US dollars

| Host Country | Gross Exposure (Note E) US Dollar | Euro | Swiss Franc | Japanese Yen | Colombian Peso | Total | Ceded Exposure[1] | Net Exposure |
|---|---|---|---|---|---|---|---|---|
| Albania | $ — | $ 331,803 | $ — | $ — | $ — | $ 331,803 | $ 206,211 | $ 125,592 |
| Algeria | 192,850 | — | — | — | — | 192,850 | 132,850 | 60,000 |
| Angola | — | 35,383 | — | — | — | 35,383 | 30,602 | 4,782 |
| Argentina | 950,000 | — | — | — | — | 950,000 | 825,000 | 125,000 |
| Armenia | 39,177 | — | — | — | — | 39,177 | — | 39,177 |
| Bahamas, The | 11,723 | — | — | — | — | 11,723 | 7,076 | 4,647 |
| Bangladesh | 854,134 | — | — | — | — | 854,134 | 572,899 | 281,235 |
| Bosnia and Herzegovina | — | 133,659 | — | — | — | 133,659 | 46,690 | 86,969 |
| Botswana | 81,148 | 67,162 | — | — | — | 148,310 | — | 148,310 |
| Brazil | 1,338,352 | — | — | — | — | 1,338,352 | 1,142,742 | 195,609 |
| Burkina Faso | — | 9,315 | — | — | — | 9,315 | 4,001 | 5,314 |
| Burundi | 15,221 | — | — | — | — | 15,221 | 3,079 | 12,141 |
| Cambodia | 332,179 | — | — | — | — | 332,179 | 225,000 | 107,179 |
| Cameroon | 180,000 | 287,893 | — | — | — | 467,893 | 151,429 | 316,464 |
| Chad | 521 | — | — | — | — | 521 | 187 | 333 |
| Chile | 737,944 | — | — | — | — | 737,944 | 593,645 | 144,299 |
| Colombia | 530,624 | — | — | — | 455,501 | 986,126 | 734,208 | 251,918 |
| Congo, Democratic Republic of | 59,707 | — | — | — | — | 59,707 | 29,254 | 30,454 |
| Congo, Republic of | 4,372 | — | — | — | — | 4,372 | 1,574 | 2,798 |
| Cote d'Ivoire | 107,511 | 602,269 | — | — | — | 709,780 | 300,094 | 409,686 |
| Djibouti | 115,893 | — | — | — | — | 115,893 | 55,558 | 60,335 |
| Ecuador | 19,433 | — | — | — | — | 19,433 | 8,182 | 11,251 |
| Egypt, Arab Republic of | 652,112 | — | — | — | — | 652,112 | 263,866 | 388,247 |
| Eswatini | 20,457 | — | — | — | — | 20,457 | — | 20,457 |
| Ethiopia | 1,032,539 | — | — | — | — | 1,032,539 | 911,937 | 120,602 |
| Fiji | 1,435 | — | — | — | — | 1,435 | — | 1,435 |
| Gabon | 21,550 | 140,213 | — | — | — | 161,763 | 115,969 | 45,794 |
| Georgia | 63,000 | 94,675 | — | — | — | 157,675 | 8,383 | 149,293 |
| Ghana | 332,281 | — | — | — | — | 332,281 | 132,293 | 199,988 |
| Guinea | 66,366 | 429,506 | — | — | — | 495,872 | 350,966 | 144,906 |
| Guinea-Bissau | — | 27,926 | — | — | — | 27,926 | 10,053 | 17,872 |
| Honduras | 64,730 | — | — | — | — | 64,730 | 18,220 | 46,510 |
| Hungary | — | 434,743 | — | — | — | 434,743 | 303,275 | 131,467 |
| India | 429,772 | — | — | — | — | 429,772 | 279,076 | 150,696 |
| Indonesia | 264,719 | — | — | — | — | 264,719 | 124,075 | 140,643 |
| Jordan | 350,190 | — | — | — | — | 350,190 | 248,376 | 101,814 |
| Kazakhstan | — | — | 631,757 | — | — | 631,757 | 540,185 | 91,573 |
| Kenya | 583,887 | — | — | — | — | 583,887 | 319,117 | 264,770 |
| Kosovo | — | 244,035 | — | — | — | 244,035 | 24,414 | 219,621 |
| Kyrgyz Republic | 3,599 | — | — | — | — | 3,599 | — | 3,599 |
| Lesotho | 5,153 | — | — | — | — | 5,153 | — | 5,153 |
| Liberia | 93,060 | — | — | — | — | 93,060 | 67,057 | 26,003 |
| Madagascar | 30,998 | 58,275 | — | — | — | 89,273 | 47,910 | 41,362 |

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

# Statement of Guarantees Outstanding

**As of June 30, 2025**
**Expressed in thousands of US dollars**

| Host Country | Gross Exposure (Note E) | | | | | Total | Ceded Exposure[1] | Net Exposure |
|---|---|---|---|---|---|---|---|---|
| | US Dollar | Euro | Swiss Franc | Japanese Yen | Colombian Peso | | | |
| Malawi | 98,715 | — | — | — | — | 98,715 | 37,881 | 60,835 |
| Mauritania | 300,000 | — | — | — | — | 300,000 | 150,000 | 150,000 |
| Mauritius | 162,650 | — | — | — | — | 162,650 | 62,650 | 100,000 |
| Mexico | 2,361,975 | — | — | — | — | 2,361,975 | 2,001,667 | 360,307 |
| Moldova | — | 41,212 | — | — | — | 41,212 | — | 41,212 |
| Mongolia | 774,721 | — | — | — | — | 774,721 | 686,124 | 88,597 |
| Montenegro | — | 25,574 | — | — | — | 25,574 | — | 25,574 |
| Morocco | — | 1,200,760 | — | — | — | 1,200,760 | 998,116 | 202,644 |
| Mozambique | 647,326 | — | — | — | — | 647,326 | 443,772 | 203,553 |
| Myanmar | 122,582 | — | — | — | — | 122,582 | 31,992 | 90,590 |
| Namibia | 29,487 | — | — | — | — | 29,487 | — | 29,487 |
| Nepal | 87,404 | — | — | — | — | 87,404 | 51,876 | 35,527 |
| Niger | 1,770 | — | — | — | — | 1,770 | 496 | 1,274 |
| Nigeria | 334,963 | — | — | — | — | 334,963 | 193,314 | 141,649 |
| North Macedonia | — | 144,587 | — | — | — | 144,587 | 21,388 | 123,200 |
| Oman | 1,600,714 | — | — | — | — | 1,600,714 | 1,371,070 | 229,645 |
| Pakistan | 174,141 | — | — | 30,445 | — | 204,586 | 48,178 | 156,408 |
| Panama | 937,527 | — | — | — | — | 937,527 | 634,628 | 302,899 |
| Paraguay | 140,593 | — | — | — | — | 140,593 | 53,221 | 87,372 |
| Peru | 1,374,153 | — | — | — | — | 1,374,153 | 939,540 | 434,613 |
| Rwanda | 40,750 | — | — | — | — | 40,750 | — | 40,750 |
| Saudi Arabia | 4,000 | — | — | — | — | 4,000 | — | 4,000 |
| Senegal | — | 1,135,321 | — | — | — | 1,135,321 | 741,699 | 393,622 |
| Serbia | — | 3,149,669 | — | — | — | 3,149,669 | 2,362,230 | 787,439 |
| Seychelles | 56,579 | — | — | — | — | 56,579 | — | 56,579 |
| Sierra Leone | 53,433 | 98,482 | — | — | — | 151,916 | 80,153 | 71,763 |
| Solomon Islands | 14,094 | — | — | — | — | 14,094 | 5,073 | 9,021 |
| Somalia | 5,670 | — | — | — | — | 5,670 | 3,402 | 2,268 |
| South Africa | 332,821 | 367,333 | 14,115 | — | — | 714,269 | 443,544 | 270,725 |
| St. Lucia | 10,230 | — | — | — | — | 10,230 | — | 10,230 |
| Tanzania | 151,010 | — | — | — | — | 151,010 | — | 151,010 |
| Togo | — | 171,690 | — | — | — | 171,690 | 117,245 | 54,445 |
| Tunisia | 23,474 | 21,632 | — | — | — | 45,106 | 23,432 | 21,673 |
| Turkiye | 1,351,061 | 1,510,282 | — | 55,197 | — | 2,916,540 | 2,397,669 | 518,871 |
| Uganda | 530,148 | — | — | — | — | 530,148 | 268,015 | 262,134 |
| Ukraine | 55,781 | 382,043 | — | — | — | 437,823 | 316,650 | 121,173 |
| Uruguay | 539,349 | — | — | — | — | 539,349 | 345,000 | 194,349 |
| Uzbekistan | 538,630 | 158,671 | — | — | — | 697,302 | 558,984 | 138,318 |
| Viet Nam | 331,091 | — | — | — | — | 331,091 | 271,655 | 59,437 |
| Zambia | 170,684 | — | — | — | — | 170,684 | 8,470 | 162,214 |
| Regional Development Bank[2] | — | 1,368,723 | — | — | — | 1,368,723 | 1,083,348 | 285,375 |
| Total - June 30, 2025 | $ 22,944,161 | $12,672,837 | $ 645,873 | $ 85,642 | $ 455,501 | $36,804,014 | $25,587,934 | $11,216,080 |
| Total - June 30, 2024 | $ 20,030,193 | $10,113,864 | $ 629,651 | $ 108,685 | $ 660,487 | $31,542,880 | $21,294,261 | $10,250,887 |

[2] Includes guarantees supporting on-lending activities by a regional development bank for the benefit of countries in the Africa region, representing an application of MIGA's non-honoring by a state owned enterprise product in a multi-host country context.

# Notes to Financial Statements

**Purpose**

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

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

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

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

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

The Board of Directors approved the financial statements for issuance on August 7, 2025, which was also the date through which MIGA's management evaluated subsequent events.

The significant accounting principles employed by MIGA are summarized below.

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

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

As of June 30, 2025, MIGA classified and accounted for all the investment securities in its investment portfolio as trading securities. Investments classified as trading securities are reported at fair value using trade-date accounting.

(Continued)

## Notes to Financial Statements

Securities purchased or sold may have a settlement date that is different from the trade-date. A liability is recorded for securities purchased but not settled before the reporting dates. Similarly, a receivable is recorded for securities sold but not settled before the reporting dates.

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

***Accounting for Derivatives***

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

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

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

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

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

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

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

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

***Reserve for Claims***

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

(Continued)

# Notes to Financial Statements

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

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

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

As of June 30, 2025 and June 30, 2024, the gross reserve for claims were discounted at the risk-free interest rate of 3.5% and 3.7%, respectively. As of June 30, 2025 and June 30, 2024, the discounted gross reserve for claims were $635,212,000 and $697,553,000, net of discount of $78,239,840 and $75,005,000, respectively.

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

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

***Impairment of Reinsurance Assets***

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

***Currency Translation***

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

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

***Valuation of Capital Stock***

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

(Continued)

## Notes to Financial Statements

***Revenue Recognition***

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

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

For trade finance guarantees issued in partnership with other multilateral development banks (MDBs) where a first loss structure is utilized, premium income is recognized on a pro-rata basis, computed by multiplying the total premium earned on the portfolio of guarantees covered, with the proportion that the MIGA first loss cover bears to the overall guarantee portfolio. Unearned premium is computed by taking the proportionate MIGA share of the full tenor premium, adjusted for the net premium earned.

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

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

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

***Retroactive Reinsurance***

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

***Statements of Cash Flows***

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

(Continued)

# Notes to Financial Statements

***Valuation of Financial Instruments***

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

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

As of June 30, 2025 and June 30, 2024, MIGA had no financial assets or liabilities measured at fair value on a non-recurring basis.

***Fair Value Hierarchy***

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

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

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

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

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

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

**Note B: Investments**

The investment securities held by MIGA are carried and reported at fair value. As of June 30, 2025, the majority of the Investments – Trading is comprised of Government, agency and corporate obligations and Asset-backed securities (62.2% and 23.1%, respectively), with all instruments being classified as Level 1 and Level 2 within the fair value hierarchy. As of June 30, 2025, the largest holding of Investments-trading exposure with a single counterparty was US Treasury (20.0%).

(Continued)

# Notes to Financial Statements

A summary of MIGA's investment portfolio as of June 30, 2025 and June 30, 2024 is as follows:

*In thousands of US dollars*

| | Fair Value | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Government, agency and corporate obligations | $ 1,550,051 | $ 1,577,388 |
| Asset-backed securities (ABS) | 574,175 | 143,497 |
| Time deposits[a] | 366,334 | 567,725 |
| Total investments - Trading | $ 2,490,560 | $ 2,288,610 |

[a] *Time deposits include certificates of deposit and money market instruments.*

MIGA manages its investments on a net portfolio basis. The following table summarizes MIGA's net portfolio position as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fair Value | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Investment - Trading | $ 2,490,560 | $ 2,288,610 |
| Cash held in investment portfolio[a] | 7,523 | 12,092 |
| Receivable for investment securities sold | 8,430 | 1,334 |
| | 2,506,513 | 2,302,037 |
| Derivative assets | | |
| Currency forward contracts | 1,080 | 18 |
| Currency swaps | 3,595 | 23,524 |
| Interest rate swaps | 3,692 | 24,177 |
| Others[b] | 1,289 | 339 |
| | 9,656 | 48,058 |
| Derivative liabilities | | |
| Currency forward contracts | (1,742) | (274) |
| Currency swaps | (13,930) | (846) |
| Interest rate swaps | (1,719) | (964) |
| Others[b] | (518) | — |
| | (17,909) | (2,084) |
| Payable for investment securities purchased | (17,722) | (37) |
| Payable for cash collateral received | (2,860) | (43,337) |
| Net investment portfolio[c] | $ 2,477,678 | $ 2,304,637 |

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

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

[c.] *May differ from the sum of individual figures shown on account of rounding.*

(Continued)

# Notes to Financial Statements

The following table summarizes the currency composition of MIGA's net investment portfolio as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| | Carrying Value | % | Carrying Value | % |
| US Dollars | $ 2,208,744 | 89.1 | $ 2,065,357 | 89.6 |
| Euro | 266,120 | 10.7 | 236,276 | 10.3 |
| Other | 2,814 | 0.1 | 3,004 | 0.1 |
| | $ 2,477,678 | 100.0 | $ 2,304,637 | 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 the Statements of Income.

The following table summarizes MIGA's Income from investments during the fiscal years ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Interest income | $ 93,129 | $ 111,360 |
| Realized gains | 2,595 | 6,007 |
| Unrealized gains | 8,361 | 7,826 |
| | $ 104,085 | $ 125,193 |

***Securities Lending, Borrowing and Repurchases:***
MIGA may engage in securities lending and repurchases against adequate collateral, as well as secured borrowing and reverse repurchases (resale) of government and agency obligations and ABS. These transactions are conducted under legally enforceable master netting arrangements, which allow MIGA to reduce its gross credit exposure related to these transactions. For Balance Sheet presentation purposes, MIGA presents its securities lending and repurchases, as well as re-sales, on a gross basis. As of June 30, 2025 and June 30, 2024, there were no amounts which could potentially be offset as a result of legally enforceable master netting arrangements.

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

Securities lending and repurchase agreements expose MIGA to several risks, including counterparty risk, reinvestment risk, and risk of a collateral gap (increase or decrease in the fair value of collateral pledged). MIGA has procedures in place to ensure that all repurchase agreement trading activity and balances are always below predefined counterparty and maturity limits, and to actively monitor all net counterparty exposure, after collateral, through daily mark-to-market. Whenever the collateral pledged by MIGA related to its borrowings under repurchase agreements and securities lending agreements declines in value, the transaction is re-priced as appropriate by pledging additional collateral. As of June 30, 2025 and June 30, 2024, there were no repurchase agreements that were accounted for as secured borrowings.

(Continued)

# 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 Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of June 30, 2025 and June 30, 2024, MIGA had not received securities under resale agreements.

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

ABS holdings are investment grade, and therefore, do not pose a significant concentration risk or credit risk to MIGA as of June 30, 2025. However, market deterioration could cause this to change in future periods.

**Note C: Derivative Instruments**

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

The following table summarizes MIGA's income from derivative instruments, reported as part of Income from investments, which mainly relates to interest rate futures, interest rate swaps, options, covered forwards and currency swaps for the fiscal years ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Interest Income | $ 11,397 | $ 34,686 |
| Realized (losses) gains | (5,763) | 6,670 |
| Unrealized (losses) | (8,856) | (11,904) |
| | $ (3,222) | $ 29,452 |

# Notes to Financial Statements

### *Notional Amounts and Credit Exposures of the Derivative Instruments*

The following table provides information on the credit exposure and notional amounts of the derivative instruments as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| Type of contracts | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Interest rate swaps | | |
| Notional principal | $ 308,625 | $ 707,319 |
| Credit exposure | 3,692 | 24,178 |
| Currency forward contracts and currency swaps | | |
| Notional principal | 375,719 | 629,657 |
| Credit exposure | 4,675 | 23,542 |
| Exchange traded options and futures[a] | | |
| Notional long position | 74,600 | — |
| Notional short position | 37,081 | 36,015 |
| Others[b] | | |
| Notional long position | 105,600 | — |
| Notional short position | 58,030 | — |
| Credit exposure | 1,055 | — |

*[a] Exchange traded instruments are generally subject to daily margin requirements and deemed to have no material credit risk. All options and futures contracts are interest rate contracts.*
*[b] These relate to TBA securities.*

### *Offsetting Assets and Liabilities*

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

(Continued)

# Notes to Financial Statements

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on MIGA's Balance Sheets as of June 30, 2025 and June 30, 2024. The effects of legally enforceable master netting agreements are applied on an aggregate basis to the total derivative asset and liability position. The net derivative asset positions have been further reduced by the cash and securities collateral received.

*In thousands of US dollars*

| | June 30, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Derivative Assets | | | Derivative Liabilities | | |
| | Gross Amounts Recognized[a] | Gross Amounts Offset | Net Amounts Presented | Gross Amounts Recognized | Gross Amounts Offset | Net Amounts Presented |
| Interest rate swaps | $ 12,262 | $ (8,570) | $ 3,692 | $ 16,768 | $ (15,049) | $ 1,719 |
| Currency forward contracts | 37,693 | (36,613) | 1,080 | 86,543 | (84,801) | 1,742 |
| Currency swaps | 49,777 | (46,182) | 3,595 | 224,242 | (210,313) | 13,930 |
| Others[b] | 1,289 | - | 1,289 | 518 | - | 518 |
| | $ 101,021 | $ (91,365) | $ 9,657 | $ 328,071 | $ (310,162) | $ 17,909 |
| Less: | | | | | | |
| Amounts subject to legally enforceable master netting agreement | | | 7,695 | | | 7,695 |
| Cash collateral received[c] | | | 1,336 | | | - |
| **Net derivative positions on the Balance Sheet**[a] | | | $ 626 | | | $ 10,214 |
| **Net derivative exposure after collateral** | | | $ 626 | | | |

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

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

*c. Does not include excess cash collateral received ($1,525 thousand).*

*In thousands of US dollars*

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

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

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

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

# Notes to Financial Statements

**Note D: Capital Stock**

At June 30, 2025, MIGA's authorized capital stock comprised 186,665 (186,665 – June 30, 2024) shares, of which 177,409 (177,409 – June 30, 2024) shares had been subscribed. Each share has a par value of $10,820. Of the subscribed capital as of June 30, 2025, $366,291,000 ($366,291,000 – June 30, 2024) has been paid in; and the remaining $1,553,274,000 ($1,553,274,000 - June 30, 2024) is subject to call.

At June 30, 2025, MIGA had $108,893,000 ($107,252,000– June 30, 2024) in the form of non-negotiable, non-interest bearing demand obligations (promissory notes), relating to the initial capital subscriptions.

A summary of the changes in MIGA's authorized, subscribed and paid-in capital during the fiscal years ended June 30, 2025 and June 30, 2024 is as follows:

| | Initial Capital | | Capital Increase | | Total | |
|---|---|---|---|---|---|---|
| | Shares | (US$000) | Shares | (US$000) | Shares | (US$000) |
| **At June 30, 2025** | | | | | | |
| 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, 2024** | | | | | | |
| Authorized: | | | | | | |
| At beginning of fiscal year | 108,106 | $ 1,169,707 | 78,559 | $ 850,008 | 186,665 | $ 2,019,715 |
| New membership | - | - | - | - | - | - |
| At end of fiscal year | 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 four different categories of PRI risk: currency in-convertibility and transfer restriction, expropriation, war and civil disturbance, and breach of contract; and two different categories of NH risk: 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 $36,804,014,000 as of June 30, 2025 ($31,542,880,000 – June 30, 2024).

The composition of MIGA’s gross exposure as of June 30, 2025 and June 30, 2024 was as follows:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Gross exposure (Maximum amount of contingent liability) | $ 36,804,014 | $ 31,542,880 |
| Of which: | | |
| Current amounts* | 31,548,504 | 26,545,923 |
| Standby amounts* | 1,940,589 | 2,401,797 |
| Future interest amounts* | 3,314,922 | 2,595,161 |

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

(Continued)

# Notes to Financial Statements

***Trust Fund Activities***

MIGA also acts as administrator of some investment guarantee trust funds. MIGA, on behalf of the trust funds, issues guarantees against losses caused by non-commercial risks to eligible investors on qualified investments in the countries specified in the trust fund agreements. Under the trust fund agreements, MIGA, as administrator of the trust funds, is not liable on its own account for payment of any claims under contracts of guarantees issued by MIGA on behalf of such trust funds. Guarantees issued by MIGA on behalf of trust funds had a total outstanding gross exposure of $16,605,000 as of June 30, 2025 ($29,858,677 – June 30, 2024).

***Reinsurance and Other Ceded Exposures***

MIGA obtains treaty and facultative reinsurance (both public and private) to augment its underwriting capacity and to mitigate its risk by protecting portions of its insurance portfolio, and not for speculative reasons. All reinsurance contracts are ceded on a proportionate basis. However, MIGA is exposed to reinsurance non-performance risk in the event that reinsurers fail to pay their proportionate share of the loss in case of a claim. MIGA manages this risk by requiring that private sector reinsurers be rated by at least two of the four major rating agencies (Standard & Poor's, A.M. Best, Moody's and Fitch). The minimum rating required for private reinsurers is A by S&P or Fitch, A2 by Moody's and A- by A.M. Best. In addition, MIGA may also place reinsurance with public insurers of member countries that operate under and benefit from the full faith and credit of their governments and with multilateral agencies that represent an acceptable counterparty risk. MIGA has established limits, at both the project and portfolio levels, which restrict the amount of reinsurance that may be ceded. As of June 30, 2025, 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 80 percent of its aggregate gross exposure.

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

The following is a summary of the exposures under these arrangements as of June 30, 2025 and June 30, 2024.

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| CAFEF | | |
| MIGA's gross exposure | $ 399,806 | $ 401,027 |
| Of which: Amount ceded to the Trust Fund (First and second loss layer) | 39,404 | 48,009 |
| RECTF | | |
| MIGA's gross exposure | $ 135,525 | $ 61,245 |
| Of which: Amount ceded to the Trust Fund (First loss layer) | 21,739 | 5,643 |
| SURETF | | |
| MIGA's gross exposure | $ 306,608 | $ 78,557 |
| Of which: Amount ceded to the Trust Fund (First loss layer) | 80,226 | 20,726 |

(Continued)

# Notes to Financial Statements

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

The following is a summary of the exposures under this risk sharing arrangement as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| MIGA's gross exposure on projects utilizing IDA PSW-MGF | $ 2,507,577 | $ 2,562,819 |
| Of which: Amount ceded to IDA | 516,641 | 531,906 |

The table below provides a reconciliation between MIGA's gross guarantee exposure and net exposure as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Gross guarantee exposure | $ 36,804,014 | $ 31,542,880 |
| Less: Ceded exposures | | |
| Facultative and Treaty reinsurers | (24,929,924) | (20,687,976) |
| CAFEF | (39,404) | (48,009) |
| IDA PSW - MGF (Note I) | (516,641) | (531,906) |
| Renewable Energy Catalyst Trust Fund (RECTF) | (21,739) | (5,643) |
| Support for Ukraine Trust Fund (SURETF) | (80,226) | (20,726) |
| Total ceded exposure | (25,587,934) | (21,294,261) |
| Net guarantee exposure before exposure exchange | 11,216,080 | 10,248,619 |
| Less: | | |
| Exposure Exchange Agreement (Note I) | — | 2,268 |
| Net guarantee exposure | $ 11,216,080 | $ 10,250,887 |

MIGA can also provide both public (official) and private insurers with facultative reinsurance. Total insurance exposure assumed by MIGA, primarily with official investment insurers, amounted to $Nil as of June 30, 2025 ($60,000,000 – June 30, 2024).

(Continued)

# Notes to Financial Statements

### *Premiums, Fees and Commission*

Premiums, fees and commission relating to direct, assumed, and ceded contracts for the fiscal years ended June 30, 2025 and June 30, 2024 were as follows:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Premiums written | | |
| Direct | $ 378,964 | $ 302,504 |
| Upfront premium contracts[a] | 190,544 | 128,584 |
| Regular guarantee contracts[b] | 188,420 | 173,920 |
| Assumed | 165 | 660 |
| Ceded | (277,806) | (210,762) |
| Upfront premium contracts[a] | (158,889) | (105,701) |
| Regular guarantee contracts[b] | (118,917) | (105,061) |
| | $ 101,323 | $ 92,402 |
| Gross premium income | | |
| Direct | $ 309,956 | $ 271,598 |
| Assumed | 316 | 660 |
| | 310,272 | 272,258 |
| Premium ceded | (219,697) | (188,504) |
| Net Premium earned | 90,575 | 83,754 |
| Ceding commission and other fees | 59,220 | 50,414 |
| Brokerage and other charges | (3,840) | (3,636) |
| Net Premium Income | $ 145,955 | $ 130,532 |

*a. Relating to single pay contracts for which premiums are received in full for the tenor of the contracts.*
*b. Premium receipts are attributable to each contract period which are typically quarterly, semi-annual or annual.*

### *Prepaid Premium Ceded to Reinsurers*

The following table summarizes the composition of Prepaid premium ceded to reinsurers and other entities as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Upfront premium contracts[a] | $ 535,929 | $ 453,141 |
| Regular guarantee contracts[b] | 9,328 | 3,963 |
| | $ 545,257 | $ 457,104 |

*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 Commission Fees***

The following table summarizes the composition of Unearned premiums and commissions as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Upfront premium contracts[a] | $ 803,818 | $ 680,039 |
| Regular guarantee contracts[b] | 60,812 | 51,978 |
| | $ 864,631 | $ 732,017 |

*a. Relating to single pay contracts for which premiums are received in full for the tenor of the contracts.*
*b. Premium receipts are attributable to each contract period which are typically quarterly, semi-annual or annual.*

***Portfolio Risk Management***

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

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

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

Project-specific risk assessment is performed by a cross-functional team. Based on the analysis of project-specific risk factors within the country context, the final project risk ratings can be higher or lower than the country ratings of a specific coverage. The decision to issue an insurance contract is subject to approval by MIGA's senior management and concurrence or approval by the Board of Directors. For insurance contracts that are issued under the Small Investment Program (SIP), the Board has delegated approval to MIGA's senior management. In order to avoid excessive risk concentration, MIGA sets exposure limits per country and per project. As of June 30, 2025, the maximum net exposure which may be assumed by MIGA is $1,200 million ($1,000 million – June 30, 2024) in each host country and $360 million ($300 million – June 30, 2024) for each project.

As approved by the Board of Directors and the Council of Governors, the maximum aggregate amount of contingent liabilities that may be assumed by MIGA is 500 percent (500 percent – June 30, 2024) of the sum of MIGA's unimpaired subscribed capital, retained earnings, accumulated other comprehensive income (loss) and net insurance portfolio reserve plus 100 percent of gross exposure ceded by MIGA through contracts of reinsurance. Accordingly, at June 30, 2025, the maximum level of guarantees outstanding (including reinsurance) may not exceed $44,292,331,000 ($38,970,664,000 – June 30, 2024).

(Continued)

# Notes to Financial Statements

***Portfolio Diversification***

MIGA aims to diversify its guarantee portfolio so as to limit the concentration of exposure to loss in a host country, region, or sector. The portfolio shares of the top five and top ten largest exposure countries provide an indicator of concentration risk. The gross and net exposures of the top five and top ten countries at June 30, 2025 and June 30, 2024 are as follows:

*In thousands of US dollars*

| | June 30, 2025 | | June 30, 2024 | |
|---|---|---|---|---|
| | Exposure in Top Five Countries | Exposure in Top Ten Countries | Exposure in Top Five Countries | Exposure in Top Ten Countries |
| Gross Exposure | $ 11,403,051 | $ 17,096,148 | $ 9,745,337 | $ 14,850,490 |
| % of Total Gross Exposure | 31.0 | 46.5 | 30.9 | 47.1 |
| Net Exposure | $ 2,544,230 | $ 4,193,381 | $ 2,148,341 | $ 3,721,248 |
| % of Total Net Exposure | 22.7 | 37.4 | 21.0 | 36.3 |

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

The regional distribution of MIGA's portfolio at June 30, 2025 and June 30, 2024 are shown in the following table:

*In thousands of US dollars*

| | June 30, 2025 | | | June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Gross Exposure | Net Exposure | % of Total Net Exposure | Gross Exposure | Net Exposure | % of Total Net Exposure |
| East Asia & Pacific | $ 1,840,820 | $ 496,902 | 4.4 | $ 2,395,322 | $ 557,944 | 5.4 |
| Europe & Central Asia | 9,389,157 | 2,603,078 | 23.2 | 7,565,220 | 2,267,624 | 22.1 |
| Latin America & Caribbean | 9,472,133 | 2,169,004 | 19.3 | 6,604,303 | 1,623,791 | 15.8 |
| Middle East & North Africa | 4,161,626 | 1,068,359 | 9.5 | 3,486,211 | 1,027,690 | 10.0 |
| South Asia | 1,575,895 | 623,866 | 5.6 | 1,702,968 | 659,433 | 6.4 |
| Sub-Saharan Africa | 8,995,660 | 3,969,497 | 35.4 | 9,059,891 | 3,968,359 | 38.7 |
| Regional Development Bank (RDB) | 1,368,723 | 285,375 | 2.6 | 728,966 | 146,046 | 1.4 |
| Total[a] | $36,804,014 | $11,216,080 | 100.0 | $31,542,880 | $10,250,887 | 100.0 |

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

(Continued)

# Notes to Financial Statements

The sectoral distribution of MIGA's portfolio at June 30, 2025 and June 30, 2024 are shown in the following table:

*In thousands of US dollars*

| | June 30, 2025 | | | June 30, 2024 | | |
|---|---|---|---|---|---|---|
| Sector | Gross Exposure | Net Exposure | % of Total Net Exposure | Gross Exposure | Net Exposure | % of Total Net Exposure |
| Agribusiness | $ 7,930 | $ 7,050 | 0.1 | $ 8,715 | $ 7,706 | 0.1 |
| Construction | 938,123 | 165,391 | 1.5 | 610,763 | 108,218 | 1.1 |
| Financial | 16,407,876 | 4,873,410 | 43.5 | 12,344,014 | 3,985,327 | 38.9 |
| Infrastructure | 14,729,994 | 4,349,577 | 38.8 | 14,135,389 | 4,275,468 | 41.7 |
| Manufacturing | 733,236 | 366,160 | 3.2 | 827,341 | 498,048 | 4.9 |
| Mining | 1,141,086 | 269,795 | 2.4 | 1,324,988 | 307,884 | 3.0 |
| Oil and Gas | — | — | — | 116,250 | 90,625 | 0.9 |
| Services | 1,076,435 | 365,976 | 3.2 | 1,109,665 | 365,847 | 3.6 |
| Tourism | 233,349 | 233,349 | 2.1 | 222,223 | 222,223 | 2.2 |
| Trade Finance | 1,535,985 | 585,373 | 5.2 | 843,532 | 389,541 | 3.8 |
| Total[a] | $36,804,014 | $ 11,216,080 | 100.0 | $31,542,880 | $10,250,887 | 100.0 |

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

**Note F: Reserve for Claims and other Exposures**

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

The following table provides an analysis of reserve for claims as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | | | June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | IPR | Specific Reserve for Claims | Total | IPR | Specific Reserve for Claims | Total |
| Gross Reserve for Claims | $ 629,115 | $ 6,097 | $ 635,212 | $ 575,813 | $ 121,740 | $ 697,553 |
| Less: Reinsurance recoverable[a,b,c] | (411,414) | (1,847) | (413,261) | (364,296) | (85,804) | (450,100) |
| Net Reserve for Claims[c] | $ 217,701 | $ 4,250 | $ 221,951 | $ 211,517 | $ 35,936 | $ 247,453 |

*a.As of June 30, 2025, excludes $5,225 thousand (June 30, 2024 - $6,066 thousand) reinsurance recoverable, net of allowance for credit losses of $3 thousand (June 30, 2024 - $4 thousand ) associated with retroactive reinsurance contracts, which is included in the Reinsurance recoverable, net on the Balance Sheets.*

*b.Includes allowance for credit losses of $449 thousand (June 30, 2024 - $471 thousand), associated with prospective reinsurance.*

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

(Continued)

# Notes to Financial Statements

The following table provides the composition of reinsurance recoverables at June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | | June 30, 2025 | June 30, 2024 |
|---|---|---|---|
| Prospective reinsurance[a] | IPR | $ 411,414 | $ 364,296 |
| | Specific Reserve for Claims | 1,847 | 85,804 |
| | | 413,261 | 450,100 |
| Retroactive reinsurance[b] | IPR | 5,225 | 6,066 |
| Reinsurance recoverable, net[c] | | $ 418,486 | $ 456,166 |

*a. Includes allowance for credit losses of $449 thousand (June 30, 2024-$471 thousand).*

*b. Includes allowance for credit losses of $3 thousand (June 30, 2024-$4 thousand).*
*c. May differ from the sum of individual figures shown because of rounding.*

The net increase in reserves for claims including claims related expenses reflected in the Statements of Income for the fiscal years ended June 30, 2025 and June 30, 2024 comprised changes in the Insurance Portfolio Reserve and Specific Reserve for claims as follows:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Change in Net Reserves including claims related expenses: | | |
| Insurance Portfolio Reserve | $ (1,798) | $ (3,084) |
| Specific reserve for claims including claims related expenses | 64 | 5,979 |
| (Decrease) increase in reserves including claims related expenses, before translation adjustment | (1,734) | 2,895 |
| Foreign currency translation losses (gains) | 7,957 | (1,650) |
| Increase in reserves including claims related expenses, net | $ 6,223 | $ 1,245 |

For the fiscal years ended June 30, 2025 and June 30, 2024, 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 Statements of Income.

(Continued)

# Notes to Financial Statements

The change in Insurance Portfolio Reserve before translation adjustments for the fiscal years ended June 30, 2025 and June 30, 2024, were attributable to the following factors:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Changes in host country risk ratings, net | $ (2,514) | $ (2,990) |
| Changes in portfolio size and risk profile, net | (577) | 2,894 |
| Changes in discount rate | 1,360 | (3,273) |
| Others | (67) | 285 |
| Net (decrease) in Insurance Portfolio Reserve | $ (1,798) | $ (3,084) |

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

***Insurance Portfolio Reserve (IPR)***

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

The following table provides an analysis of the changes in the gross IPR for the fiscal years ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Gross IPR, beginning balance | $ 575,813 | $ 614,017 |
| Less: Reinsurance recoverables | (364,296) | (397,713) |
| Net IPR, beginning balance | 211,517 | 216,304 |
| (Decrease) in reserves before translation adjustments | (1,798) | (3,084) |
| Foreign currency translation losses (gains) | 7,957 | (1,650) |
| Increase (decrease) in reserves, net of reinsurance[d] | 6,159 | (4,734) |
| Increase (decrease) in allowance for credit losses | 26 | (53) |
| Net IPR, ending balance[ad] | 217,701 | 211,517 |
| Add: Reinsurance recoverables, net[b] | 411,414 | 364,296 |
| Gross IPR, ending balance[c] | $ 629,115 | $ 575,813 |

*a. As of June 30, 2025 represents 1.9% of Total Net Exposure (June 30, 2024 - 2.1%).*

*b. As of June 30, 2025, excludes $5,225 thousand (June 30, 2024- $6,066 thousand) reinsurance recoverables associated with retroactive reinsurance contracts which is included in the Reinsurance recoverables, net on the Balance Sheets.*

*c. As of June 30, 2025 represents 1.7% of Total Gross Exposure (June 30, 2024 - 1.8%).*

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

(Continued)

# Notes to 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 including the claims related expenses for the fiscal years ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Gross specific reserve for claims, beginning balance | $ 121,740 | $ 102,193 |
| Less: Reinsurance recoverables, net | (85,804) | (72,038) |
| Net specific reserve for claims, beginning balance | 35,936 | 30,155 |
| Increase in specific reserve for claims including claims related expenses, before translation adjustments | | |
| - Current year | 4,250 | 11,264 |
| - Prior years | (4,186) | (5,285) |
| Increase in specific reserve for claims including claims related expenses, net of reinsurance | 64 | 5,979 |
| Less: Claims paid including claims related expenses, net of reinsurance | | |
| - Current year | - | - |
| - Prior years | 31,702 | - |
| Total Claims paid including claims related expenses, net of reinsurance | 31,702 | - |
| (Decrease) in allowance for credit losses | (48) | (198) |
| Net specific reserve for claims, ending balance[a] | 4,250 | 35,936 |
| Add: Reinsurance recoverables, net | 1,847 | 85,804 |
| Gross specific reserve for claims, ending balance | $ 6,097 | $ 121,740 |

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

The gross Specific Reserve for Claims as of June 30, 2025 and June 30, 2024 comprises:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Reserve for pending claims | $ 1,345 | $ 104,197 |
| Probable loss reserve | 4,752 | 17,543 |
| Gross Specific reserve | $ 6,097 | $ 121,740 |

For the purpose of short-duration contracts disclosures, MIGA's lines of business are: Political Risk Insurance, Non-honoring of Financial Obligations and Trade Finance.

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

(Continued)

# Notes to Financial Statements

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

The following tables present information about incurred and paid claims including the claims related expense development as of June 30, 2025, net of reinsurance, and cumulative claim frequency. The tables include unaudited information about incurred and paid claims development for the years ended June 30, 2016 through 2025, which is presented as supplementary information:

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

*In thousands of US Dollars (except for cumulative number of reported claims)*

| | For the Fiscal Years Ended June 30, | | | | | | | | | | As of June 30, 2025 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cumulative net incurred claim amounts | | | | | | | | | | | |
| | Unaudited | | | | | | | | | | | |
| Accident Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Probable Loss Reserve (PLR) | Cumulative number of reported claims |
| 2016 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | — | — |
| 2017 | | 1,215 | 2,268 | 2,270 | 2,286 | 322 | 322 | 322 | 322 | 322 | — | 3 |
| 2018 | | | — | — | — | — | — | — | — | — | — | 2 |
| 2019 | | | | — | — | — | — | — | — | — | — | — |
| 2020 | | | | | — | — | — | — | — | — | — | — |
| 2021 | | | | | | — | — | — | — | — | — | — |
| 2022 | | | | | | | 4,008 | 3,997 | 3,997 | 282 | — | 3 |
| 2023 | | | | | | | | 12,590 | 12,590 | — | — | 2 |
| 2024 | | | | | | | | | 14,004 | 31,702 | — | 3 |
| 2025 | | | | | | | | | | 269 | 3,103 | 2 |
| Total | | | | | | | | | | 37,033 | | |

**Political Risk Insurance: Cumulative Claim Payments including Claims related expenses, Net of Reinsurance**

*In thousands of US Dollars*

| | For the Fiscal Years Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unaudited | | | | | | | | | |
| Accident Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| 2016 | — | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 | 4,458 |
| 2017 | | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 |
| 2018 | | | — | — | — | — | — | — | — | — |
| 2019 | | | | — | — | — | — | — | — | — |
| 2020 | | | | | — | — | — | — | — | — |
| 2021 | | | | | | — | — | — | — | — |
| 2022 | | | | | | | — | — | — | — |
| 2023 | | | | | | | | 282 | 282 | 282 |
| 2024 | | | | | | | | | — | 31,702 |
| 2025 | | | | | | | | | | — |
| Total | | | | | | | | | | 36,764 |

| | | |
|---|---|---|
| **Liabilities for claims, net of reinsurance** | | **269** |
| PLR | PRI | 3,103 |
| | Others (NH / TF) | 878 |
| **Total PLR** | | **3,981** |
| **Total net Specific Reserve - (Claims and PLR)** | | **4,250** |

(Continued)

# Notes to Financial Statements

The following table presents a reconciliation of the net incurred and paid claims development tables to the liability for claims on the Balance Sheet as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Specific Reserve for claims, net of Reinsurance | $ 4,250 | $ 35,936 |
| Reinsurance recoverable, net of CECL allowance | 1,847 | 85,804 |
| Gross Specific Reserve | $ 6,097 | $ 121,740 |

The following table presents supplementary information about average historical claims duration as of June 30, 2025:

| Years | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Political Risk Insurance | 20 % | 22 % | — % | — % | — % | — % | — % | — % | — % | — % |

***Current Expected Credit Loss (CECL)***

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

***Determining Allowance for Credit Losses***

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

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

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

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

# Notes to Financial Statements

*Presentation of Allowance for Credit Losses*

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

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

*Credit Quality of Reinsurance recoverable*

Management monitors the credit quality of reinsurer counterparties through the review of applicable credit ratings on a quarterly basis as an input in the credit loss assessment. The following table presents the Agency's credit loss allowance on the reinsurance recoverables based on internally determined credit ratings as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| **Reinsurer Risk Rating** | **Allowance for Credit Losses** | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| AAA | $ 3 | $ 7 |
| AA | 74 | 77 |
| AA- | 187 | 109 |
| A+ | 153 | 223 |
| A | 34 | 51 |
| A- | 1 | 8 |
| **Total** | $ 452 | $ 475 |

*Accumulated Allowance for Credit Losses*

The following table provides an analysis of the changes in the allowance for credit losses during the fiscal year ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Accumulated allowance, beginning of the fiscal year[a] | $ 475 | $ 728 |
| (Decrease) in allowance including retro reinsurance | (22) | (253) |
| Accumulated allowance, end of the period[b] | $ 452 | $ 475 |
| Attributable to: | | |
| Prospective Reinsurance | $ 449 | $ 471 |
| Retroactive Reinsurance | 3 | 4 |

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

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

(Continued)

# Notes to Financial Statements

**Note G: Pension and Other Post-retirement Benefits**

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

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

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

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

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

The following table summarizes MIGA's respective share of the costs associated with the SRP, RSBP, and PEBP for the fiscal years ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended June 30, 2025 | | | | Fiscal Year Ended June 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| **Benefit Cost** | SRP | RSBP | PEBP | Total | SRP | RSBP | PEBP | Total |
| Interest cost | $14,461 | $ 2,016 | $ 1,600 | $18,077 | $12,675 | $ 1,795 | $ 1,472 | $15,942 |
| Expected return on plan assets | (18,223) | (2,950) | - | (21,173) | (16,807) | (2,665) | - | (19,472) |
| Amortization of unrecognized prior service cost[a] | 46 | 23 | 21 | 90 | 47 | 23 | 22 | 92 |
| Amortization of unrecognized net actuarial gains[a] | - | (720) | - | (720) | - | (745) | - | (745) |
| **Net periodic pension (credit) cost, excluding service cost** | $ (3,716) | $ (1,631) | $ 1,621 | $ (3,726) | $ (4,085) | $ (1,592) | $ 1,494 | $ (4,183) |
| Service cost[b] | 7,285 | 1,691 | 1,329 | 10,305 | 7,041 | 1,645 | 1,437 | 10,123 |
| **Net Periodic Pension Cost[c]** | $ 3,569 | $ 60 | $ 2,950 | $ 6,579 | $ 2,956 | $ 53 | $ 2,931 | $ 5,940 |

*a. Amounts reclassified into net income (See Note J - Accumulated Other Comprehensive Loss).*
*b. Included in Administrative Expenses on the Statements of Income.*
*c. May differ from the sum of individual figures shown because of rounding.*

(Continued)

# Notes to Financial Statements

The following table summarizes the projected benefit obligation (PBO), fair value of plan assets, and funded status associated with the SRP, RSBP and PEBP for MIGA for the fiscal years ended June 30, 2025 and June 30, 2024. The SRP and RSBP assets are held in irrevocable trusts, while the PEBP assets are included in IBRD's investment portfolio, with MIGA's portion reflected in receivable from IBRD under Note I (Transactions with Affiliated Organizations). The assets of the PEBP are mostly invested in fixed income, equity instruments and other fund investments.

*In thousands of US dollars*

| | Fiscal Year Ended June 30, 2025 | | | | Fiscal Year Ended June 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | SRP | RSBP | PEBP | Total | SRP | RSBP | PEBP | Total |
| **Projected Benefit Obligation** | | | | | | | | |
| Beginning of year | $277,187 | $ 38,101 | $ 30,511 | $345,799 | $264,820 | $ 36,937 | $ 30,658 | $332,415 |
| Service cost | 7,285 | 1,691 | 1,329 | 10,305 | 7,041 | 1,645 | 1,437 | 10,123 |
| Interest cost | 14,461 | 2,016 | 1,600 | 18,077 | 12,675 | 1,795 | 1,472 | 15,942 |
| Net entity transfers | 13,412 | 3,248 | n/a | 16,660 | (2,297) | (5) | n/a | (2,302) |
| Participant contributions | 3,886 | 278 | 69 | 4,233 | 2,990 | 260 | 66 | 3,316 |
| Benefits paid | (10,938) | (971) | (783) | (12,692) | (10,739) | (949) | (824) | (12,512) |
| Actuarial (gain) loss | (17,912) | (11,136) | 507 | (28,541) | 2,697 | (1,582) | (2,298) | (1,183) |
| **End of Year** | **$287,381** | **$ 33,227** | **$ 33,233** | **$353,841** | **$277,187** | **$ 38,101** | **$ 30,511** | **$345,799** |
| **Fair value of plan assets** | | | | | | | | |
| Beginning of year | $312,103 | $ 50,125 | $ — | $362,228 | $298,183 | $ 46,821 | $ — | $345,004 |
| Net entity transfers | 13,412 | 3,248 | — | 16,660 | (2,297) | (5) | — | (2,302) |
| Participant contributions | 3,886 | 278 | — | 4,164 | 2,990 | 260 | — | 3,250 |
| Actual return on assets | 30,031 | 5,022 | — | 35,053 | 21,342 | 3,331 | — | 24,673 |
| Employer contributions | 2,794 | 712 | — | 3,506 | 2,624 | 667 | — | 3,291 |
| Benefits paid | (10,938) | (971) | — | (11,909) | (10,739) | (949) | — | (11,688) |
| **End of Year** | **$351,288** | **$ 58,414** | **$ —** | **$409,702** | **$312,103** | **$ 50,125** | **$ —** | **$362,228** |
| **Funded Status**[a] | **$ 63,907** | **$ 25,187** | **$(33,233)** | **$ 55,861** | **$ 34,916** | **$ 12,024** | **$(30,511)** | **$ 16,429** |
| **Accumulated Benefit Obligations** | **$267,810** | **$ 33,227** | **$ 30,357** | **$331,394** | **$257,398** | **$ 38,101** | **$ 27,778** | **$323,277** |

*a. Positive funded status is reported as Net assets under retirement benefit plans; negative funded status is included under Liabilities for Pension and Other Post-retirement Benefits on the Balance Sheet. Also included in the former on the Balance Sheet is $1,470 thousand (June 30, 2024- $1,452 thousand) for ex-MIGA staff transferred to an affiliated organization.*

As of June 30, 2025, the SRP and RSBP were overfunded by $63,907 thousand and $25,187 thousand, respectively.

During the fiscal year ended June 30, 2025 and June 30, 2024, there were no plan amendments made to the retirement benefit plans.

(Continued)

# Notes to Financial Statements

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

**Amounts included in Accumulated Other Comprehensive Income at June 30, 2025**

*In thousands of US dollars*

| | SRP | RSBP | PEBP | Total |
|---|---|---|---|---|
| Net actuarial gain | $ (42,115) | $ (28,600) | $ (320) | $ (71,035) |
| Prior service cost | — | 86 | 7 | 93 |
| Net amount recognized in Accumulated Other Comprehensive Income | $ (42,115) | $ (28,514) | $ (313) | $ (70,942) |

**Amounts included in Accumulated Other Comprehensive Income at June 30, 2024**

*In thousands of US dollars*

| | SRP | RSBP | PEBP | Total |
|---|---|---|---|---|
| Net actuarial gain | $ (12,395) | $ (16,112) | $ (827) | $ (29,334) |
| Prior service cost | 46 | 109 | 28 | 183 |
| Net amount recognized in Accumulated Other Comprehensive Income | $ (12,349) | $ (16,003) | $ (799) | $ (29,151) |

***Assumptions***

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

The expected long-term rate of return for the SRP assets is a weighted average of the expected long-term (10 years or more) returns for the various asset classes, weighted by the portfolio allocation. Asset class returns are developed using a forward-looking building block approach. Equity returns are generally developed as the sum of expected inflation, expected real earnings growth and expected long-term dividend yield. Bond returns are generally developed as the sum of expected inflation, real bond yield, duration-adjusted change in yields and risk premium/spread (as appropriate). Other asset class returns are derived from their relationship to equity and bond markets. The expected long-term rate of return for the RSBP is computed using procedures similar to those used for the SRP. The discount rate used in determining the benefit obligation is selected by reference to the year-end yield of AA corporate bonds.

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

(Continued)

# Notes to Financial Statements

The following tables present the weighted-average assumptions used in determining the projected benefit obligations and the net periodic pension costs for the fiscal years ended June 30, 2025 and June 30, 2024:

*In percent*

| | SRP | | RSBP | | PEBP | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Weighted average assumptions used to determine projected benefit obligations** | | | | | | |
| Discount rate | 5.50 | 5.30 | 5.60 | 5.40 | 5.50 | 5.30 |
| Rate of compensation increase | 4.80 | 5.20 | | | 4.80 | 5.20 |
| Interest crediting rate | 5.00 | 5.40 | n/a | n/a | 5.00 | 5.40 |
| Health care growth rates-at end of fiscal year | | | 6.00 | 5.40 | | |
| Ultimate health care growth rate | | | 4.00 | 4.40 | | |
| Year in which ultimate rate is reached | | | 2033 | 2031 | | |
| **Weighted average assumptions used to determine net periodic pension cost** | | | | | | |
| Discount rate | 5.30 | 4.90 | 5.4 | 4.90 | 5.3 | 4.90 |
| Expected return on plan assets | 5.90 | 5.70 | 5.90 | 5.70 | | |
| Rate of compensation increase | 5.20 | 5.10 | | | 5.20 | 5.10 |
| Health care growth rates-at end of fiscal year | | | 5.40 | 5.40 | | |
| Ultimate health care growth rate | | | 4.40 | 4.20 | | |
| Year in which ultimate rate is reached | | | 2031 | 2031 | | |
| Interest crediting rate | 5.40 | 5.20 | n/a | n/a | 5.40 | 5.20 |

The medical cost trend rate can significantly affect the reported post-retirement benefit income or costs and benefit obligations for the RSBP. For the fiscal year ended June 30, 2025, the net actuarial gains were primarily attributable to the decrease in the expected inflation assumption and an increase in the nominal discount rate, offset by the changes in the demographic experience. In addition, there was an increase in the value of the plan assets in excess of expected asset returns. For the fiscal year ended June 30, 2024, the net actuarial gains were primarily due to an increase in the value of plan assets in excess of the expected asset returns which was partially offset by the actuarial losses attributable to the increase in inflation assumptions and demographic experience.

### Investment Strategy

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

(Continued)

# Notes to Financial Statements

The key long-term objective is to generate asset performance that is reasonable in relation to the growth rate of the underlying liabilities and the assumed sponsor contribution rates, without taking undue risks. Given the relatively long investment horizons of the SRP and RSBP, and the relatively modest liquidity needs over the short-term to pay benefits and meet other cash requirements, the focus of the investment strategy is on generating sustainable long-term investment returns through a globally diversified set of strategies including fixed income, public and private equity and real assets. The last SAA review, effective July 1, 2024 resulted in a slightly increased allocation to the Credit Strategies from 6% to 7% and Real Assets from 13% to 15%, while marginally reducing the Public Equities allocation from 31% to 29% percent and Market Neutral Hedge Funds from 10% to 9%.

The following table presents the policy asset allocation at June 30, 2025 and the actual asset allocation at June 30, 2025 and June 30, 2024 by asset category for the SRP and RSBP:

*In Percent*

| | SRP | | | RSBP | | |
|---|---|---|---|---|---|---|
| | Policy Allocation 2025 | Actual Allocation % of Plan Assets | | Policy Allocation 2025 | Actual Allocation % of Plan Assets | |
| Asset class | (%) | 2025 | 2024 | (%) | 2025 | 2024 |
| Fixed income and Cash | 20 | 19 | 19 | 20 | 20 | 19 |
| Credit Strategies | 7 | 8 | 8 | 7 | 7 | 8 |
| Public equity | 29 | 25 | 22 | 29 | 26 | 23 |
| Private equity | 20 | 24 | 27 | 20 | 23 | 26 |
| Market neutral hedge funds | 9 | 9 | 9 | 9 | 9 | 8 |
| Real assets[a] | 15 | 14 | 14 | 15 | 15 | 15 |
| Other[b] | 0 | 1 | 1 | 0 | 1 | 1 |
| Total[c] | 100 | 100 | 100 | 100 | 100 | 100 |

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

**Significant Concentrations of Risk in Plan Assets**

The assets of the SRP and RSBP are diversified across a variety of asset classes. Investments in these asset classes are further diversified across funds, managers, strategies, geographies and sectors, to limit the impact of any individual investment. In spite of such level of diversification, equity market risk remains the primary source of the overall return volatility of the Plans. As of June 30, 2025, the largest exposure to a single counterparty was 12.4% and 13.3% of the plan assets in SRP and RSBP, respectively (9.5% and 11.5%, respectively—June 30, 2024).

# Notes to Financial Statements

**Risk Management practices**

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

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

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

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

(Continued)

# Notes to Financial Statements

### Fair Value Measurements and Disclosures

All plan assets are measured at fair value on recurring basis. The following table presents the fair value hierarchy of major categories of plans assets as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fair Value Measurements on a Recurring Basis as of June 30, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | SRP | | | | RSBP | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Debt Securities** | | | | | | | | |
| Time deposits | $ 117 | $ 104 | $ — | $ 220 | $ 42 | $ 47 | $ — | $ 89 |
| Securities purchased under resale agreements | 1,917 | — | — | 1,917 | 420 | — | — | 420 |
| Government and agency securities | 44,048 | 5,916 | — | 49,965 | 7,906 | 1,118 | — | 9,024 |
| Corporate and convertible bonds | — | 4,935 | — | 4,935 | — | 868 | — | 868 |
| Asset backed securities | — | 2,551 | — | 2,551 | — | 436 | — | 436 |
| Mortgage backed securities | — | 7,921 | — | 7,921 | — | 1,262 | — | 1,262 |
| **Total Debt Securities** | **46,082** | **21,427** | **—** | **67,510** | **8,368** | **3,732** | **—** | **12,099** |
| **Equities** | | | | | | | | |
| US common stocks | 8,936 | — | — | 8,936 | 1,192 | — | — | 1,192 |
| Non-US common stocks | 24,497 | — | — | 24,497 | 4,572 | — | — | 4,572 |
| Real estate investments trusts (REITs) | 2,358 | — | — | 2,358 | 323 | — | — | 323 |
| **Total Equity Securities** | **35,791** | **—** | **—** | **35,791** | **6,087** | **—** | **—** | **6,087** |
| **Other funds at NAV**[a] | | | | | | | | |
| Commingled funds | — | — | — | 55,983 | — | — | — | 8,851 |
| Private equity | — | — | — | 82,837 | — | — | — | 13,365 |
| Private credit | | | | 26,576 | | | | 4,174 |
| Real estate (including infrastructure and timber)[a] | — | — | — | 47,197 | — | — | — | 8,345 |
| Hedge funds | — | — | — | 33,221 | — | — | — | 5,272 |
| Derivative assets/liabilities | 108 | (16) | — | 92 | 32 | (3) | — | 29 |
| Other assets/liabilities, net[b] | — | — | — | 2,082 | — | — | — | 193 |
| **Total Assets**[c] | **$81,981** | **$21,412** | **$ —** | **$351,288** | **$14,486** | **$ 3,729** | **$ —** | **$58,414** |

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

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

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

(Continued)

# Notes to Financial Statements

*In thousands of US dollars*

| | Fair Value Measurements on a Recurring Basis as of June 30, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | SRP | | | | RSBP | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Debt Securities** | | | | | | | | |
| Time deposits | $ 138 | $ 448 | $ — | $ 586 | $ 54 | $ 88 | $ — | $ 142 |
| Securities purchased under resale agreements | 2,644 | — | — | 2,644 | 404 | — | — | 404 |
| Government and agency securities | 30,567 | 3,322 | — | 33,888 | 5,966 | 533 | — | 6,499 |
| Corporate and convertible bonds | — | 4,445 | — | 4,445 | — | 787 | — | 787 |
| Asset backed securities | — | 2,002 | — | 2,002 | — | 383 | — | 383 |
| Mortgage backed securities | — | 4,983 | — | 4,983 | — | 865 | — | 865 |
| **Total Debt Securities** | **33,348** | **15,200** | **—** | **48,548** | **6,423** | **2,656** | **—** | **9,079** |
| **Equities** | | | | | | | | |
| US common stocks | 8,447 | — | — | 8,447 | 1,132 | — | — | 1,132 |
| Non-US common stocks | 24,125 | — | — | 24,125 | 3,544 | — | — | 3,544 |
| Real estate investments trusts (REITs) | 2,139 | — | — | 2,139 | 286 | — | — | 286 |
| **Total Equity Securities** | **34,711** | **—** | **—** | **34,711** | **4,962** | **—** | **—** | **4,962** |
| **Other funds at NAV**[a] | | | | | | | | |
| Commingled funds | — | — | — | 45,319 | — | — | — | 7,193 |
| Private equity | — | — | — | 84,293 | — | — | — | 12,803 |
| Private credit | — | — | — | 25,748 | — | — | — | 3,905 |
| Real estate (including infrastructure and timber)[a] | — | — | — | 41,606 | — | — | — | 7,207 |
| Hedge funds | — | — | — | 30,866 | — | — | — | 4,757 |
| Derivative assets/liabilities | 112 | 17 | — | 129 | 6 | 3 | — | 9 |
| Other assets/liabilities, net[b] | — | — | — | 883 | — | — | — | 210 |
| **Total Assets**[c] | **$68,171** | **$15,217** | **$ —** | **$ 312,103** | **$11,391** | **$ 2,659** | **$ —** | **$50,125** |

*a. Investments measured at fair value using NAV have not been included under the fair value hierarchy*
*b. Includes receivables and payables carried at amounts that approximate fair value.*
*c. May differ from the sum of individual figures shown because of rounding.*

### Valuation methods and assumptions

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

(Continued)

## Notes to Financial Statements

*Debt securities*
Debt securities include discount notes, securities purchased under resale agreements, U.S. treasuries and agencies, and debt obligations of foreign governments, domestic and foreign corporations. Debt securities also include investments in ABS such as collateralized mortgage obligations and mortgage backed securities. These securities are valued by independent pricing vendors either at quoted prices in the active markets or valuation techniques incorporating observable market inputs such as dealer quotes, yield curves, interest rates, volatilities, foreign exchange rates, credit curves and other market data for the same or similar securities. Some debt securities require significant unobservable inputs, involving judgment in their valuation.

Management believes its estimates of fair value are reasonable based on sourcing security prices from multiple independent third-party vendors, and periodic reviews over valuations. Money market instruments and securities purchased under resale agreements are reported at discounted face value which approximates fair value.

*Equity securities*
Equity securities (including REITs) represent investments in entities in various industries and countries. Investments in public equity listed on securities exchanges are valued at the quoted closing price on the last business day of the reporting period.

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

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

*Private credit funds*
Private credit funds include investments primarily in several direct lending funds that provide private financing to medium-sized companies, and funds focused on opportunistic credit, specialty financing and asset-based lending. The funds with these strategies offer attractive yields with downside protection compared to public credit markets. Many of these funds are in the investment phase of their life cycle. Private credit investments do not have a readily determinable fair value and are reported at NAV provided by the fund managers, taking into consideration the latest audited financial statements of the funds.

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

*Hedge funds*
Hedge funds consist of investments in equity fundamental, equity quantitative, fixed income arbitrage, multi strategy, macro discretionary, macro quantitative, volatility arbitrage, and merger arbitrage strategies. These investments do not have a readily determinable fair market value and are reported at NAVs provided by external managers or fund administrators (based on the valuations of underlying investments) monthly, taking into consideration the latest audited financial statements of the funds.

(Continued)

# Notes to Financial Statements

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

*Investment in derivatives*

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

***Estimated Future Benefits Payments***

The following table shows the benefit payments expected to be paid in each of the next five years and subsequent five years. The expected benefit payments are based on the same assumptions used to measure the benefit obligation at June 30, 2025:

*In thousands of US dollars*

| | SRP | RSBP | | PEBP |
|---|---|---|---|---|
| | | Before Federal Subsidy | Federal Subsidy | |
| July 1, 2025 - June 30, 2026 | $ 12,781 | $ 766 | $ — | $ 1,271 |
| July 1, 2026 - June 30, 2027 | 13,236 | 850 | — | 1,335 |
| July 1, 2027 - June 30, 2028 | 14,329 | 942 | — | 1,502 |
| July 1, 2028 - June 30, 2029 | 15,320 | 1,044 | — | 1,668 |
| July 1, 2029 - June 30, 2030 | 15,872 | 1,147 | — | 1,761 |
| July 1, 2030 - June 30, 2035 | 94,935 | 7,487 | — | 11,142 |

***Expected Contributions***

MIGA’s contribution to the SRP and RSBP varies from year to year, as determined by the Pension Finance Committee, which bases its judgment on the results of annual actuarial valuations of the assets and liabilities of the SRP and RSBP. The best estimate of the amount of contributions expected to be paid to the SRP and RSBP for MIGA during the fiscal year beginning July 1, 2025 is $2,816,000 and $532,000, respectively.

(Continued)

# Notes to Financial Statements

## Note H: Other Liabilities

The following table provides the composition of other liabilities as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Payable to affiliated organizations - Administrative and other services (Note I) | $ 19,595 | $ 23,051 |
| Payable to reinsurers and brokers | 17,561 | 23,645 |
| Accrued benefit reserves | 10,998 | 8,979 |
| Liabilities for application and processing fees | 10,343 | 10,086 |
| Premium receipt (future contract periods) | 7,947 | 10,004 |
| Other/Miscellaneous | 1,721 | 960 |
| Other liabilities | $ 68,164 | $ 76,725 |

## Note I: Transactions with Affiliated Organizations

***Shared Services and Joint Business Development Agreement***

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

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

Total fees and premiums paid by MIGA reflected under Net premium income and Administrative expenses in the Statements of Income for the fiscal years ended June 30, 2025 and June 30, 2024 are as follows:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Fees charged/premium ceded - IBRD/IDA | | |
| Administrative expenses to IBRD/IDA | $ 14,480 | $ 13,531 |
| Premium ceded to IDA | 4,193 | 3,980 |
| Fees charged - IFC | | |
| Administrative expenses | $ 1,294 | $ 708 |
| Brokerage fees | 2,823 | 3,194 |

(Continued)

# Notes to Financial Statements

Total fees and commissions received by MIGA from IBRD/IDA for guarantee-related services reflected under Miscellaneous income and Net premium income in the Statements of Income for the fiscal year ended June 30, 2025 and June 30, 2024 are as follows:

*In thousands of US dollars*

| | Fiscal Year Ended | |
|---|---|---|
| | June 30, 2025 | June 30, 2024 |
| Fees received for guarantee related services- IBRD | $ 6,852 | $ — |
| Ceding Commission - IDA | 629 | 597 |

At June 30, 2025 and June 30, 2024, MIGA had the following (payables to) receivables from its affiliated organizations with regard to administrative and other services and pension and other postretirement benefits:

*In thousands of US dollars*

| | June 30, 2025 | | | June 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Administrative & Other Services[a] | Pension and Other Postretirement Benefits[b] | Total | Administrative & Other Services[a] | Pension and Other Postretirement Benefits[b] | Total |
| IBRD | $ (16,778) | $ 34,142 | $ 17,364 | $ (16,456) | $ 30,260 | $ 13,804 |
| IDA | (501) | — | (501) | (445) | — | (445) |
| IFC | (2,316) | — | (2,316) | (6,150) | — | (6,150) |
| | $ (19,595) | $ 34,142 | $ 14,547 | $ (23,051) | $ 30,260 | $ 7,209 |

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

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

***Exposure Exchange with IBRD***

During the fiscal year ended June 30, 2014, MIGA entered into an exposure exchange agreement with IBRD under which MIGA and IBRD agreed to exchange $120 million each of notional amount of exposures on their respective Balance Sheets with one another. Under the agreement, IBRD provided a guarantee on principal and interest pertaining to MIGA's guarantee exposure under its Non-Honoring of Sovereign's Financial Obligation in exchange for MIGA's guarantee on IBRD's loan principal and interest exposure.

The outstanding off-Balance Sheet amounts relating to this exposure exchange agreement as of June 30, 2025 was $NIL ($2,268,000 - June 30, 2024).

As of June 30, 2025, there were no recorded liabilities related to MIGA's obligation under the existing exposure exchange agreement with IBRD included in Insurance portfolio reserve on the Balance Sheets ($NIL – June 30, 2024).

***IDA IFC-MIGA Private Sector Window (PSW)***

As of June 30, 2025, the amounts ceded to IDA under a first loss layer and risk participation basis totaled $516,641,000 ($531,906,000 – June 30, 2024).

(Continued)

# Notes to Financial Statements

**Note J: Accumulated Other Comprehensive Income**

The following tables present the changes in Accumulated Other Comprehensive Income (AOCI) for the fiscal year ended June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | Fiscal Year Ended June 30, 2025 | | | |
|---|---|---|---|---|
| | Cumulative Translation Adjustment[a] | Unrecognized Net Actuarial Losses on Benefit Plans | Unrecognized Prior Service Costs on Benefit Plans | Total Accumulated Other Comprehensive Income |
| Balance, beginning of fiscal year | $ 3,435 | $ 29,334 | $ (183) | $ 32,586 |
| Changes during the year: | | | | |
| Changes in fair value AOCI | - | 42,421 | - | 42,421 |
| Amounts reclassified into net income[b] | — | (720) | 90 | (630) |
| Net change during the year | — | 41,701 | 90 | 41,791 |
| Balance, end of fiscal year | $ 3,435 | $ 71,035 | $ (93) | $ 74,377 |

*a. Until June 30, 2006, all the currencies of transactions were deemed functional and the related currency transaction adjustments were reflected in Equity through Other Comprehensive Income.*

*b. See Note G, Pension and Other Post Retirement Benefits.*

*In thousands of US dollars*

| | Fiscal Year Ended June 30, 2024 | | | |
|---|---|---|---|---|
| | Cumulative Translation Adjustment[a] | Unrecognized Net Actuarial Losses on Benefit Plans | Unrecognized Prior Service Costs on Benefit Plans | Total Accumulated Other Comprehensive Income |
| Balance, beginning of fiscal year | $ 3,435 | $ 23,695 | $ (275) | $ 26,855 |
| Changes during the year: | | | | |
| Changes in fair value AOCI | - | 6,384 | - | 6,384 |
| Amounts reclassified into net income[b] | — | (745) | 92 | (653) |
| Net change during the year | — | 5,639 | 92 | 5,731 |
| Balance, end of fiscal year | $ 3,435 | $ 29,334 | $ (183) | $ 32,586 |

*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.*

# Notes to Financial Statements

**Note K: Fair Value Disclosures**

***Valuation Methods and Assumptions***
As of June 30, 2025 and June 30, 2024, MIGA had no assets or liabilities measured at fair value on a non-recurring basis.

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

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

*Investment securities*
Investment securities are classified based on management's intention on the date of purchase, their nature, and MIGA's policies governing the level and use of such investments. As of June 30, 2025, 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, corporate securities, futures contracts, exchange-traded equity securities, ABS and TBA securities. For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the discounted cash flow method using market observable inputs such as yield curves, credit spreads, and constant prepayment rates. Unless quoted prices are available, time deposits are reported at face value, which approximates fair value, as they are short term in nature.

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

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

(Continued)

# Notes to Financial Statements

The following tables present MIGA's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and June 30, 2024:

*In thousands of US dollars*

| | *Fair Value Measurements on a Recurring Basis As of June 30, 2025* | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| **ASSETS** | | | | |
| Government, agency and corporate obligations | $ 545,160 | $ 1,004,891 | $ — | $ 1,550,051 |
| Asset-backed securities | — | 574,175 | — | 574,175 |
| Time deposits[a] | 54,307 | 312,028 | — | 366,334 |
| Total investments - Trading[c] | $ 599,466 | $ 1,891,094 | $ — | $ 2,490,560 |
| | | | | |
| **Derivative Assets** | | | | |
| Currency forward contracts | $ — | $ 1,080 | $ — | $ 1,080 |
| Currency swaps | — | 3,595 | — | 3,595 |
| Interest rate swaps | — | 3,692 | | 3,692 |
| Others[b] | 234 | 1,055 | — | 1,289 |
| | $ 234 | $ 9,422 | $ — | $ 9,657 |
| Less: | | | | |
| Amounts subject to legally enforceable master netting agreements | | | | 7,695 |
| Cash collateral received[d] | | | | 1,336 |
| **Derivative Assets, net** | | | | $ 626 |
| | | | | |
| **LIABILITIES** | | | | |
| | | | | |
| **Derivative Liabilities** | | | | |
| Currency forward contracts | $ — | $ 1,742 | $ — | $ 1,742 |
| Currency swaps | — | 13,930 | — | 13,930 |
| Interest rate swaps | — | 1,719 | — | 1,719 |
| Others[b] | — | 518 | — | 518 |
| | $ — | $ 17,909 | $ — | $ 17,909 |
| Less: | | | | |
| Amounts subject to legally enforceable master netting agreements | | | | 7,695 |
| **Derivative Liabilities, net** | | | | $ 10,214 |

*a. Time deposit include certificate of deposit and money market instruments.*
*b. These relate to To-Be-Announced (TBA) securities, swaptions, exchange traded options, and futures contracts.*
*c. May differ from the sum of individual figures shown because of rounding.*
*d. Does not include excess cash collateral received ($1,525 thousand).*

(Continued)

# Notes to Financial Statements

*In thousands of US dollars*

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

*a. Time deposit include certificate of deposit and money market instruments.*
*b. These relate to swaptions, exchange traded options, and futures contracts.*
*c. May differ from the sum of individual figures shown because of rounding.*
*d. Does not include excess cash collateral received ($789 thousand).*

During the fiscal years ended June 30, 2025 and fiscal year ended June 30, 2024, there were no transfers within the levels of fair value hierarchy.