



20 25

Annual Report

Driven by **EXCELLENCE**

Bermuda Monetary Authority

The Bermuda Monetary Authority (Authority or BMA) is the sole regulator of the financial services sector in Bermuda. Established by statute in 1969, the Authority supervises, regulates and inspects financial institutions operating within the jurisdiction.

The BMA develops risk-based financial regulations that it applies to the supervision of Bermuda's insurance companies*, banks, trust companies, investment businesses, investment funds, fund administrators, money service businesses, corporate service providers, digital asset businesses and digital asset issuances. The Authority also regulates the Bermuda Stock Exchange and the Bermuda Credit Union.

In addition, the BMA issues Bermuda's national currency, manages exchange control transactions, assists other authorities in Bermuda with the detection and prevention of financial crime, and advises the Bermuda Government and other public bodies on banking and other financial and monetary matters.

** For the purpose of this Annual Report, insurer includes reinsurer and insurance includes reinsurance.*

Hard copy

The physical copy of the BMA Annual Report is printed in limited quantity for limited distribution at BMA House.

Soft copy

The digital copy of the BMA Annual Report can be viewed and downloaded on the BMA website (www.bma.bm). Sign up for our e-alert subscription, also through our website, and select the 'Annual Report/Business Plan' email list to receive notice of when our reports have been published.

Our Values

Professionalism

We demonstrate professionalism in all of our interactions.

Integrity

We are forthright and honest in all of our interactions.

Accountability

We are accountable for our work and accept responsibility for all of our actions.

Adaptability

We accept change, challenge traditions and constantly seek innovative ways to grow and develop.

Collaboration

We work together and with our stakeholders, sharing our knowledge and expertise to achieve better outcomes.



Mission Statement

We contribute to Bermuda's financial stability, protect customers of financial services and protect Bermuda's currency through:

- Maintaining effective and proactive regulatory frameworks through our highly skilled and engaged workforce
- Delivering efficient operations and sustainable business practices
- Supporting responsible innovation locally and in global markets

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Chief Executive Officer's Message



Craig Swan, CEO

As we reflect on the successes and challenges of 2025, I invite you to consider the life and legacy of Joseph Weizenbaum¹, a visionary computer scientist and a former professor at the Massachusetts Institute of Technology (MIT). Joseph, a pioneering figure in data science and early Artificial Intelligence (AI), was known for creating ELIZA, one of the earliest computer chat programmes. Launched in 1964, ELIZA simulated human conversation by using simple pattern matching and substitution rules to generate responses. While groundbreaking in its time, the chatbot relied entirely on pre-programmed responses to generate patterns that resembled human dialogue. Despite its simplicity, ELIZA was a landmark invention that laid the foundation for future innovations such as Siri and Alexa, as well as many of the automated customer service systems that we rely on today.

Born in Germany in 1936, Joseph fled to the United States with his family and began studying mathematics at Wayne State University in Michigan. He built ELIZA to explore the full capabilities of computers, yet he continually questioned the impact of machine intelligence and AI on society. Throughout his career, Joseph was known as an outspoken critic of the risks of unexamined technology adoption. He consistently emphasised the scientific community's responsibility to anticipate risks and enhance systems through thorough regular testing and iteration. As a scientist, he spoke openly about AI's limitations and held himself accountable to the highest standards in data science

research. Joseph's legacy demonstrated the importance of using technology to serve society responsibly while continuously improving the systems that we create.

In 2025, the BMA maintained this same high standard. In a financial landscape that evolved at lightning speed, the Authority upheld a spirit of excellence by fostering a robust, forward-thinking and transparent regulatory environment. Like Joseph we adopted a mindset of continuous improvement to strengthen market discipline and ensure continued alignment with international standards. Our achievements spanned the full breadth of the financial services spectrum, from digital innovations and operational resilience standards to enhanced public disclosures and comprehensive AI guidance. Similar to Joseph's rigorous, disciplined approach, the Authority's robust supervisory frameworks and best-in-class innovations demonstrated our commitment to thoughtful and responsible stewardship of Bermuda's financial ecosystem.

Proactive, Forward-Thinking Regulation

The Authority continued to refine its regulatory framework to keep pace with evolving global standards and market dynamics. A key milestone was the enhancement of the insurance group supervision regime to ensure it remained pragmatic and tailored to the unique characteristics, scale and complexity of Bermuda-based insurance groups. These refinements were to strengthen our regulatory oversight and to provide the Authority greater visibility into group structures and transactions, thereby enhancing group-wide financial resilience. In addition, the BMA finalised consultation and guidance for commercial insurers and insurance groups applying the Prudent Person Principle (PPP) with a particular focus on complex and private assets.

Transparency also remained a key focus throughout 2025. In this context, the Authority launched a public disclosure regime that required detailed, granular reporting of assets and liabilities for commercial long-term insurers, effective December 2025. The framework is designed to enhance market discipline and reinforce investors' confidence in Bermuda's regulatory environment. A recovery planning regime was also introduced to help insurers respond to periods of severe stress without compromising policyholder protection.

The BMA continued implementing enhancements to the long-term insurance sector framework throughout 2025. The framework upgrades included transaction-approval requirements for large-block reinsurance deals, oversight of the implementation of liquidity risk management programmes, and the approval of structured and affiliated assets. Collectively, these measures guide firms towards practices that uphold financial stability, resilience and policyholder protection.

In parallel, the Bermuda long-term insurance market remained resilient. A market analysis and stress testing report² revealed strong capitalisation and liquidity levels, even under severe stress scenarios. The results from the global financial stress test³ showed that the sector maintained adequate capital buffers overall, with most entities able to withstand the prescribed stresses without relying on management actions. The report indicated that the sector absorbed \$39 billion in capital, providing critical risk-transfer capacity to global insurance markets. This finding confirmed that the current levels of exposure and capitalisation do not pose a threat to the financial stability of Bermuda's long-term life market or the global life insurance market.

Excellence in our frameworks also means anticipating future challenges and emerging risks. Our commitment in this area was evident through the BMA's partnership with the award-winning Lloyd's Lab Accelerator programme. Participants in Cohort 14 of the lab developed Bermuda-focused, innovative solutions to address global protection gaps in climate risk, emerging threats, man-made hazards and sustainable insurance models.

Resilience and Market Integrity

Climate and sustainability considerations continued to shape the BMA's core business strategy. In the investment arena, the Authority issued a Consultation Paper (CP)⁴ proposing a new sustainability-focused framework for investment funds that claim environmental, social or governance characteristics. The proposals introduce robust naming conventions and mandatory disclosure requirements designed to enhance transparency and provide investors with clear, reliable information about a fund's sustainability profile.

In the banking sector, the Authority implemented the enhanced global prudential requirements (Basel 3.1), which took effect on 1 January 2025. The BMA also made progress towards establishing a formal resolution regime for Bermuda's deposit-taking institutions, with the aim of ensuring that, even in severe stress scenarios,

banks can be resolved in an orderly manner without compromising financial stability or relying on public funds.

In 2025, operational resilience remained a top priority, and the guidance that we issued on this topic⁵ offered practical direction for safeguarding customer services and minimising operational delays and disruptions. These measures reinforced Bermuda's reputation as a world-class jurisdiction aligned with international supervisory expectations.

Against this backdrop, the BMA published a Discussion Paper (DP)⁶ on the use of Artificial Intelligence (AI) in the financial sector. The paper outlined the transformative potential of AI while emphasising the need for sound governance practices to mitigate potential risks. The proposed regulatory framework for AI positions Bermuda as a forward-thinking domicile that balances innovation with rigorous oversight and high-quality supervision.

Innovating for Financial Stability

Meanwhile, the Authority enhanced its position as a global leader in digital asset regulation through several key initiatives, including the launch of the Embedded Supervision Pilot in late 2025. This pioneering project aims to create a next-generation supervisory framework under Bermuda's Digital Asset Business Act (DABA), exploring how supervisory requirements and oversight can evolve with technology-enabled, real-time data infrastructures in an increasingly decentralised financial ecosystem.

The BMA continued to position Bermuda as a guiding force in digital finance regulation. At the domestic level, we published a CP⁷ outlining our framework for modernising digital payment services. Another publication on asset tokenisation⁸ sought input from stakeholders on the opportunities, challenges and potential regulatory considerations related to tokenisation⁹ in Bermuda. In a similar vein, the insurtech regulatory framework continued to support the development and testing of insurance-related

¹ Interesting Engineering: [The Early Minds Behind the Machine: Founders of Artificial Intelligence](#), June 2025

² Bermuda Monetary Authority (2025) [Bermuda Long-term Insurance Market Analysis and Stress Testing Report](#), December 2025

³ Bermuda Monetary Authority (2025) [2025 Global Financial Crisis Stress Test – Long-Term Reinsurers](#), September 2025

⁴ Bermuda Monetary Authority (2025) [Consultation Paper: Framework Enhancements Introducing Sustainability Disclosures and Prohibition of Misleading Fund Names](#), September 2025

⁵ Bermuda Monetary Authority (2025) [Operational Resilience and Outsourcing Code](#), January 2025

⁶ Bermuda Monetary Authority (2025) [Discussion Paper: The Responsible Use of Artificial Intelligence in Bermuda's Financial Services Sector](#), September 2025

⁷ Bermuda Monetary Authority (2025) [Consultation Paper: Proposed Payment Services Act](#), October 2025

^{8,9} Bermuda Monetary Authority (2025) [Discussion Paper: Asset Tokenisation](#), January 2026

innovative business models. The Regulatory Sandbox and Innovation Hub maintained active engagement with the industry and facilitated an adaptive, proportionate response to emerging developments in Digital Finance.

Strong stakeholder relationships are central to Bermuda's success and reputation. In 2025, the BMA increased its presence on the international stage through events, forums and peer regulatory engagements to promote knowledge sharing and strengthen our standing as a global hub for digital assets and on-chain finance.

Excellence in Action

The BMA's workplace culture is built on the principles of excellence and continuous improvement, and in 2025, these values were reflected in numerous accomplishments. For example, BMA House earned the prestigious Leadership in Energy and Environmental Design™ (LEED®) certification for green building design—a major achievement in our sustainability strategy and a testament to our staff's commitment to excellence for both the organisation and the wider community.

On the currency front, the new five-dollar polymer banknote was awarded the International Bank Note Society's (IBNS) Bank Note of the Year 2024 in recognition of its artistic merit and innovative security features, while both the two- and five-dollar banknotes were together recognised with the High Security Printing Latin America Award for Best New Banknotes 2025. The design and security features of the polymer banknotes made them more practical and accessible to the community, reinforcing our mission to enhance security and reduce their environmental impact.

Additionally, the BMA also earned recognition for technical excellence, innovation and service desk quality. The Service Desk Certification (SDC) awarded by the Service Desk Institute acknowledges the Authority's Information Technology (IT) and Management Services Team for delivering efficient, reliable and dedicated support to staff across the Authority. By placing our technical experts at the heart of the organisation, we position them to deliver innovative solutions that streamline connectivity and improve workflows and processes. The certification placed the BMA alongside global blue-chip companies that have received a similar accolade.

The Authority acknowledges that our people are the heart of this organisation, and it is their dedication, expertise and professionalism that drive our journey and contribute to the Authority's successes today and in the future.

In Conclusion

Returning to Joseph Weizenbaum, his pragmatic and disciplined approach to early AI research influenced how AI systems are evaluated today. His critical questions challenged us to consider the implications of machine intelligence for society and the responsibilities that accompany technological innovation. Joseph's legacy reminds us that striving for excellence through accountability, transparency and continuous improvement helps to ensure that technology contributes to the public good. The introduction of ELIZA also serves as a reminder that even well-designed systems have limitations and that diverse human perspectives, trust and responsibility must play a vital role in shaping future AI developments.

Similarly, the Authority remained steadfast in its commitment to supporting the development of a financial services ecosystem that is secure, responsible and resilient. The achievements of the past year underscored the BMA's dedication to pursuing excellence across all areas of our work. In 2025, the organisation actively engaged in initiatives that advanced the Authority's long-term growth and reinforced Bermuda's position as a globally respected financial jurisdiction. Throughout the year, the expertise, professionalism and integrity of our people brought our mission and vision to life. With this stable foundation of excellence and the support of exceptional teams, I am confident we are well-positioned to seize every opportunity that lies ahead.



Craig Swan
Chief Executive Officer

Executives

As at 31 December 2025



Shanna Lespere
Deputy Chief Executive Officer



Ricardo Garcia
Managing Director, Supervision



Yvette Pierre
Managing Director, Policy, Strategy and International Affairs



Dina R. Wilson
Director, Legal Services and Enforcement



Moad Fahmi
Chief FinTech Officer



Toby Mason
Chief Operating Officer

Chairman's Report



Donald Scott, Chairman of the Board

The year 2025 was characterised by steady progress and advancement for the Bermuda Monetary Authority's Board of Directors. Despite the complex and evolving macroeconomic environment, the Board remained deeply committed to excellence as a fundamental principle of effective governance and stewardship. The Board built on this foundation over the past year by strategically advancing our core objectives and maintaining the same degree of trust and confidence that underpin the BMA's regulatory regime. Robust governance practices remained central to the Board's agenda and continued to promote a culture of transparency, diligence and shared accountability across the organisation.

As Bermuda's sole financial regulator, the BMA pursues excellence and acts in the best interests of our stakeholders, including our staff, registrants and the broader financial services community. Throughout the year, the Authority focused on demonstrating our value, both locally and internationally, while maintaining the highest standards expected of a top-tier global regulator. The Board adopted an informed, forward-thinking approach, guided by a clear understanding of the opportunities and challenges in today's highly interconnected and dynamic financial services landscape.

Stakeholder engagement and international advocacy were especially active in 2025. The Authority continued to engage with peer regulators and standard-setting

bodies, including the International Association of Insurance Supervisors' (IAIS) Targeted Jurisdictional Assessment (TJA). The outcomes of the assessment were positive, and the BMA's participation in this exercise ensured that Bermuda's perspectives as a premier financial services hub continue to be heard and respected at the highest international levels.

Robust Governance Standards

In 2025, strong stewardship and ethical oversight continued to define the Board's mandate. Enhancing operational resilience and the organisation's long-term sustainability remained a key focus. For example, during the year, the Authority articulated six strategic goals spanning regulatory frameworks, human capital, innovation and technology, reputation, industry engagement and sustainability. Performance against these objectives was strong, reflecting disciplined execution and collective effort across all areas of the BMA. The Board was satisfied that management continued to take a prudent, measured approach that balanced innovation with sound controls and reliable decision-making processes.

Board Developments

Over the past year, the Board's five committees provided focused leadership and oversight in support of the BMA's corporate objectives. The Board committees played a vital role in setting the tone for integrity and ethical conduct through active engagement and dialogue with the Senior Executive Management team. Their structure promoted diversity of thought and perspectives, fostering ongoing accountability, collaboration and strategic alignment. This approach enabled the Board to draw on a wide range of expertise to address challenges and shape a sustainable roadmap for the BMA's strategic direction.

Technology and innovation are vital for the Authority's long-term growth. In 2025, the Board of Directors provided oversight of the proposed AI policy framework and set clear governance expectations to ensure AI initiatives were aligned with the BMA's ethical principles and regulatory responsibilities. The goal was to ensure that ongoing AI adoption is responsive, transparent and beneficial to staff, stakeholders and industry. In parallel, the Audit and Risk Management, Corporate Governance and Ethics, Human Capital and Investment and Legislative Policy Committees continued to build on the Authority's well-established governance infrastructure while laying the groundwork for future policy enhancements.

New Board Appointment

In early 2025, the Board welcomed a new Director, Gino Smith. Mr Smith is a talented and knowledgeable Bermudian professional with more than two decades of industry experience in Europe, Latin America and emerging markets. Mr Smith has held a range of senior leadership positions in global reinsurance organisations with responsibility for underwriting, risk management and capital deployment across complex structures. His deep industry expertise will be fundamental in enhancing decision-making and fostering a diverse, high-performing Board that keeps pace with the rapidly changing business environment. This appointment also aligns with the BMA's mission and vision, ensuring that we can continue to sustain results-driven governance initiatives in the months ahead.

Sustainability

Diversity is a core tenet of sustainability. Over the past year, the Board reaffirmed our commitment to diversity by maintaining a composition that reflects an array of backgrounds, skill sets, expertise and perspectives. The Board continued to embrace strategic initiatives that fully embedded diversity within the BMA's corporate DNA. With a workforce representing over 40 nationalities, we supported expanded diversity programmes and policies that bolster employee confidence, heighten engagement and enable staff to transition competently into our leaders of tomorrow. In addition, all Board members take pride in the LEED® certification of BMA House and the prestigious awards earned for the artistic design and merit of Bermuda's polymer banknotes. These accomplishments demonstrate that excellence and continuous improvement lie at the very heart of our work.

In Conclusion

On behalf of the Board of Directors, I would like to extend my sincere appreciation to all of the BMA's staff and senior management for their dedication throughout 2025. Their professionalism, adaptability and unwavering commitment to excellence allowed the Authority to balance prudent growth, active industry engagement and responsible innovation. I am also grateful to my fellow Board colleagues for their considerable expertise and industry experience, which greatly supported the Authority's strategic development. It was through this unwavering commitment that we further strengthened the BMA's standing as an effective and efficient regulator. Together, these efforts made 2025 a milestone year and one that firmly reinforced Bermuda's position as a trusted centre of regulatory excellence and leadership.

Donald Scott
Chairman of the Board

Board of Directors

Composition of the 2025 Board of Directors as at 31 December 2025.

Under section 4A of the BMA Act, the functions of the Board are to manage the affairs and business of the BMA and to determine the policy objectives and strategy of the Authority.

The Board, in accordance with section 4(1) of the BMA Act, consists of a Chairman, Chief Executive Officer and eleven non-executive directors appointed by the Minister of Finance from various sectors of the financial services industry.

To enhance independence, non-executive directors are appointed for terms up to five years. Board conflicts are strictly managed in accordance with requirements under the BMA Act. The Minister of Finance appoints the Chairman pursuant to section 4E of the BMA Act, who also chairs the Non-Executive Directors Committee.

Committees

- Committee Chair
- N Non-Executive Directors Committee
- C Corporate Governance & Ethics Committee
- L Legislative & Policy Committee
- I Investment Committee
- A Audit & Risk Management Committee
- H Human Capital Committee



Donald Scott
Chairman of the Board

N C L I H

Former Secretary to the Cabinet and Head of Civil Service and Financial Secretary



Tammy Richardson-Augustus
Deputy Chair of the Board

N L A

Partner, Appleby (Bermuda) Limited (retired)



Craig Swan
Executive Director

C I H

Chief Executive Officer, Bermuda Monetary Authority



Mark Crockwell

N I A

Treasurer, Saïd Holdings Limited



Coral Wells

N C H

Managing Director, W&W Solutions Ltd



Karel Van Hulle

N L A

Professor Em. at KU Leuven and Goethe University Frankfurt; Head of Insurance and Pensions at the European Commission (retired)



Philip Butterfield

N C I

Chairman, HSBC Bank of Bermuda (retired)



Ron Hamilton

N C A

Senior Vice President, Swiss Re



Lori Rockhead

N L H

Executive Director, Bermuda Diabetes Association



Michael Leverock

N C A H

President, Leverock Advisors & Associates



Gino Smith

N A L

Independent Consultant and Non-Executive Director



Sheila Warren

N I

Chief Strategy and Operations Officer of Project Liberty, CEO of the Project Liberty Institute and CEO of the Crypto Council for Innovation

Board Committees

(N) Non-Executive Directors

- Ensures the Authority is discharging its functions in accordance with the policy objectives and strategy determined by the Board
- Oversees the Authority’s internal financial controls
- Determines the remuneration and other terms of service of the Authority’s CEO

(C) Corporate Governance & Ethics

- Develops, implements and monitors effective corporate governance principles, policies and procedures
- Oversees all policies and programmes to ensure that the Authority’s Board, management and staff carry out their functions in an ethical manner and apply policies that meet corporate governance best practice standards

(L) Legislative & Policy

- Reviews legislative and regulatory priorities as established by the Board and oversees the agenda for the development of legislation related to financial services regulation
- Reviews proposed changes to primary and subsidiary legislation administered by the Authority and submitted by management
- Makes recommendations to the Board on regulatory policy

(I) Investment

- Ensures prudent investment of the Authority’s portfolio of assets in accordance with the requirements of the BMA Act and the investment policy guidelines that are established by the Board

(A) Audit & Risk Management

- Monitors (i) the Authority’s accounting and financial reporting process, including its internal accounting and financial controls and (ii) the integrity of the Authority’s financial statements
- Retains and oversees the independent auditors of the Authority’s financial statements and determines their remuneration
- Oversees the Authority’s risk management process
- Provides the Board with the results of its monitoring and recommendations as well as additional information about significant financial matters that require the Board’s attention
- Oversees the Authority’s internal audit function

(H) Human Capital

- Approves the Authority’s overall compensation framework as well as the individual remuneration levels for directors and above
- Makes recommendations to the Non-Executive Directors Committee on the terms and conditions of the CEO’s employment
- Oversees succession planning
- Oversees human resources policy and programme development and implementation



Section 1

Sustainability

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The BMA's 2025 Sustainability Journey

The year 2025 marked a pivotal chapter in the BMA's sustainability strategy. As the global financial community explored innovative solutions to adapt to an increasingly complex environmental and social landscape, we remained committed to building a more resilient, inclusive and sustainable financial services sector for Bermuda.

As our operating environment evolves, so too does our responsibility to lead with clarity and foresight. Throughout 2025, we deepened our stakeholder engagement, strengthened our internal processes and committed to driving meaningful change and delivering positive impacts for the community. These efforts spanned environmental stewardship, talent development and broader community support. In addition to supporting programmes that enhance financial literacy and promote financial services as a viable and rewarding career, we helped to attract new talent to the industry and fostered innovation. Collectively, this approach reinforced our commitment to embedding sustainability as a core driver of regulatory excellence and long-term institutional resilience.

Sustainable by Design

In April 2025, the Authority achieved a major milestone by earning the internationally recognised LEED® Gold certification for BMA House. This globally recognised certification was developed by the US Green Building Council. It reflects the implementation of practical, measurable strategies designed to improve the building's impact on our people and the local environment. It also represents our commitment to providing our staff with a greener, healthier workplace. BMA House at 43 Victoria Street in Hamilton is one of only a small handful of buildings in Bermuda to have earned LEED® Gold certification. This achievement demonstrates that we view sustainability as a shared corporate responsibility across the BMA, driving our growth and advancing the Authority's sustainability journey.

Making a Positive Impact

After the establishment of a Sustainability Committee in 2024, under the guidance of the CEO, the committee has since played a central role in integrating sustainability principles into the operations and culture of the BMA. In 2025, we continued to embrace and embed sustainability across our departments and business functions by adopting practices that promote recycling and reduce waste. In July 2025, a BMA event brought together staff to celebrate our accomplishments and highlight further improvements to support

Leadership in Energy and Environmental Design Certification



LEED® Gold-certified plaque at BMA House

BMA House is among a select group of LEED® Gold-certified buildings in Bermuda—a reflection of the BMA's commitment to sustainability.

our long-term sustainability objectives. The event also highlighted the importance of changing our daily habits to reduce waste generated at BMA House.

Global Acclaim for Bermuda's New Banknotes

In 2025, the BMA's new \$2 and \$5 polymer banknotes earned international acclaim, securing top honours from both the IBNS and High Security Printing Latin America. The \$5 polymer note was selected by the IBNS as the Banknote of the Year for 2024, an award conferred in 2025 after being chosen from more than 21 nominated banknotes and over 100 new notes issued worldwide. Both polymer \$2 and \$5 notes also received the High Security Printing Latin America's Best New Banknote award for their striking visual design and enhanced durability. Introduced by the Authority in 2024, these polymer banknotes offer greater durability, enhanced security features and tactile markings for vision-impaired users—reflecting the BMA's commitment to sustainability, accessibility and cutting-edge currency design. Their recognition underscores Bermuda's growing reputation as a jurisdiction that delivers world-class innovation and excellence in its national currency.

Deepening our Commitment to Community Well-Being

Our employees continued to engage in various initiatives to cultivate social and environmental well-being. We focused on aligning opportunities with our values as well as considering past partnerships, community

impact and use of resources. Staff members played a vital role in shaping these efforts, providing specialised knowledge and actively engaging in programmes across the island. In 2025, 20 community partnerships resulted in \$10,000 in monetary and in-kind contributions. Our culture of service was unstoppable throughout the year as our employees continued to volunteer, support charitable drives and assist community-serving organisations across Bermuda. This included the donation of non-perishable goods and camping supplies in support of Jamaica following Hurricane Melissa's devastating impact on the island.

Bringing Comfort and Cheer to Bermuda's Seniors

One of the year's standout community efforts was the BMA Staff Holiday Gift-Giving Initiative held in December. This effort generated over 1,000 gifts and essential items for residents of four senior care homes across Bermuda: Lefroy House and Packwood Home in the west end, as well as Westmeath Residential and Nursing Care Home and the House of Esther in St. George's. BMA staff demonstrated overwhelming generosity by donating a wide variety of items—reflecting a collective spirit of care, kindness and generosity as well as recognition of the valuable role that seniors play in our society.

Harnessing Future Leaders in the Graduate Training Programme

In 2025, the Graduate Training Programme (GTP) continued to develop future talent for the BMA. This year, the programme welcomed two new trainees, contributing to a total of 20 Bermudians successfully graduating from

Banknote International Acclaim

2024 Banknote of the Year

\$5 Polymer Banknote

(International Bank Note Society, award conferred in 2025)

Best New Banknote

Both the \$2 and \$5 Polymer Banknotes

(High Security Printing Latin America, 2025)



the programme since its inception. The GTP's long-term impact is evident in the BMA's leadership pipeline: 12 former participants, evenly split between men and women, have advanced to management roles. Notably, the programme continued to attract strong interest from applicants with non-financial backgrounds, such as math, economics, law, compliance and business—a trend that can lead to even more prospective pathways related to future supervisory roles.

Since 2008, the GTP has offered a structured three-year programme for trainees, exposing them to a variety of regulatory functions. Responsibilities expand from foundational tasks in Year 1 to more advanced and independent work in Year 3. The GTP develops skills in new risk areas while promoting inclusion through rigorous recruitment to attract a broad range of Bermudian university graduates.

Paving the Pathway to Future Opportunities

In 2025, the Authority enhanced its commitment to talent development by bringing two students into its summer internship programme. Through a partnership with Bermuda College, interns gained hands-on experience in the Supervision and Insurance-Linked Securities (ILS) and Long-Term Teams, honing their analytical skills by helping to create business plans and financial statements. This focused programme emphasised ILS-related work and offered closely guided mentorship from managers, providing a valuable learning experience and deeper insight into the Authority's regulatory and supervisory functions.

Enhancing Financial Literacy

In October 2025, the BMA, in partnership with Chartered Professional Accountants (CPA) Bermuda, launched the inaugural Financial Literacy College Readiness Programme to help students manage their finances at university. During the intensive two-day workshop, participants learned about budgeting, loan strategies and banking fundamentals. These lessons culminated in a one-on-one capstone workshop, where students applied their newfound knowledge to build their own personalised college financial plan. To reinforce these practical tips within students' broader support systems, each session concluded with a parent handout, fostering a broader culture of financial awareness and independence at home. A highlight of this first cohort was the strong engagement from female students, who represented around 80% of the participants—an encouraging percentage considering global gender gaps in financial access and economic participation.

Students and parents had the opportunity to network with representatives from both the BMA and CPA Bermuda—an activity designed to help them understand the importance of networking for career growth and development. By arming the next generation with the confidence to make sound financial decisions, we continued to fulfil our commitment to operate responsibly and safeguard our community's financial future.

Strengthening Resilience Through Innovation and Collaboration

In June 2025, the BMA and Lloyd's concluded the Lloyd's Lab Accelerator Cohort 14, further advancing the partnership between the two institutions formalised under the 2024 Memorandum of Understanding (MoU). The 10-week programme highlighted the strategic value of structured engagement among regulators, participants, emerging innovators and reinsurance professionals in advancing solutions aligned with the evolving global landscape. The achievements of Lloyd's Lab Cohort 14 highlight the transformative potential of innovation when anchored in sound governance, ensuring that the (re)insurance sector remains a pillar of resilience.

This innovation is essential as global protection gaps continue to widen across areas such as natural catastrophe exposure and retirement security. The BMA strengthened its leadership in global discussions on these topics by engaging in international regulatory events on climate change, sustainability and insurance protection gaps. This includes contributing to policies for the G20 Sustainable Finance Working Group and participating in panels at global insurance and supervisory forums.

Looking Ahead

We recognise that sustainability is an evolving journey. Looking ahead, the BMA is committed to augmenting our positive impact across Bermuda and beyond. We will continue to expand initiatives that strengthen our island's environmental resilience, build financial confidence, and support young Bermudians as they shape their futures. We will also continue to pair robust regulatory standards with forward-looking innovation—adopting new technologies and adapting our approach in step with emerging risks and opportunities. In doing so, we remain dedicated to positive actions that safeguard stability and drive further growth and sustainability for many years to come.

Commitment to Community and Talent Development

20

Community partnerships across Bermuda

2

New trainees welcomed to our Graduate Trainee Programme

1,000+

Gifts and essential items for senior care home residents

2

Summer interns in partnership with the Bermuda College

Financial Literacy and Collaboration

Financial Literacy College Readiness Programme

Launch of the inaugural money management programme in partnership with CPA Bermuda

Lloyd's Lab Cohort 14

10-week accelerator programme in partnership with Lloyd's, formalised under the 2024 Memorandum of Understanding

Staff Community Highlights

We at the BMA believe that meaningful impact extends beyond our day-to-day work. Through time, talent and personal commitment, BMA staff contribute to a wide range of initiatives that strengthen Bermuda's social, cultural and economic fabric. From youth development and financial literacy to health advocacy, the arts and charitable service, these efforts reflect a shared sense of responsibility to give back and create lasting positive change.

The stories in this section highlight individuals who are using their expertise, passion and lived experience to make a difference in the community. Their contributions underscore the many ways leadership and service can take shape whether by empowering young people, supporting vital institutions or fostering creativity and connection. Together, these examples embody the values that guide us and the impact that engagement beyond the workplace can achieve.



Seldon Woolridge

Principal, Anti-Money Laundering/Anti-Terrorist Financing Risk Analytics and Policy

Seldon Woolridge is the co-founder of TROIKA Bermuda, a youth-focused performing arts organisation established in 2009 to provide positive creative outlets for Bermuda's young people. In 2025, King Charles III recognised his pivotal role in advancing TROIKA's mission in the highly anticipated King's Birthday Honours list. TROIKA was founded with the goal of addressing antisocial behaviour by engaging youth through theatre, dance, music and mentorship. Aside from staging acclaimed productions such as *Once on This Island*, *Beauty and the Beast*, *The Color Purple* and *Sarafina!*, the organisation offers workshops and training opportunities that help young participants develop both their artistic and technical skills. TROIKA's programmes emphasise both artistic excellence and personal development, helping youth build confidence, discipline and teamwork. Over the years, the organisation has become an important platform for nurturing local talent while strengthening Bermuda's performing arts community.

“ I was deeply honoured and humbled to have been included in the 2025 King's Birthday Honours List. This recognition reflects the collective effort of many people who have supported and believed in the work we are doing to uplift and empower young people in Bermuda. TROIKA was founded on the belief that the arts can be a powerful tool for change. For many young people, the stage and the rehearsal space become places where they can build confidence, discipline and a sense of belonging. Through workshops, mentorship and performance opportunities, we aim to give young people the tools to express themselves and realise their potential. The performing arts can transform lives. It is incredibly rewarding to see that impact in our community.”



Tamara Anfossi

Assistant Director, Conduct Regulation

For over a decade, Tamara Anfossi has been a dedicated volunteer with The Barn—a thrift shop operated by the Hospitals Auxiliary of Bermuda whose proceeds support the Bermuda Hospitals Board—where she now serves as Chair of the newly formed Volunteer Committee. Her work ranges from receiving and organising donated goods to supporting broader initiatives that strengthen the Barn's operations and community impact, including helping orient new BMA staff to the organisation and its charitable mission. She also serves as a Director at Bermuda Cancer and Health Centre, where she contributes her perspective as a cancer survivor and helps shape outreach and fundraising efforts. Beyond these commitments, Tamara actively supports the Bermuda Plein Air Group—a registered charity supporting local artists—opening her home to host both local artists and more than 50 international participants in October 2025. Through these varied roles, she brings together her passions for service, creativity and community connection.

“ Giving back has simply become part of who I am. Whether I'm volunteering at The Barn on Saturday mornings, supporting cancer awareness, or opening my home to artists, it's all about being part of the solution and helping strengthen our community. I've been fortunate in life and using my time and energy to support others feels both natural and deeply meaningful.”



Wendy-Ann Thomas

Senior Analyst, Supervision (Banking, Trust, Corporate Services and Investments)

Wendy-Ann Thomas volunteers with the CFA Society Bermuda, where she also serves on the Board as Secretary. Through school outreach and career fairs, she helps young students (typically ages 14–18) understand the CFA designation and the diverse career paths it can open beyond accounting or investment firms. She also supports those preparing for the CFA exam by sharing personal insights from her own journey. Through this work, she advances financial literacy, continuous learning and professional development among young Bermudians.

“ I have found that my involvement with CFA Society Bermuda has been deeply rewarding, both professionally and personally, especially through our outreach in local schools. I particularly enjoy speaking with the students, as it allows me to share insights from the world of work and help demystify career pathways in finance. Sharing my own journey—including the discipline and sacrifices it required—allows me to give them an honest but encouraging perspective on pursuing their goals. I would have benefited from this kind of guidance when I was younger, which is why giving back now feels so important to me.”

Sustainability Vision Statement

"To safeguard the future through careful consideration and thoughtful decision-making regarding our people, operations, the environment, and those impacted by the actions of the financial services sector."



**Making
Sustainable
Choices**



Section 2

Regulatory and International Developments

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Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF)

During 2025, AML/ATF developments continued to focus on preparations for Bermuda's fifth-round Mutual Evaluation Review (MER) in 2027.

Under the leadership of the National Anti-Money Laundering Committee (NAMLC), the Authority remained an active participant in the NAMLC Policy and Legislative Working Group and Supervisory Forum, the prime groups involved with driving and supporting (respectively) national AML-related regulatory initiatives. This legislation is managed by the Ministry of Finance (MoF), the Ministry of Justice and NAMLC.

Over the last year, the BMA actively supported the following regulatory initiatives:

- The 2024 National ML/TF Risk Assessment, the 2024/2025 Digital Asset Business Risk Assessment, the 2025 Proliferation Finance National Risk Assessment, and the 2024 National Legal Persons and Legal Arrangements Risk Assessment
- Ongoing execution and refinement of Bermuda's AML/ATF National Action Plan and the annual review of the National AML/ATF Policy
- Co-chairing the NAMLC Supervisory Forum with active, ongoing participation in the Sanctions Working Group and the Operations Working Group, who both support the overall national AML mission through sharing insights on sanctions-related issues and financial intelligence and operational issues respectively

Additionally, we reviewed draft bills and updated items to reflect FATF recommendations and changes. These included changes to FATF Recommendation 15 regarding digital assets, where the terminology around correspondent relationships further shaped the definitions of 'correspondent banking' and 'shell banking'. Furthermore, the definitions of 'group' under Recommendations 18 and 22-23 were clarified for AML purposes, particularly in the context of Trust and Corporate Service Providers.

The BMA also responded to public consultations regarding the Single Beneficial Ownership Act, which was enacted effective 3 November 2025. This Act, along with amendments to Exchange Control regulations, aimed to enhance transparency around beneficial ownership information. Following this initiative, we provided

feedback to the MoF on proposed changes to the Trustee Act 1975 to improve the transparency of trusts operating in Bermuda.

Conduct of Business

To sustain a regulatory environment that is both robust and adaptable, the Authority maintained its focus on customer protection throughout 2025. During the year, we worked closely with the MoF on several initiatives, including the provision of Basic Bank Accounts for Bermuda residents and the regulation of over-limit fees charged by banks.

Additionally, information relating to the Banks and Deposit Companies (Over-the-Limit Fees and Unauthorised Overdraft Fees) Regulations 2025 is provided in the Legislative Developments section of this report.

Cyber Risk

In 2025, our Cyber Risk Department focused on enhancing operational resilience and cyber risk management across the financial sector. To provide guidance in this area and strengthen prudential frameworks, the Authority published the *Operational Resilience and Outsourcing Code (Code)* and the *Operational Resilience and Outsourcing Guidance Notes (GN)* in January 2025. The publication of the Code and the GN was supported by an extensive consultation and stakeholder outreach process, including meetings and presentations with the main industry bodies and financial associations in Bermuda.

Feedback from the consultation process was reviewed, and the Code and GN were revised where appropriate. Following the introduction of these standards, Regulated Entities (RE) in Bermuda are required to comply with the Code by 31 March 2028. Those REs licensed under the Banks and Deposit Companies Act 1999 (BDCA) must comply by 1 January 2027. In the interim, the Authority will continue to support entities in implementing operational resilience and outsourcing provisions, if requested.

Additionally, the annual *Bermuda Insurance Sector Operational Cyber Risk Management—2025 Report* was published on our website. This report provided valuable cyber insights to the industry, and it noted that the cyber risk management posture across the insurance sector is steadily improving year-on-year.

International Engagement on Cyber Risk

The BMA attended several international meetings and presentations on cyber regulatory frameworks, effective supervision, jurisdictional regulatory variations and emerging technologies and trends in the cyber/IT industry. These included Standard & Poor, Moody's, Bank of England/PRA, the Bank of International Settlements (BIS), the International Monetary Fund (IMF), the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

Banking, Trust, Corporate Services and Investment (BTCIS)

Banking

In 2025, the Authority completed the final phase to fully implement the revised Basel III standards for the banking sector. The key implementation dates for this phased approach are as follows:

- The revised standardised approach for operational risk took effect from 1 January 2023
- The output floor took effect from 1 January 2024
- The revised standardised approach for credit risk became effective on 1 January 2024, with a transitional period that ended on 31 December 2024. Full adoption commenced on 1 January 2025
- The updated large exposure framework took effect from 1 January 2025

To support implementation, we updated the relevant regulatory reporting templates to align with the revised Basel III requirements and facilitate effective supervisory oversight.

Trust and Corporate Service Providers

The Authority continued its ongoing supervision of these entities throughout 2025 in accordance with the provisions of the Corporate Service Provider Business Act 2012 (CSP Act) and the Trusts (Regulation of Trust Business) Act 2001.

We continued to advance our programme of regulatory enhancement for Corporate Service Providers (CSPs), building on the proposals set out in a 2024 Consultation Paper (CP) that identified a number of targeted improvements to the existing regulatory and supervisory framework. In 2025, the Authority issued another CP

setting out the proposed Corporate Service Provider Business Rules (Rules). The Rules are intended to strengthen regulatory oversight, enhance transparency and ensure that CSPs operating in Bermuda continue to meet applicable international standards.

Investment Business

The Authority continued its ongoing supervision of investment providers throughout 2025 in accordance with the provisions of the Investment Business Act (IBA) 2003.

Fund Administration Provider Business

The Authority continued its ongoing supervision of investment funds throughout 2025 in accordance with the provisions of the Fund Administration Provider Business Act 2019.

Money Service Business

The Authority continued its ongoing supervision of the money service business sector throughout 2025 in accordance with the provisions of the Money Service Business Act 2016 (MSB Act).

In November 2025, the Authority published a Stakeholder Letter related to the CP entitled *Proposed Payment Services Act*. Together, the CP and Act outline a comprehensive proposal to modernise Bermuda's legislative framework for payment services providers, including the replacement of the MSB Act.

International Engagement on Banking

The BMA continued its active participation in several international engagements throughout 2025, including annual conferences, presentations and meetings with peer supervisory organisations and standard-setting bodies.

Most notably, we made a presentation on the implementation of the Basel Framework (Basel III) at the 10th Anniversary Workshop for Heads of Banking Supervision conducted by the Bank of England's Centre for Central Bank Studies in May. The BMA also took on the role of chair of the technical working group for Basel II/III implementation for the Caribbean Group of Banking Supervisors at their annual conference held in the Cayman Islands in June.

The Authority attended the biennial plenary meetings in April and November of the Group of International Financial Centre Supervisors, and at the November meeting presented a case study on an enforcement action taken on a trust and corporate service provider. The BMA also attended the Caribbean Confederation of Credit Unions annual international convention in the Dominican Republic in June.

Financial Stability and Research

In 2025, the Authority continued its work to strengthen stability and resilience in the financial system. Over the past year, we continued to enhance this foundation through macroprudential surveillance and macroeconomic monitoring aimed at proactively identifying, assessing, monitoring and addressing emerging risks. To further our commitment to international cooperation, the Authority continued to engage with key regulatory bodies like the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Bank for International Settlements (BIS), the Organisation for Economic Co-operation and Development (OECD) and domestic organisations like the Financial Policy Council (FPC).

International Engagement on Financial Stability

The BMA successfully concluded its participation in the second round of the [IAIS Targeted Jurisdictional Assessment](#) (TJA). The TJA is an in-depth assessment conducted by the IAIS on a selected group of jurisdictions (i.e., those with large insurance sectors). It is designed to assess the local implementation of critical elements of the IAIS Holistic Framework for evaluating and mitigating systemic risk in the insurance sector.

To date, the IAIS has completed 16 TJAs over two rounds. The first round took place from 2021 to 2023 in Canada, China, France, Germany, Hong Kong, Japan, Switzerland, the Netherlands, the UK and the US. The second round, which spanned 2024 and 2025, covered Australia, Bermuda, Italy, Spain, South Africa and Singapore. During 2024, the TJA assessment process included off-site and on-site assessments. The IAIS concluded its internal reports in 2025, with a public report scheduled for release in early 2026.

The BMA continued to participate in and contribute to a number of committees, working groups and initiatives as part of our involvement with the Financial Stability Board Regional Consultative Group Americas (FSB RCGA). In December 2025, the BMA hosted the second biannual meeting of the FSB RCGA in Hamilton, Bermuda. The meeting covered a wide range of topics, with a specific focus on P&C and life insurance developments. In

addition, we continued our engagement with the BIS, the IAIS and the OECD's Working Party on Insurance and Pensions (formerly, the Insurance and Private Pensions Committee). During the year, the BMA shared its insights on financial stability considerations for P&C and life insurance at an IAIS/FSI seminar in Shanghai, China, and at an EIOPA Conference in Frankfurt, Germany. Finally, the BMA continued to engage in the capacity of 'Observer', with the Regulatory Oversight Committee of the Legal Entity Identifier (LEI). The LEI is a globally unique alphanumeric code used to unambiguously identify legal entities, such as companies, funds and trusts that participate in financial transactions.

Recovery and Resolution

Working in close coordination with Bermuda's Ministry of Finance (MoF) and the Bermuda Deposit Insurance Corporation (BDIC), the BMA continued to work on enhancing Bermuda's recovery and resolution framework in the banking sector. In addition, we continued our work on Bermuda's insurance recovery and resolution framework. Furthermore, as a member of the IAIS Resolution Working Group's drafting team, the Authority contributed to ongoing IAIS work on recovery and resolution.

Research Resources

Our Financial Stability and Research Department completed several in-house research projects throughout the year. The Department also represented Bermuda in domestic and international research initiatives, which included:

- Providing detailed work for the IMF's Coordinated Portfolio Investment Survey and Securities Held as Foreign Exchange Reserves Survey
- Compiling quarterly locational banking statistics data
- Compiling OECD insurance statistics
- Aggregating the economic activity survey data using statistics from the Bermuda Department of Statistics and continuing the development of an economic database

Digital Finance

During the year, we published a CP on Embedded Supervision in the context of decentralised finance (DeFi) to solicit proposals for a joint pilot project. The pilot will test whether supervisory expectations can be embedded in DeFi's technological architecture to support more automated oversight, compliance and reporting. The pilot's outputs are intended to inform future policy development and the ongoing evolution of supervisory approaches as DeFi grows and matures.

In addition, we published the *Digital Asset Business (Custody of Client Assets) Rules 2025 (Rules)* to strengthen and clarify custody requirements within the digital asset business framework. In particular, the Rules provided additional clarity on the relevant provisions of the Digital Asset Business Act 2018 and the Digital Asset Business Code of Practice concerning the safeguarding and custody of client assets. The Rules came into effect on 12 February 2025.

The BMA's work to modernise Bermuda's payments framework progressed in two stages. First, a Discussion Paper (DP) on a proposed regulatory framework for Payment Service Providers was published in April 2025. The DP highlighted the current policy context and mapped the payment activities typically undertaken by such firms. It also sought feedback on both a standardised, risk-based regime and a clearer licensing structure aligned with different payment provider business models.

Building on that foundation, we published a CP on the proposed Payment Services Act in 2025. The CP outlined policy proposals to refine and develop Bermuda's payment services legislative framework. The consultation incorporated stakeholder feedback from the earlier DP and provided additional technical guidance on proportional requirements, including expectations regarding AML/ATF compliance, business conduct, prudential and cyber risk management, operational resilience, governance and the safeguarding of customer data.

To complete the consultation process, the BMA published a Stakeholder Letter in November 2025 summarising the substantive responses received on the proposed Payment Services Act. Comprehensive responses to stakeholder feedback were included in the letter. The letter also advised stakeholders of the intention to proceed with introducing the Payment Services Act and developing the supporting regulatory instruments required to operationalise the new payments framework.

In July 2025, the BMA published a DP on the responsible use of AI in Bermuda's financial services sector. The consultation closed at the end of September 2025. The paper sought input to support the development of an outcomes-based approach to AI governance and oversight that promotes responsible adoption, maintains alignment with international standards, and ensures the regulatory framework remains fit for purpose as AI-enabled solutions evolve.

The BMA also published a DP on asset tokenisation in November 2025. The DP solicited stakeholder input on the opportunities, risks and regulatory considerations associated with tokenisation activity in Bermuda. The consultation explored whether tailored regulatory measures or guidance may be required for entities engaged in tokenisation. It also sought input on whether enhancements to the existing principles-based framework are necessary to address emerging complexities.

A thematic review of the digital asset business sector was published in October 2025 to capture sector-wide observations on key operational and regulatory practices. The review focused on vertical integration, governance, outsourcing and head office expectations. The review also identified common patterns, trends and emerging risks while recognising differing levels of maturity across firms.

Another publication, *The Bermuda Cyber Underwriting Report 2025* published in December 2025 focuses on key developments shaping the future of cyber risk protection. Topics highlighted included key market trends, resilience measures and supervisory initiatives observed in 2024.

International Engagement on Digital Finance

The BMA continued to engage internationally on financial innovation and digital asset supervision through participation in key multilateral forums and regulatory networks. We remained a Board-level member of the Global Financial Innovation Network (GFIN), contributing to discussions on strategic priorities and governance across its member jurisdictions, and provided members with an update on developments in the digital finance sector.

Engagement with the International Organization of Securities Commissions (IOSCO) was also maintained through participation in relevant working groups and meetings focused on FinTech, financial inclusion and emerging market developments. The BMA participated in committee discussions and shared perspectives on Bermuda's regulatory framework for digital assets and related supervisory experience.

Beyond our participation in forums and thought leadership panels, the Authority maintained active dialogue with peer regulators and stakeholders across several major financial centres, including the UK, United Arab Emirates (UAE), Hong Kong, the US and parts of Latin America. These engagements facilitated the exchange of information on digital asset supervision, payments, innovative insurance and broader supervisory developments, as well as cross-border regulatory considerations arising from technological change.

Insurance

The process of updating Bermuda's regulatory regime to ensure it remained well-suited to the Bermuda market and aligned with the IAIS Insurance Core Principles continued in 2025.

Enhancements to the Regulatory Regime

As part of our ongoing efforts to further develop and strengthen Bermuda's regulatory regime, the Authority issued the following CP:

- *Template for Public Disclosure of Assets and Liabilities* (28 February)

Internationally Active Insurance Groups (IAIG)

Over the last five years, the Authority introduced several regulatory and supervisory changes designed to ensure Bermuda's IAIG regime is aligned with international standards and expectations while remaining fit for purpose for the Bermuda insurance market.

These changes include amendments to the Insurance Act 1978 (Insurance Act) related to the designation of an IAIG, the designation of the Head of an IAIG, the formulation of IAIG supervision rules, and the requirements for a Recovery Plan. Additionally, we continued to integrate the Common Framework for IAIGs and the Holistic Framework for Systemic Risk (Holistic Framework) into Bermuda's commercial regulatory regime, with emphasis on developing the resolution framework and actively participating in the IAIS Targeted Jurisdiction Assessment of the Holistic Framework.

Recovery Planning Regime for the Insurance Sector

The BMA continued its multi-year efforts to institute a recovery planning regime for insurers, particularly for IAIGs, large domestic insurers and insurance groups.

The Authority considers the establishment of recovery planning rules to be an essential pillar in strengthening the BMA's prudential framework for commercial insurers. This work aligned with our key strategic initiatives to implement supervisory approaches and regulatory frameworks that are fit for purpose.

In 2025, the Authority received the first Recovery Plans from insurers, as required by the Insurance (Prudential Standards) (Recovery Plan) Rules 2024 (Recovery Plan Rules). We reviewed these Plans and provided targeted feedback to insurers, thereby demonstrating the continued integration of Recovery Plans within our prudential framework. Furthermore, the BMA commenced a consultation process on a [Guidance Note \(GN\) for Recovery Planning Requirements](#), published in April 2025, to clarify the requirements under the Recovery Plan Rules. The GN outlined our expectations regarding both the structure and content of a Recovery Plan. This consultation period concluded in Q4-2025.

Group Supervision

In 2025, the Authority completed the public consultation on the [Consultation Paper: Proposed Enhancement to the Insurance Group Supervision Framework](#), published in December 2024. We also proposed, where suitable, to apply a certain minimum set of direct powers to an entity within the group that exercises control and influence over a group's operations. This entity will be responsible for ensuring the group's compliance with the regulatory framework and will replace the designated insurer's role in the current group-wide supervisory framework.

It is our position that the group supervision framework would be enhanced and made more effective by adopting a direct approach to group supervision. Examples include introducing a minimum set of direct powers to facilitate a more robust supervisory and enforcement mechanism for Bermuda insurance groups. The proposed enhancements align with the Authority's approach of updating our regulatory and supervisory frameworks to reflect international standards and market developments, ensuring they remain appropriate for the growth and sophistication of Bermuda insurance groups.

International Engagement on Insurance

In 2025, the Authority continued to play an active role in international engagement, including active participation in various standard-setting bodies, meetings, conferences and activities.

At the IAIS level, the Authority is represented in the Executive Committee and nearly all committees and sub-committees and actively participated in the work conducted by these committees, including in relation to topics such as insurance capital standards, recovery and resolution, *Issues Paper on Structural Shifts in the Life Insurance Sector*, application paper on artificial intelligence, 2025 Global Insurance Market Report (GIMAR), and Global Monitoring Exercise assessment methodology. The BMA also participated in the IAIS TJA process in 2024, along with Australia, Italy, Spain, South Africa and Singapore, where a significant amount of attention in 2025 was devoted to finalising the findings of the assessment. A public report is planned for release by the IAIS in early 2026.

In 2025, we continued our strong commitment to international standards and engagement, collaborating with regulatory bodies and industry stakeholders across the globe. The Authority participated in a variety of bilateral and multilateral meetings, as well as key international conferences and industry events in major financial centres. These activities provided valuable opportunities to exchange insights, advance Bermuda's position on international regulatory issues and contribute to the development of global insurance standards. Through ongoing dialogue and cooperation, the BMA reinforced Bermuda's reputation as a leading and trusted international insurance and reinsurance jurisdiction.

The BMA's ongoing dedication to maintaining high standards was reaffirmed in 2025, with the renewal of Bermuda's National Association of Insurance Commissioners (NAIC) Reciprocal and Qualified Jurisdiction Statuses, which enables Bermuda's (re) insurers to benefit from greater efficiency of their cross-border operations throughout the US insurance sector.

Through these engagements during 2025, the BMA continued to support the development of insurance standards on key areas of international focus.

Local Engagement on Investment Funds

In 2025, the BMA issued a CP introducing principles-based requirements for the disclosure of sustainability-related information by investment funds. The proposed framework is designed to ensure that investors receive information that is clear, fair, transparent and appropriately reflective of matters related to a fund's investment strategy and sustainability objectives. By promoting greater consistency and comparability across the sector, the proposals strengthen transparency, mitigates greenwashing risk, and reinforces confidence in Bermuda's investment funds regime.

The Authority commenced a targeted review of the integration of tokenisation within the existing legislative frameworks across financial services, including the investment fund business. This project will culminate in legislative proposals that enable responsible innovation within a fit-for-purpose regulatory framework, with particular attention to avoiding unnecessary dual licensing requirements where appropriate.

2025 Surveys and Reports

In 2025, the BMA continued to strengthen knowledge sharing, transparency and insights through a range of supervisory-related reports and publications. These publications provided the industry with regulatory information, timely analysis, data-driven perspectives and key developments across Bermuda's financial sector. The following highlights our principal reports and surveys issued during the year:

Surveys and Reports	Report Link	Published date
2025 Macprudential Risk: Analysis of Annual Statutory Filings of P&C Commercial Insurers (Legal Entities) FY-2024	View	December 2025
Catastrophe Risk Modelling—2024 Report (Class 3B and Class 4)	View	December 2025
Bermuda Long-term Insurance Market Analysis and Stress Testing Report	View	December 2025
Bermuda Insurance Property and Casualty Market Catastrophe Risk and Stress Testing Analysis Report on 2024 Year-end Data	View	December 2025
Bermuda Cyber Underwriting Report 2025	View	December 2025
Bermuda Insurance Sector Operational Cyber Risk Management—2025 Report	View	December 2025
Bermuda Captive Insight Report 2023 Year-end Data	View	December 2025
Bermuda's Coordinated Portfolio Investment Survey (CPIS)—2024 Report	View	November 2025
Digital Asset Business—Thematic Review	View	October 2025
2025 Global Financial Crisis Stress Test—Long-term Reinsurers	View	September 2025
Insights and Reflections on Asset Intensive Reinsurance in Bermuda	View	March 2025
Bermuda Captive Report 2022 Year-end Data	View	March 2025



Section 3

Legislative Developments

The BMA contributed to numerous legislative enhancements in 2025 aimed at maintaining regulatory frameworks that are prudent, pragmatic and aligned with international standards.

The Bermuda Monetary Authority Amendment Act 2025

The Bermuda Monetary Authority Amendment Act 2025 amended the Bermuda Monetary Authority Act 1969 to (i) make provision for the Authority to share information with the Bermuda Deposit Insurance Corporation (BDIC); and (ii) revise certain fees payable under the Fifth Schedule. The Bermuda Monetary Authority Amendment Act 2025 became operative on 1 January 2026.

The Bermuda Monetary Authority (Commemorative Coin Series) (Bermuda Sea Creatures) Amendment Regulations 2025

The Bermuda Monetary Authority (Commemorative Coin Series) (Bermuda Sea Creatures) Amendment Regulations 2025 (Regulations) were issued to enable the BMA to issue a series of commemorative coins featuring Bermuda's sea creature designs. The Regulations became operative on 14 November 2025.

Banks and Deposit Companies (Over-the-Limit Fees and Unauthorised Overdraft Fees) Regulations 2025

The Banks and Deposit Companies (Over-the-Limit Fees and Unauthorised Overdraft Fees) Regulations 2025 imposed restrictions on the ability of an institution that is licensed under the Banks and Deposit Companies Act 1999 to charge over-the-limit and unauthorised overdraft fees and specify the manner in which such institutions should administer such fees. Certain restrictions on charges became effective on 25 September 2025. The manner in which the institutions administer over-the-limit and unauthorised overdraft fees will become operative on 25 March 2026.

Banks and Deposit Companies (Over-the-Limit Fees and Unauthorised Overdraft Fees) Regulations 2025

On 26 September 2025, the Minister of Finance tabled in the House of Assembly new regulations for over-the-limit fees and unauthorised overdraft fees under the Banks and Deposit Companies Act 1999.

Digital Asset Business (Custody of Client Assets) Rules 2025

The Digital Asset Business (Custody of Client Assets) Rules 2025 (Rules) set out requirements for digital asset businesses holding client assets. The Rules became operative on 12 February 2025.

Insurance Amendment Act 2025

The Insurance Amendment Act 2025 amended the Insurance Act 1978 to clarify that the BMA may issue or make prudential or technical standards relating to statutory financial statements. The Insurance Amendment Act 2025 became operative on 16 July 2025.

Insurance Amendment (No. 2) Act 2025

The Insurance Amendment (No. 2) Act 2025 amended the Insurance Act 1978 to make provisions to enhance the BMA's oversight and regulation of insurance groups by (i) expanding the criteria for group supervision; (ii) creating a regime for regulating designated insurance holding companies for the purposes of group supervision; (iii) confirming the circumstances in which the Authority shall act as group supervisor; (iv) requiring notification and no-objection of certain material changes with respect to an insurance holding company; and (v) for purposes connected with and incidental to those matters. The Insurance Amendment (No. 2) Act 2025 became operative on 7 January 2026.

Insurance Account Amendment Rules 2025

The Insurance Account Amendment Rules 2025 amended the Insurance Account Rules 2016 to allow insurers that submit condensed general purpose financial statements to submit them when preparing their financial statements in accordance with International Financial Reporting Standards. The Insurance Account Amendment Rules 2025 became operative on 26 February 2025.

Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2025

The Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 were amended to allow the BMA to obtain an asset and liability statement from Class C, Class D and Class E insurers. The Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2025 became operative on 1 January 2026.

Section 4

Supervision and Licensing



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Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF) Supervision

The Supervision (AML/ATF) Department fulfilled its core responsibilities of reviewing licensing applications, delivering risk-based supervision and conducting industry outreach throughout 2025. There was also an increasing focus on preparations for the 2027 MER that will be conducted by the CFATF.

In 2025, we reviewed the AML/ATF components of a significant number of license applications across various sectors. These reviews ensured that new entrants to the Bermuda market had appropriate AML/ATF controls in place from inception.

In keeping with our risk-based approach, our supervisory plan for 2025 integrated assessment information at the national, sectoral and entity levels to identify where Money Laundering/Terrorist Financing (ML/TF) risks were highest and to direct supervisory resources accordingly. In addition, we completed 29 on-site visits, 13 desk-based reviews and 147 supervisory meetings in 2025, with a primary focus on higher-risk institutions across the Banking, Securities, Digital Asset Business (DAB), Trust and Corporate Service Providers (TCSP) and long-term insurance sectors. To complement our on-site and desk-based work, we undertook remediation oversight, close monitoring and partnerships with enforcement colleagues to refer systemic high-risk institutions to the BMA.

When any supervisory activity resulted in a remediation plan for the registrant, overseeing the plan's successful completion remained a priority. Generally, registrants met their remediation requirements. Failures with remediation or material breaches uncovered during the examination of a registrant's AML/ATF programme were consistently referred to the Enforcement Department.

Industry engagement and outreach remained a top priority in 2025. The Authority delivered validation sessions for the 2024 ML/TF National Risk Assessment and participated in NAMLC's 2025 Proliferation Financing National Risk Assessment (PF NRA) industry outreach. Additionally, we conducted four targeted outreach sessions focused on Business and Customer Risk Assessments, Customer Due Diligence and Ongoing Monitoring, Sanctions Compliance, and the Travel Rule. The four outreach sessions aligned with observed noncompliance trends and higher-risk sectors as well as reflecting both prevailing ML/TF risks and insights from 2024 supervisory engagements. The outreach session videos and presentations were published on our website.

Throughout the year, our engagement and outreach efforts also enhanced awareness of financial sanctions and countering proliferation financing. This included promoting the Financial Sanctions Implementation Unit's (FSIU) sanctions subscription system during outreach presentations and publishing information about the FSIU's sanctions alert system, its Counter Proliferation Financing Guidance and related materials on the Authority's website.

Similarly, we supported various national initiatives under the guidance of NAMLC. This included, as already mentioned, completing the public version of the AML/ATF National Risk Assessment report, completing Bermuda's first Proliferation Financing National Risk Assessment, and concluding the Legal Person and Legal Arrangement National Risk Assessment. The Authority also contributed to the initial phases of Bermuda's MER preparations through submissions and workshops and continued to support Bermuda's membership in the CFATF and the GIFCS.

On 1 November 2025, the BMA transferred the responsibility for maintaining Bermuda's Beneficial Ownership register to the Registrar of Companies. This step was part of a comprehensive revision of the legislative framework regarding Beneficial Ownership obligations. Under the new regime, the former exchange control elements related to the issue and transfer of securities were harmonised with the Company's obligations to streamline the overall Bermuda approach.

Cyber Risk Supervision

The Cyber Risk Department played a vital role in providing expert subject-matter support to the Authority's Banking, Trust and Corporate Services (BTCSI), Insurance and FinTech Supervisory Teams throughout 2025. To promote effective risk and cyber controls, our cyber team conducted risk assessments, data-scoring from annual returns submitted by financial institutions and meetings with regulated entities, among other supervisory activities.

Following these assessments, the annual returns data was risk assessed and assigned a score. This score, along with other risk-profiling criteria, drove the selection of entities for on-site examinations. In 2025, we conducted 14 on-site assessments, which are designed to determine a registered entity's level of compliance with the Cyber Code. Additionally, on-site cyber risk reviews enabled the BMA to collect and verify baseline information on our registrants' internal controls and security capabilities. They also allowed us to identify those who may be vulnerable and require remediation.

In addition, we participated in four international insurance supervisory colleges and conducted four in-depth FinTech supervisory reviews.

Ten entities that underwent an on-site assessment in 2024 had findings that required them to engage in remediation. The BMA followed up with these entities, requesting updates on their remediation progress and additional documentation to verify that the findings were satisfactorily addressed. The majority of the findings that required remediation for entities assessed in 2024 have been closed.

Over the past year, we evaluated and reviewed a substantial number of applications in support of licensing operations. Furthermore, the BMA participated in regular monthly or quarterly meetings with entities, depending on their risk profile and relevant regulatory calls with international regulators.

The BMA also assisted supervisors in assessing the risks associated with several outsourcing notifications to cloud, intra-group or other third-party vendors. Under the Cyber Code, entities are required to notify the BMA of cyber incidents. Additionally, we followed up on any notifications with additional information requests, meetings and incident reports as remediation was tracked to conclusion.

Banking Supervision

The BMA maintained a rigorous, risk-based approach to supervision and regulation, ensuring robust risk assessments throughout the year for each firm. Licensees provided periodic returns, which were reviewed to assess idiosyncratic risks and shifts in their risk profiles. These risk assessments ensured that supervisory intensity is commensurate with each firm's risk profile and systemic importance, and that these assessments support close monitoring for higher-risk firms.

In 2025, the Authority hosted a supervisory college as the lead supervisor for one banking institution. In addition, we participated in two supervisory colleges hosted by other national competent authorities.

The BMA's Supervisory Review and Evaluation Process (SREP) combines the review of an institution's Capital Assessment and Risk Profile (CARP) with the on-site review process. The SREP continues to be conducted on a biennial cycle with two banks subject to the SREP.

As part of this process, we issued revised capital requirements for two banks based on the results of on-site examinations, CARP reviews and desk-based assessments.

Balance Sheet

As at 31 December 2025, total consolidated banking industry assets reached \$26.1 billion (2024: \$23.7 billion), representing 10.1% Year-on-Year (YoY) growth, mainly driven by an increase in customer deposits. Cash and deposits increased by \$1.26 billion (52.0%) to \$3.81 billion (2024: \$2.55 billion). Investments also grew by \$0.72 billion (6.4%) to \$13.25 billion (2024: \$12.53 billion), while net loans and advances increased by \$0.40 billion (5.1%) to \$8.34 billion (2024: \$7.94 billion).

With respect to balance sheet composition, investments accounted for the largest share of total assets at 51.0% (2024: 52.8%), followed by loans at 31.8% (2024: 33.4%), cash and deposits at 14.6% (2024: 10.7%), other assets at 1.5% (2024: 1.9%) and premises and equipment at 1.1% (2024: 1.2%).

Total industry deposits stood at \$23.65 billion (2024: \$21.06 billion), representing a YoY growth of 11.8%. This increase was driven by a 25.8% rise in demand deposits to \$11.71 billion (2024: \$9.31 billion) and a 12.1% increase in savings deposits to \$6.52 billion (2024: \$5.79 billion). These gains were partially offset by the 10.0% decline in time deposits, which stood at \$5.41 billion (2024: \$5.96 billion).

As at December 2025, demand deposits accounted for 49.5% (2024: 44.2%) of deposits, while savings deposits accounted for 27.6% (2024: 27.5%) and time deposits accounted for 22.9% (2024: 28.3%).

Other liabilities stood at \$483.6 million (2024: \$781.0 million), representing a 38.1% YoY decrease.

Asset Quality

As of 31 December 2025, the banking industry's gross Non-Performing Loans (NPLs) were \$499.0 million, representing a marginal increase of 0.7% from the \$495.5 million recorded at the end of 2024. Gross NPLs as a share of gross loans improved to 5.9% compared with the 6.1% on 31 December 2024. Total industry provisions declined by 21.9% to \$99.4 million (2024: \$127.3 million). Meanwhile, gross loans increased by 3.7% year-on-year to \$8.44 billion (2024: \$8.06 billion).

The industry's provisioning coverage ratio, calculated as total provisions divided by gross NPLs, stood at 19.9% as of 31 December 2025 (2024: 25.7%).

Totals may vary due to rounding.

Earnings and Profitability

Aggregate banking industry profit after tax increased slightly to \$540.4 million for the year ended 31 December 2025 (2024: \$535.6 million). Total banking industry income was \$1.12 billion (2024: \$1.11 billion).

Net interest income remains the largest component of the banking industry's income. For the year ended 31 December 2025, net interest income was \$756.8 million (2024: \$754.5 million), representing 67.5% of total income (2024: 68.0%). Other banking income for the year amounted to \$200.1 million (2024: \$190.4 million), accounting for 17.8% of total income (2024: 17.2%). Non-banking income was \$165.1 million (2024: \$157.6 million), representing 14.7% of total income (2024: 14.2%).

Total operating expenses for the year ended 31 December 2025 amounted to \$581.5 million (2024: \$561.7 million), reflecting a 3.5% YoY increase. Staff expenses accounted for 50.5% of total operating expenses (2024: 50.2%). Occupancy expenses accounted for 7.9% (2024: 6.4%), while external service provider costs accounted for 7.8% (2024: 9.1%). IT and communications expenses and associated amortisation accounted for 13.9% (2024: 15.2%). Other expenses accounted for 19.9% (2024: 19.1%). The banking industry's total cost-to-income ratio stood at 51.8% as at 31 December 2025 (2024: 50.9%).

Capital Adequacy

The aggregate consolidated Risk Asset Ratio (RAR) for the banking industry as at 31 December 2025 was 27.9% (2024: 26.5%). The aggregate Common Equity Tier 1 (CET1) capital ratio was 26.1% (2024: 25.1%). The average Basel III leverage ratio for the industry was 7.3% (2024: 7.8%). Each bank continues to exceed the minimum CET1, RAR and leverage ratio requirements.

Total risk-weighted assets (RWAs) as at 31 December 2025 declined to \$7.05 billion (2024: \$7.64 billion), a 7.7% year-on-year decrease. Similarly, the RWAs density decreased to 27.0% (2024: 32.2%). The reduction in RWAs is partly driven by full adoption of the revised standardised approach for calculating RWAs for credit risk, which resulted in some assets being assigned lower risk weights.

Credit Unions Supervision

Throughout 2025, the Authority continued its ongoing supervision of the sole licensed credit union in Bermuda in accordance with the provisions of the Credit Unions Act 2010.

Money Service Business Supervision

The Authority continued its ongoing supervision of the sole licensed money service business provider in Bermuda throughout 2025 in accordance with the provisions of the Money Service Business Act 2016.

The Bermuda Stock Exchange (the BSX or Exchange)

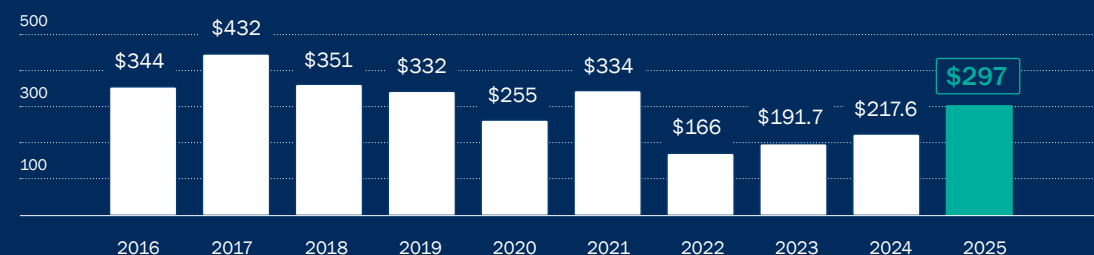
The BSX continues to lead in listing Insurance-linked Securities (ILS) while also focusing on attracting international debt listings. ILS listings increased to 746 with a \$65 billion nominal value at the end of 2025 (2024: 732; \$56 billion), of which 209 (2024: 156) were new listings. BSX-listed ILS provided catastrophic peril reinsurance coverage valued at \$57.2 billion (2024: \$45.4 billion) or 93.2% of global ILS issuances.

There were 201 debt securities listed on the Exchange at the end of 2025 (2024: 240), a 16.3% decrease from 2024. In contrast, new international debt listings increased by 17.6% to 40 at the end of 2025 (2024: 34) driven by both existing and new issuers.

Trading volume decreased significantly to 834,659 shares (2024: 1.1.3 million), and the value of shares traded totalled \$11.6 million (2024: \$105.8 million), primarily due to merger activity. Equity market capitalisation on the BSX totalled \$297.0 billion at the end of 2025 (2024: \$217.6 billion).

During 2025, the BSX launched its new trading, clearing, settlement and depository technology platform to respond to market demand and expand product offerings.

BSX – Market Capitalisation (BD\$ billions)



Digital Finance Supervision

During the year, the BMA supervised a total of 65 firms. This figure included 50 Digital Asset Businesses—comprising 22 Class F licences, 21 Class M licences and 7 Class T licences—and 15 entities with innovative insurance business models registered under the Insurance Act 1978.

Of the 15 innovative entities, nine held full licences (seven Class IIGB, one Class IILT and one Insurance Marketplace Provider), while six operated under the Sandbox Regime (two Class IGB, two Class ILT and two Class IMP).

The supervisory regime for fully licensed entities includes onsite meetings, in-depth supervisory meetings and the provision of data returns. For sandbox-licensed entities, supervision is conducted through regularly scheduled supervisory meetings that cover a range of topics based on the business's nature, scale, complexity and risk profile.

Such supervisory meetings may include an examination of governance, risk management, compliance, cyber risk, AML/ATF, financial position, net assets or capital, custody of client assets, conduct of business, customer protection, and any other areas as determined by the entity's specific risks. Throughout the year, the Authority received a substantial number of applications across the various licence classes that introduced complex business models. These covered different licensing sectors and required collaboration and joint supervision.

Insurance Supervision

Existing and Emerging Risks

In 2025, the global insurance industry continued to navigate an evolving landscape shaped by climate-related risks, demographic shifts, geopolitical tensions and rapid technological advancement. The year was marked by a series of devastating natural catastrophes, underscoring the need for climate resilience and international cooperation. Insured losses from these events were mainly attributed to the California wildfires—the costliest wildfire event ever recorded worldwide—and severe storms in the United States. Additionally, Hurricane Melissa emerged as the costliest hurricane of 2025, inflicting widespread damage across Jamaica and impacting Haiti and Cuba.

Meanwhile, profound demographic shifts continued to reshape the life insurance market. Declining birth rates and increasing life expectancy are presenting new challenges for pensions and savings programmes as well as for health care systems. The global pension protection gap is now estimated to exceed US\$1 trillion annually, contributing to increased government debt and shortfalls in national health and retirement funding.

Growing geopolitical tensions also present significant challenges to the global economy, contributing to inflationary pressures, interest rate volatility, supply chain disruptions and macroeconomic uncertainty. These factors test the adequacy of insurers' reserves, investment strategies and overall resilience. At the

same time, the widespread adoption of AI and machine learning is transforming the global economy. Insurers are leveraging advanced technology and data analytics to improve risk management and optimise operational efficiency. However, the automation of tasks and handling of large volumes of sensitive data expose insurers to heightened cybersecurity risks, as cybercriminals become more adept at exploiting vulnerabilities within digital systems.

While these challenges in the global economy test insurers' resilience, they also present opportunities for innovation and growth. By leveraging technology to streamline and optimise the insurance value chain, insurers can improve operational efficiency, respond quickly to policyholder needs, and ultimately deliver greater value to their clients. Regulators are also carefully monitoring insurers' solvency and liquidity levels to help ensure they remain resilient and able to fulfil their promises to policyholders. Considering these risks and other existing and emerging macroprudential risks, the Authority continued to carry out its mandate to safeguard policyholder protection and promote financial stability.

The BMA's supervisory efforts in 2025 focused on reviewing developments related to the macroprudential risks. This was an effort to ensure that the Bermuda insurance industry remained resilient with strong capitalisation levels and sufficient liquidity to absorb projected worst-case loss scenarios. The results of statutory filing reviews and analyses conducted in 2025 affirmed the strength and readiness of Bermuda-based insurers to withstand the financial impact of significant natural catastrophe losses and prevailing macroeconomic stresses. Additionally, the BMA's stress testing of Bermuda's long-term commercial (re)insurance sector evaluated the sector's resilience to severe economic conditions similar to those experienced during the 2008 financial crisis. The results showed that the majority of insurers maintain capital levels well above regulatory requirements, even under severe stress conditions. Global economic conditions and the increasing frequency and severity of natural catastrophes continue to be serious concerns for the insurance industry. During the year, the Authority continued to closely monitor developments in these areas.

Furthermore, our supervisory efforts in 2025 also focused on the continuous process of ensuring that the Bermuda regulatory regime remains sound and appropriately aligned with the evolving international regulatory landscape.

Additionally, the Authority continued its day-to-day supervisory activities, including conducting effective and efficient on-site inspections, qualitative and quantitative analysis, and supervisory colleges. More specifically, this included 39 on-site reviews of solo/legal entities, 15 on-site reviews of insurance groups and 22 annual supervisory colleges, covering groups for which the BMA is the group supervisor. Furthermore, we participated in 24 supervisory colleges hosted by other competent regulators. The colleges serve as a forum for coordinating supervisory plans and sharing information with overseas regulators for insurance groups with Bermuda-related operations. In addition, the BMA continued to enter into MoU with relevant jurisdictions.

Alternative Capital Market

Bermuda's alternative capital market is a source of strong new capital inflows in the global alternative capital market. The island's reputation as a trusted centre for insurance risk securitisation remained strong.

Bermuda's share of the total global alternative capital market exposure in 2024 was US\$102 billion (2023: US\$97 billion), or approximately 90% (2023: 91%) of the global alternative capital market. The insurance-linked bond market remained primarily dominated by property catastrophe/retrocession covers. Given the significance of the alternative capital market in Bermuda, we continued to track data and promote transparency for ILS globally.

Investment Funds

The Authority began work on a new regulatory e-filing platform to replace the INTEGRA® Portal. This initiative strengthened operational resilience, improved the efficiency of supervisory processes, and increased the transparency and quality of our regulatory interactions with the investment funds sector.

Summary of Supervisory Activities Across Sectors for 2025

Sector	Focus of supervisory activity	Supervision activity
AML/ATF	Risk-based approach to AML/ATF supervision underpinned by sectoral and institutional risk assessments	<p>Executed risk-based supervision across all sectors, including:</p> <ul style="list-style-type: none"> ○ 29 on-site supervisory examinations at Regulated Financial Institutions (RFI) ○ 13 desk-based reviews of RFIs ○ Conducted ongoing monthly/quarterly close and continuous supervision and monitoring of higher-risk RFIs, including 147 supervisory meetings
Banking	<ul style="list-style-type: none"> ○ Pillar 2 supervisory review process, under the Basel framework, included a review of the Capital Assessment and Risk Profile (CARP) submission ○ On-site inspections focused on several key areas, including corporate governance, outsourcing, Enterprise Risk Management (ERM), and cyber risk 	<ul style="list-style-type: none"> ○ Conducted two on-site bank reviews ○ Conducted overseas reviews on two material trust subsidiaries of a BMA-licensed banking institution
Conduct	On-site inspections focused on compliance with the Code of Conduct	<ul style="list-style-type: none"> ○ Completed two on-site reviews at BMA-licensed banking institutions ○ Commenced four thematic desk-based reviews of banking institutions focused on consumer protection fraud controls ○ Participated in ongoing quarterly and semi-annual supervision and monitoring meetings with BMA-licensed banking institutions ○ Participated in a quarterly supervision and monitoring meeting with a domestic insurer ○ Participated in a prudential onsite review with a domestic insurer ○ Participated in two supervisory colleges for domestic insurers
Corporate Service Provider (CSP) Business	On-site inspections focused on key areas, such as corporate governance, enterprise risk management, cyber risk management and compliance with the CSP Act and the relevant Code of Practice	<ul style="list-style-type: none"> ○ Participated in four on-site reviews at CSP-licensed entities

Cyber Risk	Risk-based approach to cyber risk supervision through annual returns' data, documentation reviews, meetings and on-site inspections, focused on assessing compliance with the relevant sector's Cyber Code of Conduct and assessment of controls' maturity and effectiveness	<ul style="list-style-type: none"> ○ Conducted ongoing quarterly and monthly supervision meetings ○ Evaluated cyber risk, governance and internal controls for over 20 new licensing applications/graduations ○ Conducted 14 cyber on-site reviews across all sectors ○ Participated in the cyber component of five international supervisory colleges ○ Conducted four in-depth cyber reviews at regulated financial institutions
FinTech	On-site inspections and supervisory meetings focused on capital adequacy, corporate governance, risk management, compliance and operational resilience. Additional focus areas included disaster recovery and business continuity, IT and cyber risk controls, outsourcing and AML/ATF	<ul style="list-style-type: none"> ○ Held on-site supervisory examinations for three Level 1 Class F entities and one Level 2 Class F entity ○ Conducted in-depth supervisory touchpoints with three Class F entities ○ Conducted ongoing quarterly and monthly supervision meetings for sandbox entities ○ Conducted a thematic review of DAB supervised entities, with participation on an optional basis; 18 entities across various licence classes responded
Insurance	Risk-based approach to supervision, applying the proportionality principle, focused on key areas, including financial and balance sheet resilience, governance, risk management, capital adequacy and oversight of complex structures. Additional areas included regulatory credibility, international alignment and emerging risks. On-site inspections focused on a number of these key areas	<ul style="list-style-type: none"> ○ Conducted 15 group on-site reviews ○ Conducted 39 solo on-site reviews, including four intermediaries ○ Hosted 22 supervisory colleges and participated in 24 supervisory colleges
Investment Business	On-site inspections focused on key areas, such as corporate governance, enterprise risk management, cyber risk management, investment operations and compliance with the Investment Business Act (IBA) 2003 and the IBA Code of General Business Conduct and Practice, Rules and Regulations	<ul style="list-style-type: none"> ○ Conducted four on-site reviews of the IBA licensed entities
Trust	On-site inspections focused on several key areas, such as corporate governance, enterprise risk management, cyber risk management and compliance with the Trusts Act and the relevant Code of Practice	<ul style="list-style-type: none"> ○ Participated in two on-site reviews at licensed trust entities

Macroprudential Supervision

Surveillance and Systemic Risk Monitoring

During 2025, macroprudential work spanned international and domestic developments, with a particular focus on the relationship between Bermuda's International financial sector and the domestic economy. In addition, particular attention was paid to assessing risks and vulnerabilities and proposing actions at the macroprudential and microprudential levels in the banking and insurance sectors.

The results of the analyses were made publicly available through the following 2025 publications: the *Quarterly Banking Digest*, the *Bermuda Long Term Insurance Market Analysis*, the *Insurance Macroprudential Risk Report*, the *Bermuda Insurance Property and Casualty Market—Catastrophe Risk and Stress Testing Analysis Report*, the *Catastrophe Risk Modelling Report* and *Bermuda's Coordinated Portfolio Investment Survey Report*. Furthermore, the BMA presented and discussed its macroprudential surveillance work during local FPC meetings.

Financial Policy Council

The BMA maintained its dual role as a member of the FPC and FPC Secretariat. Our CEO actively participated in all three 2025 FPC meetings. The meetings were conducted in a hybrid format and focused on reviewing key risks to Bermuda's financial stability, discussing vulnerabilities and developing potential solutions. The FPC's key 2025 topics of interest included trends in the international life insurance sector, digital finance and developments in international corporate income tax, particularly the OECD's global minimum corporate income tax initiative. The Authority also completed implementation of the recommendations arising from the 2023 FPC review exercise.

Enforcement

Enforcement Activity

The BMA completed the following enforcement matters in 2025:

1. Levied civil penalties against a company totalling \$26,000 in its capacity as the Controller of Foreign Exchange arising from that company's failure to comply with its obligations arising under the Exchange Control Regulations 1973;

2. Issued prohibition orders against two individuals, Mr Martin Pitoňák and Mr Peter Pitoňák, who acted as operators of Stonebridge Capital Hedge Fund Limited, arising from failures to comply with the Investment Funds Act 2006 (IFA); and
3. Issued a Decision Notice revoking a company's investment business licence for failures to comply with the IBA and the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008. The company has appealed the decision.

The Authority petitioned the Supreme Court to wind up and appoint joint provisional liquidators in relation to the following companies:

1. Stonebridge Capital Hedge Fund Limited (registered as an institutional fund under the IFA);
2. Diversified Fund Platform Ltd. (registered as an institutional fund under the IFA);
3. Custodian Life Limited (registered as a Class C commercial long-term insurer under the Insurance Act 1978 (IA 1978)); and
4. Rapture Global Investment Fund Ltd. (registered as an institutional fund under the IFA).

Policing the Perimeter

In 2025, the BMA issued eight public warnings, which, for the second consecutive year, represented a significant increase from the previous year. These warnings were issued with respect to the following conduct:

- False representations made by persons using social media
- False claims made by unlicensed entities that they had been issued a licence by the BMA
- False documents presented by a company purporting that they were issued by the BMA
- Hacking by persons into a registrant's email account, which included the spoofing of a BMA email account to defraud the registrant by misdirecting a payment intended for the BMA
- The administration of a website by persons who fraudulently cloned content from the BMA website

In the above matters, the Authority intervened to have six websites suspended due to fraudulent activity.

Full details of the public warnings were published on our website and may be viewed on the [Bermuda Financial Services Company Warning List](#).

In 2025, the BMA issued four cease-and-desist letters to individuals or entities that appeared to conduct regulated activities without the appropriate BMA licence. Two of the letters were in relation to the conduct of corporate service provider activity, contrary to the

Corporate Service Provider Business Act 2012; one was in relation to the conduct of trust business activity, contrary to the Trusts (Regulation of Trust Business) Act 2001; and the remaining one was in relation to the conduct of digital asset business activity, contrary to the Digital Asset Business Act 2018. In all cases, the Authority received confirmation that the entities ceased conducting the unlicensed activity within the required deadlines.

Information Sharing

Throughout 2025, the BMA continued to exchange information with domestic partners, as shown in the table below.

Information Sharing with Domestic Agencies

Year	2021	2022	2023	2024	2025
Financial Intelligence Agency (FIA)					
→ Disclosures received from FIA	5	2	2	4	6
Section 16 Notice for Information from BMA	3	0	1	1	1
← Suspicious Activity Reports filed by BMA	3	4	4	2	1
Voluntary Disclosure from BMA	1	5	2	2	2
BMA Request for Information from FIA	1	1	1	1	7
Bermuda Police Service (BPS)					
→ BPS Request for Information from BMA	18	6	6	20	12
Number of Subjects	172	251	42	236	107
Production Orders	1	1	2	0	0
BPS Voluntary Disclosure to BMA	5	3	1	2	0
← BMA Voluntary Disclosure to BPS	9	12	2	2	0
BMA Request for Information from BPS	4	3	3	3	0

Licensing

Insurance Applications Approved and Entities Registered

In 2025, the BMA approved 65 new insurance applications, while 58 new insurance entities registered with the BMA, as shown in the table below. Companies are required to apply for registration after they are approved for licensing. Of the 58 new insurance registrants, 45 underwrite general business exposures, 11 underwrite long-term business exposures, and the remaining two are intermediaries. Additionally, the Authority became the group supervisor for two new insurance groups in 2025.

2025 Summary of Insurance Applications Approved and Entities Registered

	Insurance Applications Approved	Insurance Entities Registered
Insurers		
Class 1	3	2
Class 2	3	5
Class 3	3	1
Class 3A	2	1
Class 3B	1	1
Class 4	1	-
Collateralized Insurer	9	10
Class A	1	1
Class C	4	4
Class E	10	6
Restricted SPI	23	23
Unrestricted SPI	2	2
Total Insurers	62	56
Intermediaries		
Insurance Manager	1	-
Insurance Broker	1	1
Insurance Agent	1	1
Total Intermediaries	3	2
Grand Total	65	58

Summary of BTCSI-Related Licensee Status for the year ended 31 December 2025

Sector	Licensing and Registration Activity	2024	2025
Banking	Total licensees at the end of the year	5	5
	New licences issued	0	0
Trust	Total licensees at the end of the year	25	24
	Licences surrendered	1	1
	New licences issued	1	0
	New Private Trust Companies	4	6
Investment Business (Licensed)	Total licensees at the end of the year	52	54
	Licences surrendered	0	1
	New licences issued	5	3
Investment Business (Registered Persons)	Declined licences	2	0
	New Class A Registrations issued	1	0
	Total Class A Registered Persons at the end of the year	1	1
	New Class B Registrations issued	45	6
Fund Administration	Total Class B Registered Persons at the end of the year	55	59
	Registration Surrendered	0	2
	Total licensees at the end of the year	24	21
CSP Business	Licences surrendered	0	3
	New licences issued	0	0
	Total licensees at the end of the year	88	86
Credit Union	Licences surrendered	2	2
	Revoked licences	1	0
	New limited licences issued	1	0
	New unlimited licences issued	0	0
	Declined licences	0	0
	New CSP exemptions	12	6
Money Service Business	Total at the end of the year	1	1
	Total licensees at the end of the year	1	1
	Licences surrendered	0	0
Stock Exchanges	Revoked licences	1	0
	Total at the end of the year	1	1

Companies, Partnerships and Permits Statistics—Applications Approved

	2024 FY	2025 FY	Q1-2025	Q2-2025	Q3-2025	Q4-2025
Companies*	861	638	160	150	178	150
Exempted Partnerships (Partnerships established in Bermuda to carry on business in or from within Bermuda)	70	60	18	17	15	10
Overseas Partnerships (Overseas partnerships applying for permits to carry on business in or from within Bermuda)	1	1	0	0	0	1
Overseas Permit Companies (Overseas companies applying for permits to carry on business in or from within Bermuda)	18	0	0	0	0	0
Total Applications Approved	950	699	178	167	193	161

**Companies include continuations into Bermuda, exempted, exempted limited by guarantee, local (included 60/40), local limited by guarantee and limited liability companies.*



Section 5

Designing an Improved Authority

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Embracing an Agile, Data-Driven Approach

In 2025, the BMA continued to leverage digital tools and technologies to enhance internal efficiency and resource management. During the year, we introduced software to enhance workplace design, helping our staff feel more productive and engaged. From critical infrastructure upgrades to business processes, these enhancements reflected our ongoing commitment to anticipating future needs and ensuring that our workplace aligns seamlessly with the Authority’s strategic priorities.

Revitalising Workspace Design

In addition to securing the prestigious LEED® Gold certification for BMA House, the Authority made progress in advancing several key operational projects throughout the year. The second-floor renovation at BMA House was completed before work began on the third floor. During the year, the team focused on implementing sound-masking technology to enhance acoustic quality throughout the building as well as several other building design upgrades. The installation of high-efficiency chillers also improved comfort throughout BMA House. Collectively, these changes strengthened the processes we use to manage the facility and fostered the development of a modernised workspace that enhanced staff efficiency and provides a comfortable, modern working environment.

Advancing Digitisation and Streamlining Processes

Our Business and Operations Support team advanced a wide range of operational and governance initiatives in 2025. They included launching an accounts payable process review, redesigning the asset register and tagging framework to strengthen audit accuracy, and supporting AML historical data migration. The Authority also enhanced committee oversight through structured planning and reporting for the AML and NAMLAC committees. Additional efforts included exploring governance standards for rapid technology deployment, advancing records digitisation, developing the preparation and retention framework, and prioritising other key insurance supervisory initiatives. Examples include NEXUS—the BMA’s digital regulatory platform that streamlines how regulated entities submit data, filings, and other regulatory reports.

Simplifying Regulatory Reporting and Enhancing Efficiencies

The BMA continued a commitment to innovation and efficiency by implementing advanced technological solutions under the IT Strategy: Vision 2025. Building on previous enhancements, the Authority introduced the Continuous Integration and Continuous Deployment pipelines across all our applications in 2025. This transformational initiative created significant efficiencies by improving both operational effectiveness and security, and enabling faster software delivery with minimal downtime.

Over the past year, we introduced various AI-powered applications to strengthen system reliability and drive operational excellence. These AI-powered tools enabled us to decrease inefficiencies, optimise workflows and ensure our daily operations were effectively supported. Our strategic use of AI not only enhanced productivity but also delivered a clear return on investment by reducing manual processes and streamlining our workflows.

Automation and Digital Transformation

During the year, the BMA successfully deployed several Supervisory Technology (SupTech) solutions to digitise supervisory processes and enhance the data-driven oversight of financial institutions operating in Bermuda. This new tool is designed to provide the Authority with a unified view of regulatory data across the banking, insurance, investments and digital asset sectors. The SupTech solution also helped to improve data-driven decision-making by eliminating redundancies and manual administrative efforts. These improvements align closely with IT Vision 2030, a long-term strategy to modernise systems and embrace digital transformation while delivering value to our registrants and stakeholders.

Throughout the year, we reaffirmed the BMA’s dedication to operational excellence, sustainability and digital transformation by delivering innovative solutions that enhanced regulatory effectiveness and met the needs of our stakeholders.

Management Team

(As at 31 December 2025)

CEO’s Office

Craig Swan
Chief Executive Officer
(CEO)



Shanna Lespere
Deputy Chief Executive Officer
(DCEO)



Enterprise Risk Management

Ian Ngugi
Deputy Director

Supervision

Ricardo Garcia
Managing Director, Supervision



Actuarial Services

Jeferino Dos Santos
Chief Actuary, Actuarial Services

George Petropoulos
Deputy Director, P&C

Eugene Dimitriou
Deputy Director, Long-term and Financial Risk

Insurance

Gerald Gakundi
Deputy Managing Director—Head of Insurance and Investment Funds Supervision

Mellisa Burgess
Director, Insurance

Martin Maringi
Director, Long-term

Moses Muoki
Director, P&C Markets




Archbold Muhle
Deputy Director, Long-term Insurers and Groups

Peter Mason
Deputy Director, Long-term Insurers and Groups

Karen Olivera
Deputy Director, Long-term Insurers and Groups

Patience Maina
Deputy Director, Long-term Insurers and Groups

Insurance continued	
<p>Ralf Kuerzdoerfer Deputy Director, IAIG, Groups & Commercials and ILS</p>	<p>Timae Flood Deputy Director, Captives Limited Purpose Insurers</p>
<p>Treasa Walker Deputy Director, Licensing and Insurance Intermediaries</p>	<p>Sarah Matchett Deputy Director, Insurance Regulatory Affairs</p>
<p>Kofi Takyi Deputy Director, Insurance Regulatory Affairs</p>	<p>Edyta Janiszek Deputy Director, International Affairs</p>
<p>Darren Street Deputy Director, Close Monitoring</p>	
Anti-Money Laundering/Anti-Terrorist Financing	
<p>Christopher Brown Director, AML/ATF, Conduct Regulation and Corporate Authorisations</p>	<p>Bruce Law Senior Advisor</p>
<p>Katherine Duguay Deputy Director</p>	
Corporate Authorisations	
<p>Sharon Suess Deputy Director</p>	
Banking, Trust, Corporate Services and Investment	
<p>Ashley Kibblewhite Director</p>	<p>Keyon Swaby Deputy Director</p>
<p>Shaka James Deputy Director</p>	

Financial Stability and Research	
<p>Marcelo Ramella Director</p>	<p>Leo Mucheriwa Financial Stability Advisor and Head of Research</p>
<p>Tanweer Akram Deputy Director, Chief Economist</p>	<p>Ravi Pachai Deputy Director, Macroprudential</p>
Policy Development, Strategy and International Affairs	
	<p>Yvette Pierre Managing Director, Policy, Strategy and International Affairs</p> 
<p>J. Ifor Hughes Director</p>	<p>Elizabeth Copeland Deputy Director</p>
Legal Services and Enforcement	
<p>Dina R. Wilson Director</p> 	<p>Anita Hewey Deputy Director</p>
<p>Susan Davis-Crockwell Deputy Director, Enforcement</p>	
Financial Technology	
<p>Moad Fahmi Chief FinTech Officer</p> 	<p>George Alayon Deputy Director</p>
Data Science and Artificial Intelligence	
<p>Eric Donkoh Chief Data and Analytics Officer</p>	<p>Jose Flores Frey Deputy Director</p>

Operations

Toby Mason
Chief Operating Officer



Finance and Currency Operations

Terry Pitcher
Head of Finance and Currency Operations

Adrian Mendoza
Financial Controller

Corporate Affairs

Marianne Suschak-Matvey
Chief Corporate Affairs Officer

Annette Atkinson
Deputy Director

Cyber Risk

Martin Schembri
Deputy Director

Management Services

R. Sheridan Smith
Director

Michael Dearing
Acting Director

On secondment as of 8 October 2025

Business and Operations Support

Michael Albouy
Deputy Director

Human Resources

Mesheiah Keane
Chief Human Resources Officer

Elizabeth Amyoony
Senior Business Partner, People and Culture

Julie Dill
Senior Business Partner, People and Talent Management

D. Michael Bean
Senior Manager, Compensation and Benefits



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Financial Highlights 2025

The Authority reported net income of \$18.55 million in 2025, reflecting an increase from \$17.93 million in the prior year. Total revenue grew by 16.10% year-on-year to \$150.70 million, compared to \$129.80 million in 2024. This growth was primarily driven by a \$24.53 million increase in revenue from contracts with licensees, attributed to higher supervisory and licensing fees. These gains were partially offset by a \$3.98 million decrease in revenue from penalties and other income.

Investment income increased by \$0.35 million, mainly resulting from a \$1.48 million increase in interest earned on fixed-income securities and a \$0.10 million increase in net amortisation of discounts on investments. However, these increases were offset by a \$1.10 million decrease in interest from repurchase agreements and a \$0.13 million decrease in realised gains from the sale of debt securities. The quality of the Authority's held-to-maturity investment portfolio remained robust, with all securities carrying a rating of A- or higher.

Expenses increased by 18.13% to \$132.15 million from \$111.87 million in the previous year. The primary driver was a \$15.11 million increase in salaries and employee benefits, attributable to increased headcount. Professional fees increased by \$5.05 million due to the engagement of contract workers and consultants to meet business needs for substantive positions. Additional expense increases included \$0.53 million in general expenses, \$0.40 million in depreciation of property and equipment, \$0.27 million in loss allowance for Expected Credit Losses (ECL) on accounts receivable, and \$0.01 million in finance costs. These were partially offset by reductions in amortisation of intangible assets (\$0.75 million), circulation note and coin expenses (\$0.23 million), and loss allowance for ECL on investments and cash equivalents (\$0.11 million).

Investing in People and Our Strategic Capabilities

The BMA's headcount increased to 343 employees as of 31 December 2025 from the 302 at year-end 2024.

This increase in headcount is part of our multi-year strategic resource plan in support of both the expanding remit of the BMA and the increasing

complexity of the financial industry we supervise. As regulatory requirements, legislative developments and emerging risks continue to shape the financial landscape, the BMA requires a highly skilled and talented workforce to ensure that we remain secure, stable and efficiently managed. Additional factors contributing to the increased headcount include the need for specialised, technical expertise and other business enhancements aligned with the Authority's strategic objectives. These market trends, combined with the importance of responsible, sustainable innovation, also drove demand for staff who can proactively contribute to the BMA's dynamic, innovative workplace culture.

Similarly, as the BMA's supervisory needs grew in 2025, so did the need for highly skilled technical staff. To support this expanded remit, we made new hires across multiple functions, including, but not limited to digital finance, cybersecurity, climate risk, long-term insurance and AML/ATF. These hires were vital to bolstering organisational growth, enhancing capabilities and aligning with global standards and best practices. By strategically investing in attracting top talent, we positioned the organisation to meet evolving market needs and maintain our commitment to excellence in human capital and people management.

To sustain the Authority's growth in 2025, we implemented a range of strategic actions to enhance recruitment, training and collaboration. These included streamlining recruitment processes to accelerate access to top talent for key roles and investing in onboarding and training resources for new staff members. As a result, we strengthened the Human Resource Information System and management systems to nurture a culture of continuous growth and professional development. Alongside these initiatives, we upgraded our digital toolkit and knowledge-sharing systems to improve collaboration, efficiency and productivity.

The BMA remains committed to strategic and sustainable growth by continuing to invest in people, processes and infrastructure. Our employees are at the heart of our success, and we are dedicated to providing the resources, training and leadership support necessary for their continued development and success.

Currency

Currency Coins Issued and Redeemed (Bermuda Dollar (BD\$))

Month	Coin Issued	Coins Issued and O/S* at End of Month	Net Issues During Month	
			Change	% Change
January	141	19,263,503	141	0.00%
February	0	19,263,503	0	0.00%
March	1	19,263,504	1	0.00%
April	0	19,263,504	0	0.00%
May	7	19,263,511	7	0.00%
June	2	19,263,513	2	0.00%
July	29,803	19,293,316	29,803	0.16%
August	1	19,293,317	1	0.00%
September	4	19,293,321	4	0.00%
October	3	19,293,324	3	0.00%
November	2	19,293,326	2	0.00%
December	315,960	19,609,286	315,960	1.64%
Year				
2025	345,924	19,609,286	345,924	1.80%
2024	399,623	19,263,362	399,623	2.12%

Currency Notes Issued and Redeemed (BD\$)

Month	Notes Issues				Notes Issues and O/S* at End of Month	Net Issues During Month	
	New	Reissued	Total	Notes Redeemed		Change	% Change
January	–	7,050,000	7,050,000	14,737,050	148,514,220	(7,687,050)	-4.92%
February	350,000	9,190,000	9,540,000	10,946,326	147,107,894	(1,406,326)	-0.95%
March	–	16,150,000	16,150,000	9,380,240	153,877,654	6,769,760	4.60%
April	180,000	11,100,000	11,280,000	11,357,035	153,800,619	(77,035)	-0.05%
May	–	13,450,000	13,450,000	9,711,000	157,539,619	3,739,000	2.43%
June	–	10,200,000	10,200,000	13,414,000	154,325,619	(3,214,000)	-2.04%
July	189,000	18,354,000	18,543,000	11,708,000	161,160,619	6,835,000	4.43%
August	200,000	3,000,000	3,200,000	7,866,980	156,493,639	(4,666,980)	-2.90%
September	200,000	16,220,000	16,420,000	19,035,000	153,878,639	(2,615,000)	-1.67%
October	–	8,900,000	8,900,000	6,841,000	155,937,639	2,059,000	1.34%
November	–	10,550,000	10,550,000	2,676,000	163,811,639	7,874,000	5.05%
December	525,000	12,752,000	13,277,000	20,424,635	156,664,004	(7,147,635)	-4.36%
Year							
2025	1,644,000	136,916,000	138,560,000	138,097,266	156,664,004	462,734	0.30%
2024	12,634,000	115,224,000	127,858,000	141,817,074	156,201,270	(13,959,074)	-8.20%

Banking

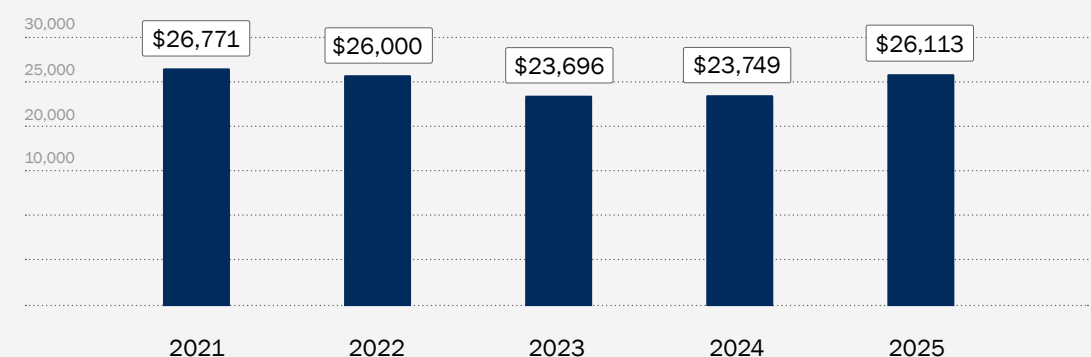
Bermuda Money Supply

(BD\$ millions)	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024
Notes and Coins in Circulation*	176	173	174	173	175
Deposit Liabilities	4,178	4,156	4,132	4,123	3,983
Total	4,354	4,329	4,306	4,296	4,158
Less: Cash at Banks and Deposit Companies	54	53	49	53	53
BD\$ Money Supply	4,300	4,276	4,257	4,243	4,105
% Change on Previous Period	0.56%	0.45%	0.33%	3.36%	-0.99%
% Change Year-on-Year	4.75%	3.14%	3.60%	4.74%	2.80%

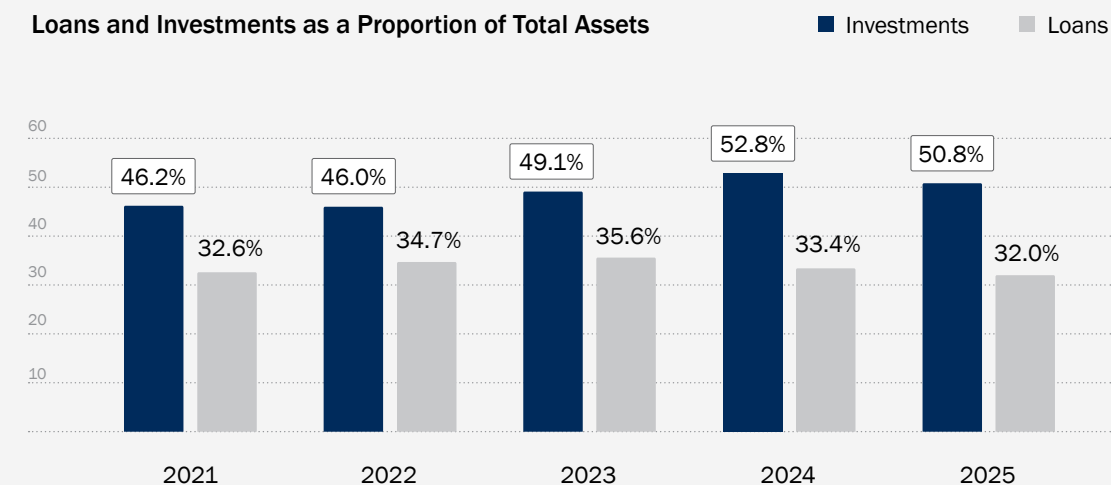
Totals may vary due to rounding.

*This table includes the supply of Bermuda dollars only. United States currency is also in circulation in Bermuda but the amount has not been quantified.

Bermuda Banking Sector Total Assets (BD\$ millions)



Loans and Investments as a Proportion of Total Assets

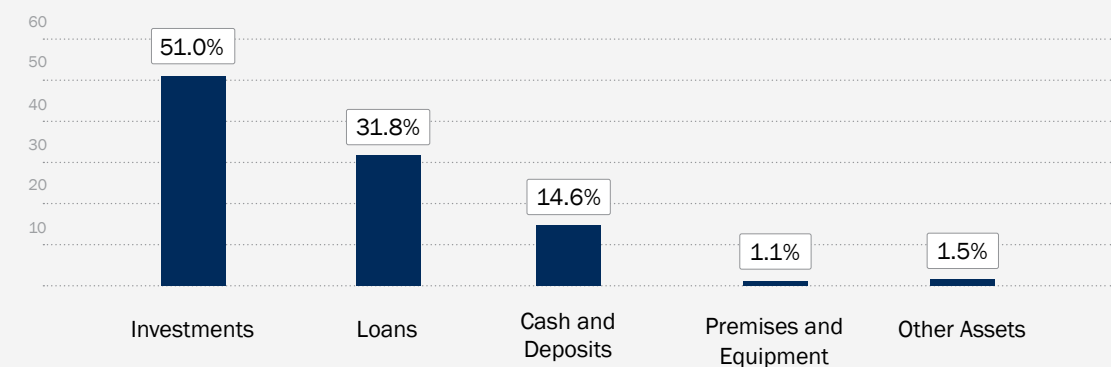


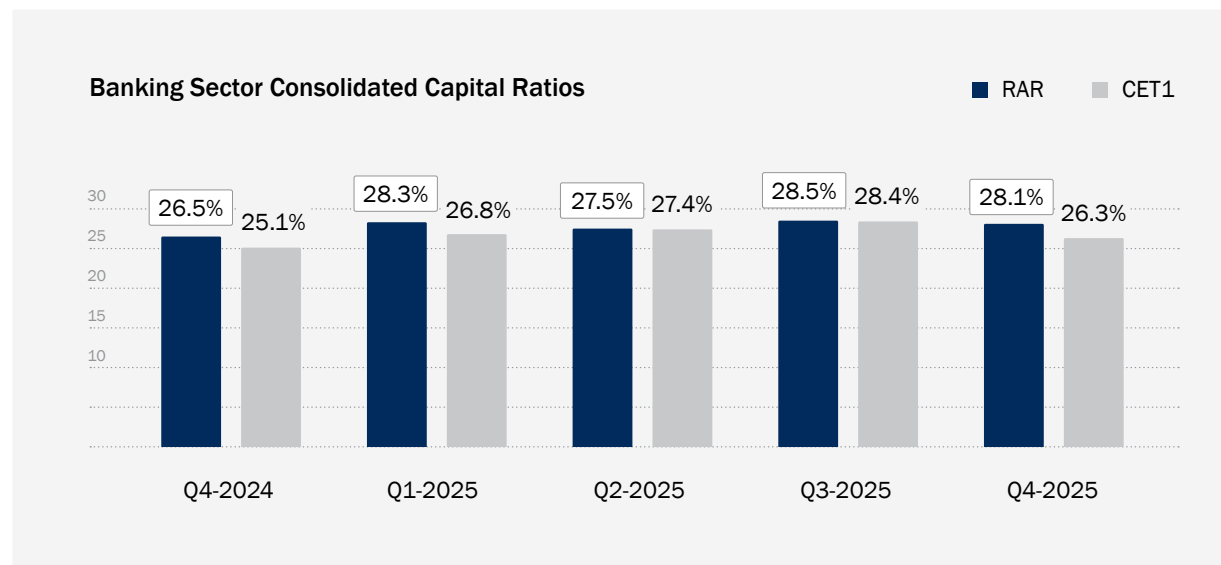
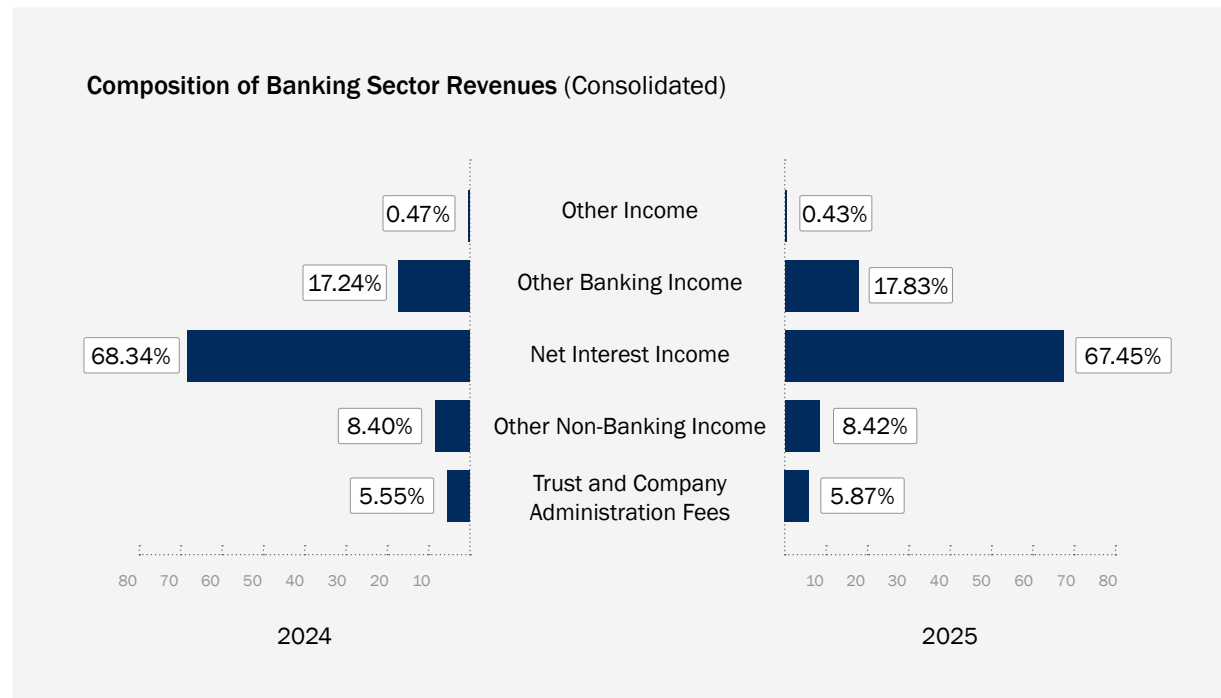
Banking Sector Assets and Deposits

(BD\$ millions)	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024
Total Assets	26,113	24,900	24,390	24,338	23,749	23,984
Quarterly Changes	4.9%	2.1%	0.2%	2.5%	-1.0%	0.5%
Total Deposits	23,647	22,435	21,901	21,803	21,056	21,169
Quarterly Changes	5.4%	2.4%	0.4%	3.5%	-0.5%	0.0%

Composition of Banking Sector Assets

(As at 31 December 2025)





Banking Sector Foreign Currency Position (Consolidated)

(BD\$ millions)	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024
Total Foreign Currency Assets	23,227	21,992	21,410	21,214	20,741	20,725
Less: Other Assets	394	379	348	325	407	224
Less: Foreign Currency Loans to Residents	1,206	1,120	1,139	1,227	838	852
Net Foreign Currency Assets	21,628	20,493	19,923	19,662	19,496	19,649
Foreign Currency Liabilities	19,623	18,472	18,046	17,942	17,659	17,561
Add: BD\$ Deposits of Non-Residents	107	108	112	108	65	64
Net Foreign Currency Liabilities	19,730	18,581	18,158	18,050	17,724	17,625
Net Foreign Currency Position	1,898	1,913	1,765	1,612	1,772	2,024

Totals may vary due to rounding.

BD\$ Deposit and Loan Profiles of Banking Sector (Unconsolidated)

(BD\$ millions)	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024
Deposit Liabilities	4,178	4,156	4,132	4,123	3,989	4,032
Less: Loans, Advances and Mortgages	2,597	2,612	2,652	2,709	2,714	2,747
Surplus/(Deficit) Deposits	1,581	1,544	1,480	1,414	1,275	1,285
Percentage of Deposits Loaned	62.2%	62.8%	64.2%	65.7%	68.0%	68.1%

Combined Balance Sheet of Bermuda Banks and Deposit Companies (Consolidated)

(BD\$ millions)	Q4-2025			Q3-2025			Q2-2025		
	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	123	54	69	123	53	70	114	49	65
Deposits	3,680	20	3,660	3,099	31	3,068	2,709	23	2,686
Investments	13,254	4	13,250	13,069	4	13,065	12,921	4	12,917
Loans and Advances	8,344	2,490	5,854	7,914	2,504	5,410	7,942	2,548	5,394
Premises and Equipment	279	192	87	279	196	83	281	197	84
Other Assets	433	126	307	416	120	296	423	159	264
Total Assets	26,113	2,886	23,227	24,900	2,908	21,992	24,390	2,980	21,410
Liabilities									
Demand Deposits	11,709	1,745	9,964	10,735	1,705	9,030	10,160	1,675	8,485
Savings Deposits	6,524	1,582	4,942	6,307	1,601	4,706	6,289	1,597	4,692
Time Deposits	5,414	842	4,572	5,393	840	4,553	5,452	852	4,600
Subtotal – Deposits	23,647	4,169	19,478	22,435	4,146	18,289	21,901	4,124	17,777
Other Liabilities	484	339	145	518	335	183	607	338	269
Subtotal – Liabilities	24,131	4,508	19,623	22,953	4,481	18,472	22,508	4,462	18,046
Equity and Subordinated Debt	1,982	1,984	(1)	1,947	2,086	(139)	1,882	2,046	(164)
Total Liabilities and Capital	26,113	6,492	19,621	24,900	6,567	18,334	24,390	6,508	17,882

Totals may vary due to rounding.

Note: 'Other' includes USD and other currencies

Combined Balance Sheet of Bermuda Banks and Deposit Companies (Consolidated)

(BD\$ millions)	Q1-2025			Q4-2024			Q3-2024		
	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	112	53	59	120	53	67	119	47	72
Deposits	3,613	22	3,591	2,431	19	2,412	3,501	21	3,480
Investments	11,881	4	11,877	12,531	4	12,527	11,680	4	11,676
Loans and Advances	7,963	2,601	5,362	7,939	2,611	5,328	7,910	2,637	5,273
Premises and Equipment	280	198	82	278	130	148	275	227	48
Other Assets	489	246	243	450	191	259	499	323	176
Total Assets	24,338	3,124	21,214	23,749	3,008	20,741	23,984	3,259	20,725
Liabilities									
Demand Deposits	10,228	1,722	8,506	9,311	1,650	7,661	9,355	1,687	7,668
Savings Deposits	6,170	1,570	4,600	5,785	1,516	4,269	6,012	1,509	4,503
Time Deposits	5,405	821	4,584	5,960	817	5,143	5,802	830	4,972
Subtotal – Deposits	21,803	4,113	17,690	21,056	3,983	17,073	21,169	4,026	17,143
Other Liabilities	582	330	252	781	195	586	729	311	418
Subtotal – Liabilities	22,385	4,443	17,942	21,837	4,178	17,659	21,898	4,337	17,561
Equity and Subordinated Debt	1,953	2,039	(87)	1,912	2,035	(123)	2,086	2,132	(46)
Total Liabilities and Capital	24,338	6,482	17,856	23,749	6,213	17,536	23,984	6,469	17,515

Note: 'Other' includes USD and other currencies

Premises and Equipment and Other Assets have been restated to reclassify equipment and other fixed assets that were previously recorded under Other Assets

Investment Funds

In 2025, the total number of investment funds declined, with 48 newly added funds outweighed by 66 removals, resulting in an overall net reduction. Despite this, the total Net Asset Value (NAV) increased to \$315 billion, up from \$297 billion in Q4 2024. This growth in assets under management was driven by robust market performance and positive inflows, despite ongoing fund lifecycle events such as closures, maturities, and launches that did not proceed as planned.

Fund Count Statistics		Q4-2025	Q4-2024
Authorised Funds	Administered Funds	2	2
	Institutional Funds	139	147
	Standard Funds	75	76
Registered Funds	Private Funds	179	193
	Professional Class A Funds	80	76
	Professional Class B Funds	44	46
	Professional Closed Funds	117	115
Designated Funds	Overseas Funds*	130	129
Total Number of Funds		766	784
Authorised Funds (BD\$ Millions)	Administered Funds	\$19	\$19
	Institutional Funds	\$64,345	\$64,282
	Standard Funds	\$78,759	\$69,331
Registered Funds (BD\$ Millions)	Private Funds	\$40,281	\$46,448
	Professional Class A Funds	\$40,791	\$39,314
	Professional Class B Funds	\$12,617	\$11,241
	Professional Closed Funds	\$78,569	\$66,360
Net Asset Value (BD\$ Millions)		\$315,381 (6.19%)	\$296,995

*The NAV for Overseas Funds is not included in the NAV total. Overseas funds are not subject to the Authority's supervision and regulation; rather, they are subject to the laws and regulations in their home country.

Authorised Funds

Authorised Funds comprise Administered, Institutional and Standard Funds. These funds must appoint service providers that are deemed fit and proper to act in their respective capacities. A Bermuda-based officer, trustee or resident representative must have access to the fund's books and records. Additionally, the funds are required to complete periodic statistical filing and file audited financial statements annually.

Key Requirements

- **Administered Funds:** These funds are generally open to both qualified and retail investors. Administered funds must appoint a Bermuda-licensed fund administrator and either require a minimum investment of \$50,000 or be listed on a stock exchange recognised by the BMA

- **Institutional Funds:** These funds are restricted to qualified participants who invest a minimum of \$100,000. They are typically aimed at institutional investors, including pension funds and insurance companies
- **Standard Funds:** These funds do not fall into any of the other categories and are typically open to a broader range of investors, including retail investors. They may include mutual funds or other public investment vehicles. Standard funds are subject to greater regulatory oversight due to their potential retail investor base

Registered Funds

Registered Professional Funds comprise Professional Class A, Professional Class B and Professional Closed Funds. These funds serve qualified participants, typically institutional investors, ILS managers, and high-net-worth investors seeking sophisticated risk-transfer strategies. Registered funds benefit from a regulatory framework that combines robust oversight with operational efficiency. All registered funds must appoint a Bermuda-based officer, trustee or resident representative with access to the fund's books and records. The operator and service providers must satisfy fit and proper criteria. Additionally, annual audited GAAP/IFRS financial statements are required.

Key Requirements:

- **Professional Class A Fund:** The Investment Manager (IM) must be licensed in Bermuda; otherwise, the IM must have at least \$100 million in assets under management and be regulated in the EU or the US (at the federal level). Changes to the fund's operator and service providers and material changes to the offering document do not require prior approval from the Authority. However, all changes to the offering document, including changes to the operator and service provider, must be noted in the fund's annual certification filing with the Authority. This structure supports speed-to-market and operational agility—features that are particularly attractive to ILS managers and investors operating in time-sensitive catastrophe and reinsurance markets
- **Professional Class B Fund:** Prior approval from the Authority must be obtained by the funds before making changes to the operator or service providers, and all changes to the offering document must be noted in the fund's annual certification filing with the Authority. Hence, Professional Class B Funds are suitable for ILS strategies where investors value additional regulatory engagement
- **Professional Closed Fund:** These funds are closed-ended and are typically used for private equity or other specialised investment strategies. The fund must provide an investment warning to its participants that discloses the risks associated with investing in the fund prior to the purchase of units. There is no requirement to seek prior approval of changes to the operator, service provider or offering document; however, changes to the offering document must be noted in the fund's annual certification filing with the Authority

Registered Private Funds are restricted to a maximum of 20 participants and cannot market to the public. These funds are typically structured for private investment groups or family offices.

Key Requirements:

- **Private Funds:** These funds must appoint at least one service provider that is licensed in Bermuda. If the fund is open-ended, a fund administrator and a custodian must be appointed. Closed-ended private funds must have a designated person responsible for asset segregation and safekeeping, and annual filing of management accounts or audited financial statements is required

Designated Overseas Funds

Designated Overseas Funds are incorporated or established outside of Bermuda but are recognised by the BMA. They are subject to the regulatory oversight of the relevant foreign jurisdiction but must also comply with Bermuda's legal framework.

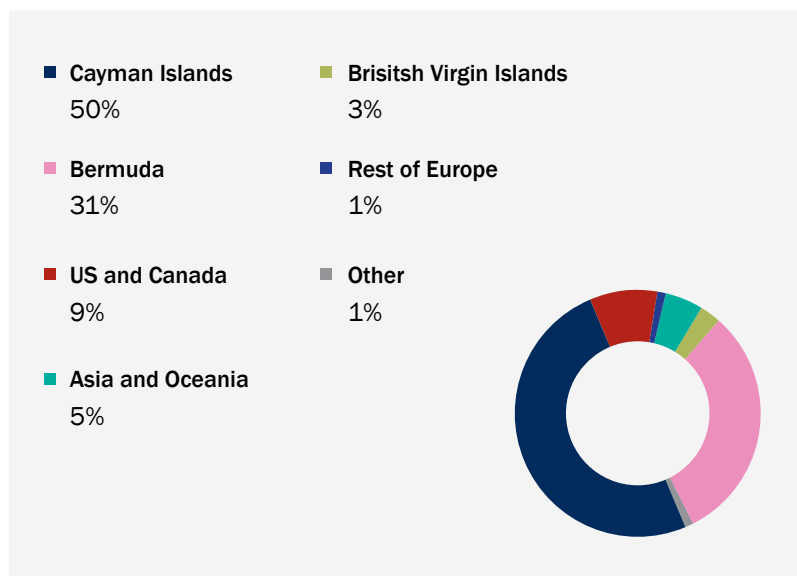
Key Requirements:

- **Designated Overseas Funds** must comply with the overseas jurisdiction's regulatory rules and file annual compliance reports to the BMA

Total Funds by Jurisdiction — Fund Administration Business

An aggregate total of US\$199.5B in Assets Under Administration (AUA) was reported by Fund Administration Provider Businesses as at 31 December 2025, representing a 2% increase from the aggregate total of US\$195.6B for the same period in 2024.

The total number of funds administered decreased by 6%, from 1,615 in 2024 to 1,518 as at 31 December 2025. The jurisdictional breakdown below reflects the total fund clients at the end of 2025.

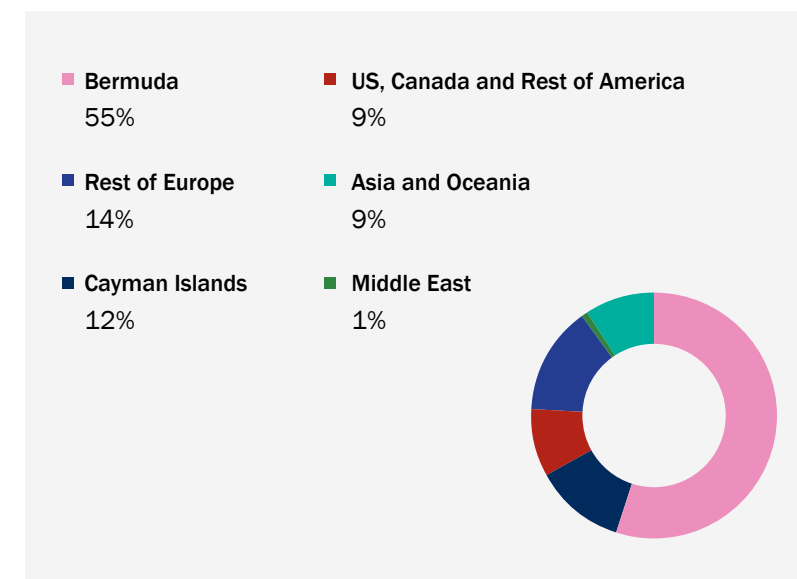


Total Assets Under Administration (AUA) by Jurisdiction Investment Business Licensee Aggregate 2025 Data

The total aggregate AUA reported by licensed investment providers as at 31 December 2025 was US\$30.7B, compared with US\$25.4B reported for 2024, demonstrating an increase of 20.9%.

A significant proportion of these assets (55%) pertains to Bermuda-based clients, followed by clients from the Cayman Islands and the Rest of Europe.

The graphic shows the total market share of AUA by jurisdiction as at 31 December 2025.



Totals may vary due to rounding.

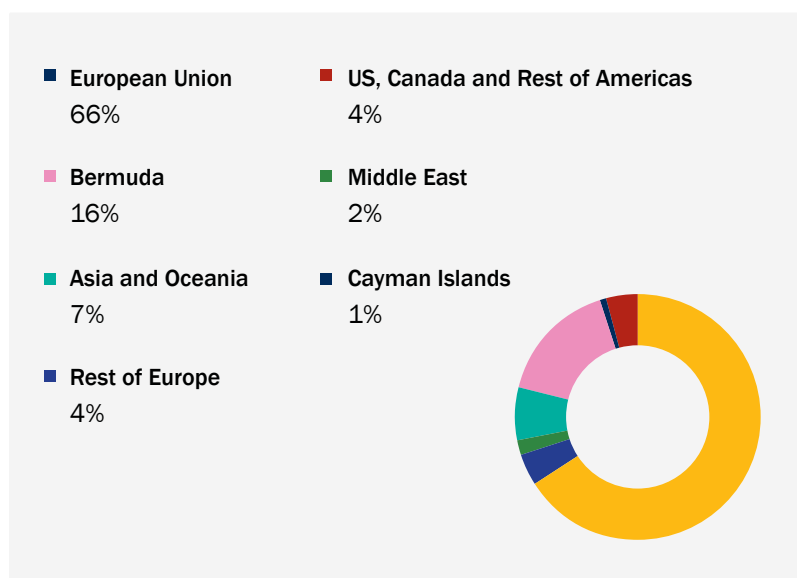
Note: For licensed Investment Providers, AUA is classified as assets managed on behalf of investors on a non-discretionary basis. The reported AUA does not include assets managed on behalf of investors on a non-discretionary basis by registered investment providers.

Total Assets Under Management (AUM) by Jurisdiction

The total aggregate AUM reported by licensed investment providers as at 31 December 2025 was US\$300.2B, up from US\$230.5B in 2024—an increase of 30.2%.

A significant proportion of these assets (66%) pertain to European Union clients, while 16% are Bermuda-based clients.

The chart shows the total market share of AUM by jurisdiction at the end of 2025.



Totals may vary due to rounding.

Note: For licensed Investment Providers, AUM is classified as assets managed on behalf of investors on a discretionary basis. The reported AUM does not include assets managed on a discretionary basis for investors by registered investment providers.

Insurance

Analysis of All Insurers Registered

Class of Insurer by Licence	2025	%	2024	%
Class 1	159	13.1%	170	13.7%
Class 2	244	20.2%	253	20.4%
Class 3	180	14.9%	185	14.9%
Class 3A	108	8.9%	115	9.3%
Class 3B	33	2.7%	31	2.5%
Class 4	46	3.8%	46	3.7%
Class A	12	1.0%	11	0.9%
Class B	13	1.1%	13	1.0%
Class C	90	7.4%	92	7.4%
Class D	6	0.5%	7	0.6%
Class E	83	6.9%	78	6.3%
Special Purpose Insurer	201	16.6%	215	17.4%
Collateralized Insurer	27	2.2%	16	1.3%
Innovative General Business – IIGB	8	0.7%	7	0.6%
Totals	1,210	100%	1,239	100%

Note: Classes IGB and IMP are not included.

Analysis of New Insurers Registered

Class of Insurer by Licence	2025 Registrations	%	2024 Registrations	%
Class 1	2	3.6%	7	11.5%
Class 2	5	8.9%	5	8.2%
Class 3	1	1.8%	2	3.3%
Class 3A	1	1.8%	1	1.6%
Class 3B	1	1.8%	2	3.3%
Class 4	0	0.0%	1	1.6%
Class A	1	1.8%	3	4.9%
Class B	0	0.0%	0	0.0%
Class C	4	7.1%	3	4.9%
Class D	0	0.0%	0	0.0%
Class E	6	10.7%	10	16.4%
Special Purpose Insurer	25	44.6%	21	34.4%
Collateralized Insurer	10	17.9%	5	8.2%
Innovative General Business – IIGB	0	0.0%	1	1.6%
Totals	56	100%	61	100%

Market Statistics by Class of Insurer

For the Year Ended 31 December 2024

Class of Insurer	Number of Licences	Gross Premiums (USD Million)	Net Premiums (USD Million)	Total Assets (USD Million)	Capital and Surplus (USD Million)
Class 1	170	2,464	1,960	18,881	15,055
Class 2	253	10,311	8,697	60,495	34,741
Class 3	185	19,074	14,956	69,715	34,538
Class 3A	115	20,496	13,499	45,211	22,835
Class 3B	31	8,706	7,642	53,954	23,293
Class 4	46	82,290	64,949	284,044	127,328
Long Term Class A	11	1,861	1,317	6,529	3,503
Long Term Class B	13	291	288	658	230
Long Term Class C	92	57,123	47,489	406,931	30,062
Long Term Class D	7	119	84	5,679	373
Long Term Class E	78	145,532	106,945	1,121,861	128,505
Special Purpose Insurer	215	11,923	11,392	86,670	22,764
Collateralized	16	1,785	1,582	6,611	3,342
Class Innovative General Business	7	218	201	513	212
Totals	1,239	362,193	281,001	2,167,752	446,781

Class 1: A single-parent captive insurance company underwriting only the risks of the owners of the insurance company and affiliates of the owners.

Class 1 insurers are required to maintain minimum capital and surplus which is equal to, or in excess of, an amount derived from the greater of premium and reserve-based formulas, subject to a \$120,000 floor.

Class 2: Multi-owner captives, which are defined as insurance companies owned by unrelated entities, provided that the captive underwrites only the risks of the owners and affiliates of the owners and/or risks related to or arising out of the business or operations of the owners and affiliates.

A Class 2 licence will also apply to single-parent and multi-owner captives writing no more than 20% of net premiums from risks that are not related to, or arising out of, the business or operations of their owners and affiliates.

Class 2 insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of premium and reserve-based formulas, subject to a \$250,000 floor.

Class 3: Applies to insurers and reinsurers not included in Class 1, 2, 3A, 3B or 4. This includes structured reinsurers writing third-party business, insurers writing direct policies with third-party individuals and single-parent, group, association, agency or joint venture captives where more than 20% of net premiums written is from risks that are unrelated to the business of the owners.

Class 3 insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of premium and reserve-based formulas, subject to a \$1 million floor.

Class 3A: Small commercial insurers whose percentage of unrelated business represents 50% or more of net premiums written or net loss and loss expense provisions and where the unrelated business net premiums are less than \$50 million.

Class 3A insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of 1) a risk-based capital model reflective of tail risks, 2) a premium-based formula, 3) a reserve-based formula and 4) a \$1 million floor.

Class 3B: Large commercial insurers whose percentage of unrelated business represents 50% or more of net premiums written or net loss and loss expense provisions and where the unrelated business net premiums are more than \$50 million.

Class 3B insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of 1) a risk-based capital model reflective of tail risks, 2) a premium-based formula, 3) a reserve-based formula and 4) a \$1 million floor.

Class 4: Insurers and reinsurers underwriting direct excess liability insurance and/or property catastrophe reinsurance risks.

Class 4 insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of 1) a risk-based capital model reflective of tail risks, 2) a premium-based formula, 3) a reserve-based formula and 4) a \$100 million floor.

SPI: In order for a company to receive consideration for registration as an SPI, it would have to meet the criteria discussed in the *Guidance Note: Special Purpose Insurers*. The SPI will be licensed as either restricted or unrestricted. A restricted SPI may conduct special purpose business with specific cedents approved by the Authority, while unrestricted SPIs may transact with any cedent, if the cedent is rated A- or higher, in terms of its financial strength, by AM Best or an equivalent rating from a rating agency recognised by the Authority.

Collateralized Insurer: means an insurer that carries on special purpose business, but is not a 'SPI'. Collateralized Insurers write business on a fully collateralized or fully funded basis.

Class IIGB: A body corporate who intends to carry on general business in an innovative manner (e.g., those intending to use digital assets or cryptocurrency for their insurance business).

Long-term (life insurance)

Class A: A single-parent long-term captive insurance company underwriting only the long-term business risks of the owners of the insurance company and affiliates of the owners.

Class A insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from an asset-based formula subject to a \$120,000 floor.

Class B: Multi-owner long-term captives, which are defined as long-term insurance companies owned by unrelated entities, provided that the captive underwrites only the long-term business risks of the owners and affiliates of the owners and/or risks related to or arising out of the business or operations of their owners and affiliates.

A Class B licence will also apply to single-parent and multi-owner long-term captives writing no more than 20% of net premiums from risks that are not related to, or arising out of, the business or operations of their owners and affiliates.

Class B insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from an asset-based formula, subject to a \$250,000 floor.

Class C: Long-term insurers and reinsurers with total assets of less than \$250 million; and not registrable as a Class A or Class B insurer.

Class C insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from

the greater of 1) a risk-based capital model reflective of tail risks, 2) an asset-based formula and 3) a \$500,000 floor.

Class D: Long-term insurers and reinsurers with total assets of \$250 million or more, but less than \$500 million; and not registrable as a Class A or Class B insurer.

Class D insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of 1) a risk-based capital model reflective of tail risks, 2) an asset-based formula and 3) a \$4 million floor.

Class E: Long-term insurers and reinsurers with total assets of more than \$500 million; and not registrable as a Class A or Class B insurer.

Class E insurers are required to maintain minimum capital and surplus equal to, or in excess of, an amount derived from the greater of 1) a risk-based capital model reflective of tail risks, 2) an asset-based formula and 3) an \$8 million floor.

Market Statistics by Region of Beneficial Owner

For the Year Ended 31 December 2024

Domicile of Owners	Number of Companies	Gross Premiums (USD Million)	Net Premiums (USD Million)	Total Assets (USD Million)	Capital and Surplus (USD Million)
Limited Purpose Insurers					
Africa/Middle East	10	147	42	182	96
Asia	30	881	717	2,538	1,620
Australia/New Zealand	12	694	184	535	420
Bermuda	219	13,304	11,766	89,751	30,480
Caribbean/Latin America	38	259	136	992	717
Europe	92	5,832	4,560	25,217	14,258
North America	446	24,807	21,205	123,733	63,240
Subtotals	847	45,924	38,610	242,948	110,831
Commercial Insurers/Reinsurers					
Africa/Middle East	9	1,023	782	7,386	1,767
Asia	17	14,575	14,127	165,502	10,467
Australia/New Zealand	4	5,089	3,897	38,123	3,175
Bermuda	82	105,384	64,452	603,959	126,522
Caribbean/Latin America	26	6,545	6,015	60,293	18,375
Europe	71	28,593	20,901	99,263	34,789
North America	183	155,060	132,217	950,278	140,855
Subtotals	392	316,269	242,391	1,924,804	335,950
Totals	1239	362,193	281,001	2,167,752	446,781

Market Statistics by Company Type

For the Year Ended 31 December 2024

Company Type	Number of Licences	Gross Premiums (USD Million)	Net Premiums (USD Million)	Total Assets (USD Million)	Capital and Surplus (USD Million)
Limited Purpose Insurers					
Captive Writing Third Party	185	19,074	14,956	69,715	34,538
Captive Writing Connected or Related Business	266	10,602	8,985	61,153	34,971
Single Parent Captives	181	4,325	3,277	25,410	18,558
Special Purpose Insurers	215	11,923	11,392	86,670	22,764
Subtotals	847	45,924	38,610	242,948	110,831
Commercial Insurers/Reinsurers					
Property and Casualty Ins./Reinsurers	215	113,496	87,873	390,333	177,010
Long-Term Ins./Reinsurers	177	202,773	154,518	1,534,471	158,940
Subtotals	392	316,269	242,391	1,924,804	335,950
Totals	1,239	362,193	281,001	2,167,752	446,781

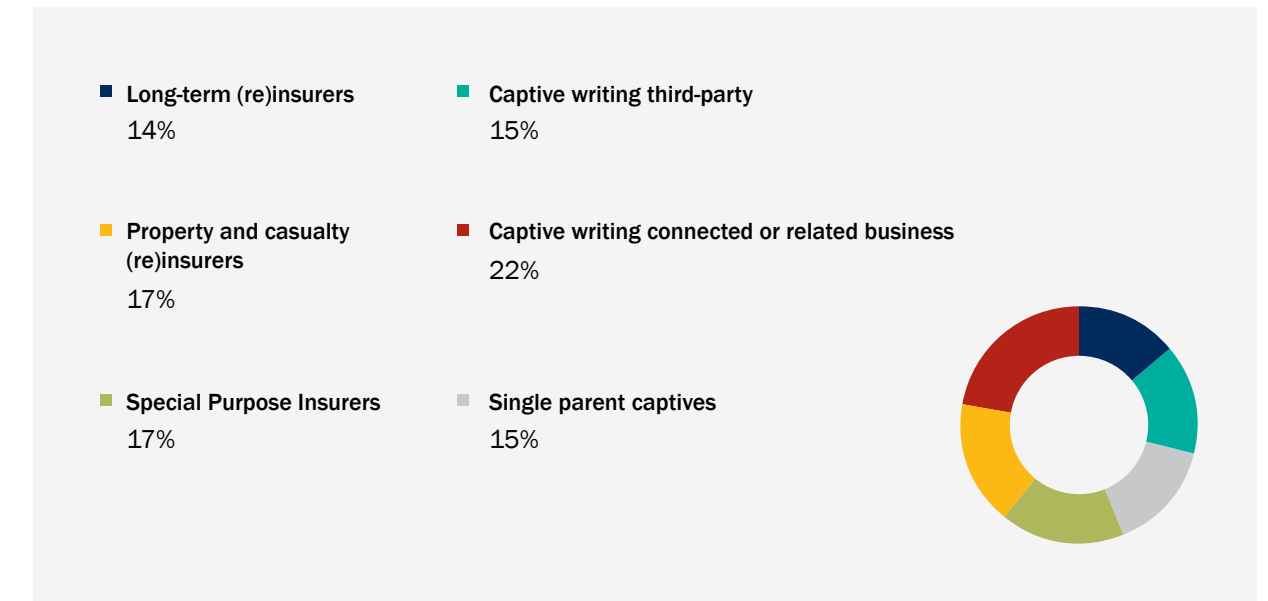
Captive writing third-party: (Re)insurer writing related-party risks but allowed to write up to 49% of its net premiums written arising from risks that are unrelated to the business of its owners and/or affiliates.

Captive writing connected or related business: (Re)insurer writing the risks connected or related to, or arising out of, the business or operations of its owners and/or affiliates.

Single-parent captive: Single-parent captive writing only the risk of its owners and/or affiliates.

Professional Insurers/Reinsurers and Long Term Insurers/Reinsurers: Insurance company writing unrelated risks as a direct writer and/or reinsurer.

Actively Writing Insurers by Company Type



21 April 2026

The Hon. David Burt, JP MP
Premier and Minister of Finance
Ministry of Finance
Government Administration Bldg.
30 Parliament Street
Hamilton HM 12

Dear Hon. Premier,

In accordance with section 28(1) of the Bermuda Monetary Authority Act 1969, I have the honour to submit to you a report of the operations of the Authority for the year 2025, together with the annual statement of accounts and the opinion of the Auditor General.

This document also contains the reports for the year 2025, which the Authority is required to make to you pursuant to:

- section 8(3) of the Banks and Deposit Companies Act 1999;
- section 8(3) of the Investment Business Act 2003; and
- section 5 of the Trusts (Regulation of Trust Business) Act 2001.

Yours sincerely,



Craig Swan
Chief Executive Officer

Section 7

Financials

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Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with International Financial Reporting Standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit and Risk Management Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Risk Management Committee also reviews the financial statements before recommending approval to the Board.

The Office of the Auditor General conducts an independent examination, and the Auditor General expresses her opinion on the financial statements. The financial statements have been approved by the Board. The accompanying Independent Auditor's Report is presented herein.

On behalf of the Bermuda Monetary Authority

Donald Scott
Chairman

Craig Swan
Chief Executive Officer

Date: 21 April 2026

Date: 21 April 2026



Office of the Auditor General

Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148
Fax: (441) 295-3849
Email: oag@oagbermuda.bm
Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Opinion

I have audited the financial statements of the Bermuda Monetary Authority, which comprise the statement of financial position as at December 31, 2025, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Monetary Authority as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Monetary Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the Bermuda Monetary Authority's Annual Report, which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bermuda Monetary Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bermuda Monetary Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Monetary Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bermuda Monetary Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bermuda Monetary Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Monetary Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of our auditor's report.



Hamilton, Bermuda
April 21, 2026

Heather Thomas, CPA, CFE, CGMA
Auditor General

BERMUDA MONETARY AUTHORITY
Statement of Financial Position
As at December 31, 2025

(In thousands of Bermuda dollars)	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	3, 5	66,940	71,336
Accounts and other receivables	3, 6	5,440	2,884
Prepayments		5,407	3,759
Stock of numismatic items	7	1,498	1,486
Stock of notes and coins for circulation	8	1,667	2,151
Investments	3	45,930	33,336
		126,882	114,952
Non-current assets			
Investments	3	126,252	122,741
Property and equipment	9	23,473	21,647
Intangible assets	10	4,067	1,363
		153,792	145,751
Total Assets		280,674	260,703
Liabilities			
Current liabilities			
Accounts and other payables	3, 11, 19	25,483	17,945
Deferred income	12	1,802	2,213
Lease liabilities	3, 13	172	164
Notes and coins in circulation	3, 14	176,273	175,465
Due to Consolidated Fund of the Government of Bermuda	3, 24	9,276	8,966
		213,006	204,753
Non-current liabilities			
Lease liabilities	3, 13	426	598
		426	598
Equity			
Capital subscribed	15	20,000	20,000
General reserve	15	47,242	35,352
		67,242	55,352
Total Liabilities and Equity		280,674	260,703

Commitments (Note 22)



Donald Scott
Chairman



Craig Swan
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Statement of Comprehensive Income
For the year ended December 31, 2025

(In thousands of Bermuda dollars)	Note	2025	2024
Revenues			
Revenue from contracts with licensees and customers	16	139,609	115,082
Revenue from penalties and other income	17	417	4,395
Operating revenue		140,026	119,477
Investment income	18	10,671	10,320
Total revenues		150,697	129,797
Expenses			
Salaries and employee benefits	19	93,332	78,227
General expenses	20	21,218	20,685
Professional fees		13,520	8,473
Depreciation of property and equipment	9	2,874	2,473
Circulation note and coin expenses	8	498	728
Amortisation of intangible assets	10	455	1,206
Finance costs	13	33	20
Loss (release of) allowances for ECLs of accounts receivable	6	136	(136)
Loss allowances for ECLs of investments and cash and cash equivalents	3	80	189
Total expenses		132,146	111,865
Net income		18,551	17,932
Other Comprehensive Income			
Debt securities at FVOCI - net change in fair value		499	(60)
Other comprehensive income for the year		499	(60)
Total comprehensive income for the year		19,050	17,872

All amounts reported above relate to continuing operations.

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Statement of Changes in Equity
For the year ended December 31, 2025

(In thousands of Bermuda dollars)	Note	2025	2024
Capital		20,000	20,000
General Reserve			
Balance, beginning of year		35,352	26,446
Debt securities - at FVOCI net change in fair value		499	(60)
Adjustment to General Reserve	15, 21, 25	2,116	-
Total comprehensive income for the year		18,551	17,932
Distribution payable to the Consolidated Fund of the Government of Bermuda		(9,276)	(8,966)
Balance, end of year		47,242	35,352
Equity		67,242	55,352

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Statement of Cash Flows
For the year ended December 31, 2025

(In thousands of Bermuda dollars)	Note	2025	2024
Cash flows provided by operating activities			
Total net income for the year		18,551	17,932
Adjustment for:			
Non-cash items included in total comprehensive income for the year	21	3,382	8,155
Realised gain on sale of debt securities – at FVOCI		(1,084)	(1,215)
Change in operating assets	21	(3,883)	(1,596)
Change in operating liabilities	21	7,127	5,558
Net cash provided by operating activities		24,093	28,834
Cash flows used in investing activities			
Additions of intangible assets	10	(3,195)	(888)
Additions of property and equipment	9	(4,700)	(2,027)
Purchases of investments		(194,943)	(267,557)
Proceeds from sale of investments		180,587	207,216
Net cash used in investing activities		(22,251)	(63,256)
Cash flows used in financing activities			
Net increase (decrease) in notes and coins in circulation		809	(13,559)
Payment of lease liabilities	13	(197)	(183)
Distribution to the Consolidated Fund of the Government of Bermuda		(6,850)	-
Net cash used in financing activities		(6,238)	(13,742)
Net decrease in cash and cash equivalents		(4,396)	(48,164)
Cash and cash equivalents at beginning of year		71,336	119,500
Cash and cash equivalents at end of year	5	66,940	71,336
Operational cash flows from interest			
Interest received	18	3,768	2,776

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2025
(In thousands of Bermuda dollars)

1. General information

The Bermuda Monetary Authority (the “Authority”) was established in Bermuda by an Act of the Legislature with initial capital provided by the Bermuda Government (the “Government”); its objects and powers being set out in the Bermuda Monetary Authority Act 1969 (the “Act”), as amended.

The primary responsibilities of the Authority are:

- acting as issuing authority for Bermuda dollar notes and coins;
- the supervision, regulation and inspection of all financial institutions operating in or from within Bermuda;
- the promotion of the financial stability and soundness of financial institutions;
- the supervision, regulation and approval of the issue of financial instruments by financial institutions or by residents;
- the fostering of close relations between financial institutions and between the financial institutions and the Government;
- assisting with the detection and prevention of financial crime;
- the management of exchange control and the regulation of transactions in foreign currency or gold on behalf of the Government;
- the provision of advice and assistance to the Government and public bodies on banking and other financial and monetary matters; and
- the performance of duties conferred on the Authority by Section 5 of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008.

The registered office of the Authority is BMA House, 43 Victoria Street, Hamilton HM 12, Bermuda.

2. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”).

These financial statements were authorised for issue by the Board of Directors (the “Board”) on April 21, 2026.

BERMUDA MONETARY AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2025
(In thousands of Bermuda dollars)

2.1 Basis of preparation (continued)

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments at fair value through other comprehensive income (“FVOCI”).

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of complexity, or areas where assumptions and estimates are material to these financial statements are disclosed in Note 4.

2.2 Foreign currency translation

(a) Functional and presentation currency

These financial statements are presented in Bermuda dollars, which is the Authority’s functional and presentation currency. All financial information is rounded to the nearest thousand dollars, except as otherwise indicated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation dates where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and museum items. Museum items have been capitalised, but not depreciated, at a nominal amount and are included in property and equipment. Nominal values have been placed on these items with no material commercial value.

The Authority holds land and buildings as office space. Changes in the expected useful life are accounted for prospectively by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates. Cost includes expenditure that is directly attributable to the acquisition of the items.

BERMUDA MONETARY AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2025
(In thousands of Bermuda dollars)

2.3 Property and equipment (continued)

(a) Recognition and measurement (continued)

Construction in progress (“CIP”) primarily represents costs incurred for the construction or development of tangible assets that are not yet ready for their intended use. These costs include direct expenditures such as materials, labor and overheads directly attributable to the construction activities.

(b) Subsequent costs

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be reliably measured. Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of comprehensive income in the year the asset is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(c) Depreciation and impairment

Land and museum items are not depreciated. Depreciation of assets under construction in progress does not commence until the assets are completed and ready for their intended use. Upon completion, assets are transferred from construction in progress to the appropriate asset category, and depreciation is then charged over their estimated useful lives. Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

• Building	40 years
• Building improvements	15 years
• Computer equipment	4 years
• Furniture and fixtures	4 years
• Right-of-use assets – office space	5 years
• Right-of-use assets – IT equipment	4 years
• Construction in progress	Not applicable

The assets’ useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Information about the Authority’s accounting policies relating to right-of-use assets are provided in Note 2.6.

BERMUDA MONETARY AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2025
(In thousands of Bermuda dollars)

2.4 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. The Authority’s intangible assets comprise internally developed or externally acquired computer software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Authority are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods. Research costs are expensed as incurred. Costs associated with maintaining software programmes are recognised as an expense when incurred.

Computer software development costs are recognised as assets and are amortised over their estimated useful lives, which is estimated to be four years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

The carrying value of internally developed costs are reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during the reporting year (see Note 2.7). Amortisation on the internal costs capitalised commences when the software goes live or becomes available for its intended use.

The intangible assets’ useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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2.5 Financial instruments

2.5.1 Recognition and initial measurement

Accounts and other receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument. Financial assets (except accounts and other receivables) and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue. Accounts and other receivables are initially measured at the transaction price.

2.5.2 Classification and subsequent measurement

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial assets were acquired.

(a) Financial assets

The Authority classifies its financial assets at amortised cost and FVOCI for some debt securities. The Authority's financial assets classified at amortised cost consist of cash and cash equivalents, accounts and other receivables and investments (Investments in US Government, US Government Agency, Supranational Bank debt securities and Term deposit). The debt securities classified as FVOCI include securitised and corporate bonds. The Authority determines the classification at initial recognition and re-evaluates this designation at every reporting date. Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss, or fair value through other comprehensive (loss) income:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at fair value through profit and loss ("FVTPL").

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") and principal on the amount outstanding.

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2.5 Financial instruments (continued)

2.5.2 Classification and subsequent measurement (continued)

(a) Financial assets (continued)

Business model assessment

The Authority makes an assessment of the objective of the business model in which the financial asset is held at a portfolio level because this best reflects how the asset is managed and the information is provided to management. The information considered includes the stated policies and objectives of the portfolio and the operation of those policies in practice.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. These include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Authority considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Authority's claim to cash flows.

A prepayment feature is consistent with solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest in the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses

The Authority's financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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2.5 Financial instruments (continued)

2.5.2 Classification and subsequent measurement (continued)

(a) Financial assets (continued)

The Authority's debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit and loss. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(b) Financial liabilities

The Authority classifies accounts and other payables and notes and coins in circulation as other financial liabilities. These are subsequently measured at amortised cost using the effective interest method.

2.5.3 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; and
- the Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows and either:
 - (i) the Authority has transferred substantially all the risks and rewards of the asset; or
 - (ii) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of comprehensive income, if any.

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2.5 Financial instruments (continued)

2.5.4 Impairment of financial assets

The Authority recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost and debt instruments measured at FVOCI. The Authority measures loss allowances at an amount equal to 12-month ECLs for all investments and cash and cash equivalents that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition.

Loss allowances for accounts and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward-looking information.

The Authority assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and is in default when the financial asset is more than 90 days past due.

The Authority considers an investment to have a low credit risk when the credit risk rating is equivalent to the globally understood definition of "investment grade". The Authority considers this to be BBB- or higher per Standard & Poor's. However, to mitigate credit risk exposure, the Authority only invests in US dollar traded papers which are rated not less than A by at least one of Fitch, Moody's or Standard & Poor's.

Lifetime ECLs are the ECLs that result from possible default events over the expected life of a financial asset. 12-month ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the report date (or shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting date, the Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

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2.5 Financial instruments (continued)

2.5.4 Impairment of financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- fee has not been received 90 days after the statutory due date;
- evidence of impairment on accounts receivable include that the regulated entity is experiencing significant financial difficulty, there is a probability that they will liquidate or deregister or there has been a long-term delinquency in payments;
- significant financial difficulty of the issuer or obligor;
- the disappearance of an active market for that financial asset; or
- it becomes probable that the issuer or obligor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of the assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating or an improvement in the ECLs), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

For debt securities at FVOCI, the loss allowance is recognised in the statement of comprehensive income.

Impairment testing of accounts and other receivables is described in Note 6. The difference between the carrying amount and realised balance is taken to the statement of comprehensive income.

Financial assets, other than accounts and other receivables, are only derecognised when contractual rights to cash flow expire. For accounts and other receivables, the gross carrying amount is written off when the Authority has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. For individual licensees, the Authority has a policy of writing off the gross carrying amount when the licensee ceases operation and is deregistered by the Authority and the Bermuda Registrar of Companies ("ROC"). The Authority expects no significant recovery from the amount written off.

2.6 Leases

2.6.1 Recognition and initial measurement

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract has an identifiable asset from which the Authority obtains substantially all the economic benefits and conveys to the Authority the right to control the use of an identified asset for a period of time in

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2.6 Leases (continued)

2.6.1 Recognition and initial measurement (continued)

exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in IFRS 16, Leases.

(a) As a lessee

At commencement of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Authority by the end of the lease term or the cost of the right-of-use asset reflects that the Authority will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Authority's incremental borrowing rate. The Authority uses its incremental borrowing rate of 4.75% as the discount rate.

The Authority determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Authority is reasonably certain to exercise, lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Authority is reasonably certain not to terminate early.

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2.6 Leases (continued)

2.6.1 Recognition and initial measurement (continued)

(a) As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets in property and equipment and lease liabilities separately in the statement of financial position and Note 9.

The Authority did not enter into any contract as a lessor during 2025 or 2024.

(b) Short-term leases and leases of low-value assets

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including cancellable leases. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.7 Impairment of property, equipment and intangible assets

Property, equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at each statement of financial position date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Authority would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive income.

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2.7 Impairment of property, equipment and intangible assets (continued)

The reversal of an impairment loss is recognised in the statement of comprehensive income to the extent that an impairment loss for that class of asset was previously recognised.

2.8 Stock of notes, coins and numismatic items

2.8.1 Stock of notes and coins for/in circulation

The stock of notes and coins for circulation is stated at the lower of cost and net realisable value. Cost is determined using a "first in, first out" (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

When currency is issued, inventory is reduced and an expense is recorded within "Circulation note and coin expenses" in the statement of comprehensive income for currency issuance costs. The face value of the currency issued is also recognised as a liability within "Notes and coins in circulation" in the statement of financial position.

2.8.2 Stock of numismatic items

Numismatic items consist of commemorative coins, circulation notes and coins for resale. The stock of numismatic items is stated at the lower of cost determined on a FIFO basis, and net realisable value. The proceeds from sales of commemorative coins are included in "Revenue from contracts with licensees and customers" in the statement of comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash and deposits, unrestricted overnight balances held with the US Federal Reserve and demand deposits with maturity of ninety days or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments. Cash at banks earns interest at floating rates, based on daily bank deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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2.10 Employee benefits

(a) Short-term employee benefits

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the statement of financial position date, annual leave earned but not yet taken at the statement of financial position date, and sick leave.

Sick leave costs do not accumulate or vest and therefore an expense and liability is only recognised when applied for and approved.

A liability and an expense is recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

(b) Post-employment benefits

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

(c) Other long-term employee benefits

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as special retirement benefits, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on Bermuda government bonds at the statement of financial position date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

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2.11 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. The Authority has not recorded a provision in 2025 or 2024.

2.12 Revenue recognition

Information about the Authority's accounting policies relating to revenue from contracts with licensees and customers are provided in Note 16.

Supervisory penalties are recognised as income once the Authority has determined a regulated entity is not in compliance with the relevant Act and imposes a penalty, see Note 17.

Investment income is recognised using the effective interest method.

Realised gains on sale of quoted securities are recorded at the time of sale and are calculated as the excess of proceeds over amortised costs.

2.13 Going concern

Management has assessed that the Authority has the ability to continue as a going concern and has accordingly prepared these financial statements on a going concern basis.

2.14 Events after the year-end reporting period

Events after the reporting period that provide additional information about the Authority's financial position at the year-end (adjusting events) are reflected in these financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to financial statements, when material.

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Notes to the Financial Statements
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2.15 Changes in material accounting policies

The Authority has consistently applied its accounting policies to all periods presented in these financial statements. A number of new standards are also effective from January 1, 2025 but they do not have a material effect on the Authority's financial statements.

2.16 New and amended standards not yet adopted

The following new and amended standards and interpretations are not expected to have a significant impact on the Authority's financial statements.

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements. Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income categories. Entities are also required to present newly defined operating profit subtotal. Entities' profit will not change. Management-defined performance measures are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Authority is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Authority's statement of comprehensive income, the statement of cash flows and the additional disclosures required. The Authority is also assessing the impact on how information is grouped in the financial statements.

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3. Financial risk management

(a) Fair value of financial instruments

(i) *Carrying amount and fair value of financial instruments*

The carrying amount and fair values of financial assets and liabilities are presented in the following table:

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Current financial assets				
Cash and cash equivalents	66,940	66,940	71,336	71,336
Accounts and other receivables	5,440	5,440	2,884	2,884
Investments	45,930	45,838	33,336	33,110
Non-current financial assets				
Investments	126,252	127,823	122,741	120,193
Total financial assets	244,562	246,041	230,297	227,523
FINANCIAL LIABILITIES				
Current financial liabilities				
Notes and coins in circulation	176,273	176,273	175,465	175,465
Accounts and other payables	25,483	25,483	17,945	17,945
Lease liabilities	172	197	164	197
Due to Consolidated Fund of the Government of Bermuda	9,276	9,276	8,966	8,966
Non-current financial liabilities				
Lease liabilities	426	452	598	648
Total financial liabilities	211,630	211,681	203,138	203,221

(ii) *Financial instruments at fair value*

The fair value of investments, at amortised cost as per Note 3(a) (i) is classified using a fair-value hierarchy that reflects the significance of the inputs disclosed in making the measurements:

Level 1 – quoted prices in active markets

Level 2 – inputs are observable either directly or derived from quoted prices

Level 3 – no observable inputs

The fair-value hierarchy requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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3. Financial risk management (continued)

(a) Fair value of financial instruments (continued)

(ii) *Financial instruments at fair value (continued)*

	Level 1	Level 2	Level 3	Total
Financial instruments at fair value as at December 31, 2025				
Investments, current				
Debt securities – at amortised cost	17,906	-	-	17,906
Debt securities – at FVOCI	27,932	-	-	27,932
Total Investments, current	45,838	-	-	45,838
Investments, non-current				
Debt securities – at amortised cost	89,161	-	-	89,161
Debt securities – at FVOCI	35,637	-	-	35,637
Term deposits – at amortised cost	3,025	-	-	3,025
Total Investments, non-current	127,823	-	-	127,823
Total financial instruments	173,661	-	-	173,661

	Level 1	Level 2	Level 3	Total
Financial instruments at fair value as at December 31, 2024				
Investments, current				
Debt securities – at amortised cost	14,815	-	-	14,815
Debt securities – at FVOCI	18,295	-	-	18,295
Total Investments, current	33,110	-	-	33,110
Investments, non-current				
Debt securities – at amortised cost	88,836	-	-	88,836
Debt securities – at FVOCI	31,357	-	-	31,357
Total Investments, non-current	120,193	-	-	120,193
Total financial instruments	153,303	-	-	153,303

The term deposit is a 12 – month fixed deposit used as collateral for the Authority's corporate credit cards.

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3. Financial risk management (continued)

The Authority is exposed to credit risk, market risk, and liquidity risk as a result of holding financial instruments. There have been no transfers between levels during 2025 or 2024. The following is a description of those risks and how the Authority manages its exposure to them.

In 2025, the Authority began utilising derivatives in its management of duration, yield curve and sector risk, and as a substitute for cash securities. The instruments had maturities of 3 months with a \$nil net position as of reporting date.

(b) Credit risk

Credit risk is the risk of loss of principal or interest due to uncertainty in counterparty's ability to meet its obligations. The Authority is exposed to credit risk arising from investments in US Government, US Government Agency and Supranational Banks' debt securities, cash and cash equivalents and accounts and other receivables. The Authority manages credit risk by adhering to the fund management policy guidelines set forth by the Board's Investment Committee. The Authority is exposed to a concentration of credit risk as 61% (2024 – 63%) of its income earning assets are in US Government and US Government Agency securities.

The Authority held no past due investments as at December 31, 2025 and 2024.

The Authority limits its exposure to credit risk from accounts receivables by establishing payment terms as follows:

All annual fees for regulated entities are legislated and due in accordance with the following Acts:

- The Banks and Deposit Companies Act 1999: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- The Banks and Deposit Companies (Fees) Act 1975: Annual fees in respect of this Act are due on or before January 31 of the calendar year.
- Money Service Business Act 2016: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Corporate Service Provider Business Act 2012: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Credit Unions Act 2010: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Digital Assets Business Act 2018: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Fund Administration Provider Business Act 2019: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Insurance Act 1978: Application and Registration Fees in respect of this Act are due upon application. Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Investment Business Act 2003: Annual fees in respect of this Act are due on or before March 31 of the calendar year.

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3. Financial risk management (continued)

(b) Credit risk (continued)

- Investment Funds Act 2006: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Trust (Regulation of Trust Business) Act 2001: Annual fees in respect of this Act are due on or before March 31 of the calendar year.
- Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008: Application fees in respect to this Act are due upon application. The first annual fee is payable upon registration. Succeeding annual fees in respect to this Act are due on or before March 31 of the calendar year.

The credit quality of financial assets can be assessed by reference to the external credit rating and default rates published by Standard and Poor's:

Investments	2025			Total
	Term deposits at amortised cost	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	-	40,860	35,423	76,283
AA+	-	64,812	10,761	75,573
AA-	-	-	3,332	3,332
A+	-	-	4,772	4,772
A	-	-	7,205	7,205
A-	3,023	-	1,994	5,017
Total	3,023	105,672	63,487	172,182

Investments	2024		Total
	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	35,674	7,654	43,328
AA+	70,796	21,908	92,704
AA	-	248	248
AA-	-	1,808	1,808
A+	-	10,299	10,299
A	-	6,909	6,909
A-	-	781	781
Total	106,470	49,607	156,077

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3. Financial risk management (continued)

(b) Credit risk (continued)

	2025	2024
Cash and cash equivalents		
Cash at bank and in-hand		
AAA	1,660	1,274
AA+	268	283
A+	-	12,500
A-	1,999	4,637
BBB+	1,557	2,517
Not rated	756	25
	6,240	21,236
Overnight repurchase agreements		
AA+	60,700	50,100
	66,940	71,336

Investments

This account consists of:

	2025	2024
US Government and US Government Agencies	89,141	93,915
Supranational Bank	42,151	35,673
Banks	17,848	13,922
Securitised	11,901	5,203
Non—US Government	4,628	2,355
Corporate	3,606	2,871
Non – US Agency	2,324	2,060
Financial	583	78
	172,182	156,077

Impairment on cash and cash equivalents and investments held at amortised cost was measured on a 12-month ECL basis. This conclusion was based on the fact that:

- the Authority considers that its cash and cash equivalents and investments have a low credit risk based on the external credit ratings of the counterparties; and
- there was no significant change in the credit rating of any of the counterparties over the last 12 months.

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3. Financial risk management (continued)

(b) Credit risk (continued)

The Authority held cash and cash equivalents of \$66,940 at December 31, 2025 (2024 - \$71,336). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated BBB+ to AAA, based on Standards and Poor's ratings with the exception of \$756 (2024 - \$25) which is cash in hand.

Impairment on cash and cash equivalents has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Authority considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Authority uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for investments.

The following table presents an analysis of the credit quality of investments at amortised cost and FVOCI. It indicates whether assets measured at amortised cost and FVOCI were subject to a lifetime ECL allowance.

Investments	2025			Total
	Term deposits at amortised cost	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	-	41,050	35,462	76,512
AA+	-	64,936	10,767	75,703
AA-	-	-	3,337	3,337
A+	-	-	4,785	4,785
A	-	-	7,216	7,216
A-	3,025	-	2,001	5,026
Gross carrying amount	3,025	105,986	63,568	172,579
Less loss allowance for ECL's				
AAA	-	190	39	229
AA+	-	124	6	130
AA-	-	-	5	5
A+	-	-	13	13
A	-	-	11	11
A-	2	-	7	9
Total loss allowance	2	314	81	397
	3,023	105,672	63,487	172,182

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3. Financial risk management (continued)

(b) Credit risk (continued)

Investments	2024		Total
	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	35,809	7,671	43,480
AA+	70,924	21,921	92,845
AA	-	249	249
AA-	-	1,812	1,812
A+	-	10,304	10,304
A	-	6,911	6,911
A-	-	784	784
Gross carrying amount	106,733	49,652	156,385
Less loss allowance for ECL's			
AAA	135	17	152
AA+	128	13	141
AA	-	1	1
AA-	-	4	4
A+	-	5	5
A	-	3	3
A-	-	2	2
Total loss allowance	263	45	308
	106,470	49,607	156,077

The movement in the loss allowance for ECLs for investments during the year was as follows.

	2025	2024
	12-month ECL Credit impaired	12-month ECL Credit impaired
Balance at January 1	308	127
Adjustment on loss allowance for ECLs (Note 21)	89	181
Balance at December 31	397	308

The increase in the loss allowance was mainly due to increase in credit risk as the lifetime of securities increases. The ECL for cash and cash equivalents (Note 21) as at December 31, 2025 was (\$9) (2024 - \$8).

Amortisation or accretion of the premiums/discounts on investments is included in "Investment income" (Note 18) in the statement of comprehensive income.

BERMUDA MONETARY AUTHORITY
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3. Financial risk management (continued)

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to interest rate risk in the form of fluctuations in future cash flows of existing financial instruments is limited to cash and cash equivalents, since these instruments are subject to variable interest rates. The remainder of the Authority's financial assets and liabilities have either fixed interest rates or are non-interest-bearing.

The interest rate risk table below is based on the Authority's contracted portfolio as reported in the Authority's statement of financial position. All financial instruments are shown at their repricing period which is equivalent to the remaining term to maturity.

Sensitivity to interest rate risk

The figures below show the effect on the Authority's comprehensive income and equity of a movement of +/-1 percentage point in interest rates, given the level, composition and duration of the Authority's foreign currency and Bermuda dollar financial instruments as at year end. The valuation effects shown are generally reflective of the Authority's exposure over the financial year.

	+1%	2025 -1%	+1%	2024 -1%
Change in comprehensive income/equity due to movement of percentage point across yield curves:				
US dollar overnight repurchase agreement with the US Federal Reserve	917	(917)	961	(961)
US dollar debt securities- at FVOCI	641	(641)	460	(460)
US dollar debt securities - at amortised cost	1,070	(1,070)	963	(963)
US dollar term deposits – at amortised cost	4	(4)	-	-
Total	2,632	(2,632)	2,384	(2,384)

An increase in interest rates of 1% would result in additional income of \$2,632 (2024 - \$2,384). A decrease in interest rates of 1% would result in a decrease in income of \$2,632 (2024 - \$2,384).

BERMUDA MONETARY AUTHORITY
Notes to the Financial Statements
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3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At December 31, 2025 and 2024, the Authority did not hold a significant amount of foreign currency other than US dollars, which are par with Bermuda dollars. The Authority has no other exposure to currency risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from changes in interest and exchange rates), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market.

The Authority is exposed to price risk as it invests in debt securities that are susceptible to price risk arising from uncertainties about future market values of the investment securities.

The Authority manages the price risk through diversification and by placing limits on which debt securities can be invested in. The Authority's investment decisions are implemented based on its investment policy whose development is overseen by the Authority's investment committee. At the reporting date, the exposure of these debt securities investments at fair value was \$63,568 (2024- \$49,652). Sensitivity analyses of these investments have been provided in Note 3 (c) (i).

(d) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with its financial liabilities.

The Authority's largest liability is notes and coins in circulation. As a counterpart to this non-interest bearing liability with no fixed maturity, the Authority holds a portfolio of highly liquid cash and cash equivalents and investments. In the event of an unexpected redemption of bank notes, the Authority has the ability to settle the obligation by selling its assets.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

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Notes to the Financial Statements
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3. Financial risk management (continued)

(d) Liquidity risk (continued)

The fair value of investments presented in the table below are based on year-end quoted market prices.

As at December 31, 2025

	Total	No fixed maturity	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
FINANCIAL ASSETS						
Cash and cash equivalents	66,940	66,940	-	-	-	-
Investments (fair value)	173,661	3,025	22,560	23,278	40,692	84,106
Accounts and other receivables	5,440	5,440	-	-	-	-
Total financial assets	246,041	75,405	22,560	23,278	40,692	84,106
FINANCIAL LIABILITIES						
Notes and coins in circulation	176,273	176,273	-	-	-	-
Accounts and other payables	25,483	25,483	-	-	-	-
Lease liabilities	648	-	49	147	452	-
Total financial liabilities	202,404	201,756	49	147	452	-
Net maturity difference (Note 14)	43,637	(126,351)	22,511	23,131	40,240	84,106

As at December 31, 2024

	Total	No fixed maturity	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years
FINANCIAL ASSETS						
Cash and cash equivalents	71,336	71,336	-	-	-	-
Investments (fair value)	153,303	-	6,982	26,128	46,992	73,201
Accounts and other receivables	2,884	2,884	-	-	-	-
Total financial assets	227,523	74,220	6,982	26,128	46,992	73,201
FINANCIAL LIABILITIES						
Notes and coins in circulation	175,465	175,465	-	-	-	-
Accounts and other payables	17,945	17,945	-	-	-	-
Lease liabilities	845	49	147	649	-	-
Total financial liabilities	194,255	193,459	147	649	-	-
Net maturity difference (Note 14)	33,268	(119,239)	6,835	25,479	46,992	73,201

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Notes to the Financial Statements
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3. Financial risk management (continued)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all areas of the Authority's operations.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk.

Compliance with the standards is supported by a programme of periodic reviews undertaken by internal audit. The results of the internal audit reviews are discussed with line management, with summaries submitted to the Board's Audit and Risk Management Committee and senior management.

4. Critical accounting estimates and judgements

4.1 Fair value estimation

Given the short-term nature of the Authority's financial assets and liabilities, the carrying value of cash and cash equivalents, accounts and other receivables/payables, and notes and coins in circulation are assumed to approximate their fair values. The fair value of investments is based on quoted prices in active markets (Note 3(a) (i)).

4.2 Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires the Authority to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates in these financial statements include:

- loss allowance on ECL's of accounts and other receivables;
- economic use and life of property and equipment and intangible assets;

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Notes to the Financial Statements
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4. Critical accounting estimates and judgements (continued)

4.2 Use of estimates and judgements (continued)

- provisions for impairment of stock of numismatic items;
- assumptions made in the determination of the incremental borrowing rate;
- assumptions made in the determination of special retirement benefits; and
- loss allowance on ECL's for impairment of investments and cash and cash equivalents.

Actual results could differ from these estimates. Judgements in the preparation of these financial statements, apart from those involving estimation; are disclosed below:

- assessment on the ability to continue as a going concern; and
- assessment on the Authority's positive intention and ability to hold investments to maturity.

4.2.1 Assessment on the ability to continue as a going concern

The going concern basis of preparation assumption for the Authority's financial statements is dependent upon the future receipt of revenues from regulated financial institutions.

5. Cash and cash equivalents

This account consists of:

	2025	2024
Cash at bank and in hand	4,582	7,462
Cash equivalents	1,658	13,774
Overnight repurchase agreement with the US Federal Reserve	60,700	50,100
Cash and cash equivalents in the statement of financial position	66,940	71,336

Cash at bank earns interest at an effective rate of 6.36% (2024 – 5.63%).

Investment in cash and cash equivalents consists of short-term, highly liquid investments in the actively managed portfolio with a maturity of three months or less from the date of acquisition.

Overnight repurchase agreements for terms of one business day are acquired through buyback transactions with the US Federal Reserve to earn an overnight interest rate.

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6. Accounts and other receivables

This account consists of:

	2025	2024
Trade accounts receivable	1,230	1,126
Less: loss allowance on ECLs on accounts and other receivables	(1,147)	(1,011)
Accounts receivable – net	83	115
Accrued interest and other receivables	5,357	2,769
Total	5,440	2,884

The ageing analysis of accounts receivable are as follows:

	2025	2024
Up to 3 months	83	115
Total	83	115

As at December 31, 2025, accounts receivable of \$1,147 (2024- \$1,011) were impaired and fully provided for. The individually impaired receivables mainly relate to fees charged to regulated entities. The ageing of these receivables is as follows:

	2025	2024
Up to 3 months	2	15
3 to 6 months	144	40
Over 6 months	1,001	956
Total	1,147	1,011

Movements on the loss allowance for ECLs of accounts receivable are as follows:

	2025	2024
Balance as at January 1	1,011	1,147
Loss (release of) allowance for ECLs of receivables (Note 21)	136	(136)
Balance as at December 31	1,147	1,011

The movement in the loss allowance for ECLs of receivables has been presented as a separate line in the statement of comprehensive income. The Authority provides 100% for all trade balances that are greater than 90 days past due. Amounts charged to the loss allowance for ECLs of accounts receivable are generally written off when there is no expectation of recovery. An ECL of 1.38% (2024 – 2.63%) was

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6. Accounts and other receivables (continued)

recognised on the balances less than 90 days due. However, a specific provision was made against late penalty fees less than 90 days past due.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

7. Stock of numismatic items

This account consists of:

	2025	2024
Commemorative notes and coins	1,699	1,630
Bullion for inventory production	42	83
Circulation notes and coins	9	10
Provisions	(252)	(237)
	<u>1,498</u>	<u>1,486</u>

8. Stock of notes and coins for circulation

This account consists of:

	2025	2024
Notes	1,243	1,520
Coins	424	631
	<u>1,667</u>	<u>2,151</u>

The cost of stocks recognised as expenses and included in “circulation note and coin expenses” amounted to \$498 (2024 - \$728).

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9. Property and equipment

This account consists of:

	Land, building and improvements	Computer equipment	Furniture and fixtures	Construction in progress	Museum items	Total
At January 1, 2025						
Cost	32,607	6,332	5,181	389	87	44,596
Accumulated depreciation	(15,518)	(4,413)	(3,018)	-	-	(22,949)
Net book amount	17,089	1,919	2,163	389	87	21,647
Additions	227	1,110	2,544	817	2	4,700
Reclassification of CIP	-	-	266	(266)	-	-
Disposals – cost	-	(396)	(145)	-	-	(541)
Disposals - accumulated depreciation	-	396	145	-	-	541
Depreciation charge (Note 13)	(853)	(1,040)	(981)	-	-	(2,874)
Closing net book amount	16,463	1,989	3,992	940	89	23,473
At December 31, 2025						
Cost	32,834	7,046	7,846	940	89	48,755
Accumulated depreciation	(16,371)	(5,057)	(3,854)	-	-	(25,282)
Net book amount	16,463	1,989	3,992	940	89	23,473

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9. Property and equipment (continued)

This account consists of:

	Land, building and improvements	Computer equipment	Furniture and fixtures	Construction in progress	Museum items	Total
At January 1, 2024						
Cost	31,734	5,991	3,391	1,677	85	42,878
Accumulated depreciation	(14,713)	(3,980)	(2,929)	-	-	(21,622)
Net book amount	17,021	2,011	462	1,677	85	21,256
Additions	159	740	737	389	2	2,027
Reclassification of CIP	16	10	1,651	(1,677)	-	-
Recognition of right-of-use assets	698	143	-	-	-	841
Disposals – cost	-	(552)	(598)	-	-	(1,150)
Disposals - accumulated depreciation	-	548	598	-	-	1,146
Depreciation charge (Note 13)	(805)	(981)	(687)	-	-	(2,473)
Closing net book amount	17,089	1,919	2,163	389	87	21,647
At December 31, 2024						
Cost	32,607	6,332	5,181	389	87	44,596
Accumulated depreciation	(15,518)	(4,413)	(3,018)	-	-	(22,949)
Net book amount	17,089	1,919	2,163	389	87	21,647

Depreciation of \$2,874 (2024 - \$2,473) has been charged in the statement of comprehensive income.

The cost of property and equipment fully depreciated and still in use are:

	2025	2024
Furniture and fixtures	2,025	2,171
Computer equipment	2,875	2,263
Building improvements	1,447	1,416

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10. Intangible assets

This account consists of:

	Computer software					
	Internally developed	2025 Externally acquired	Total	Internally developed	2024 Externally acquired	Total
At January 1						
Cost	574	3,941	4,515	574	13,984	14,558
Accumulated amortisation	(574)	(2,578)	(3,152)	(574)	(7,406)	(7,980)
Net book amount	-	1,363	1,363	-	6,578	6,578
Additions	-	3,195	3,195	-	888	888
Disposals – cost	-	(36)	(36)	-	(10,931)	(10,931)
Disposals - accumulated amortisation	-	-	-	-	6,034	6,034
Amortisation charge	-	(455)	(455)	-	(1,206)	(1,206)
Closing net book amount	-	4,067	4,067	-	1,363	1,363
At December 31						
Cost	574	7,100	7,674	574	3,941	4,515
Accumulated amortisation	(574)	(3,033)	(3,607)	(574)	(2,578)	(3,152)
Net book amount	-	4,067	4,067	-	1,363	1,363

Amortisation of \$455 (2024 - \$1,206) is included in the statement of comprehensive income.

The cost of software fully amortised and still in use in 2025 is \$2,733 (2024 - \$2,510).

Included in cost are software under development of \$3,195 (2024 - \$36). Amortisation will commence on these software when they are completed and put into operation.

There were no research and development costs charged to the statement of comprehensive income in 2025 and 2024.

11. Accounts and other payables

This account consists of:

	2025	2024
Accrued expenses	17,074	12,470
Accounts payable	3,527	1,511
Amounts due to related parties (Note 24)	4,882	3,964
	25,483	17,945

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12. Deferred income

This account consists of:

	2025	2024
Incorporation and specific application fees	1,056	1,375
Advances from licensees	736	828
Property takeover fees	10	10
	<u>1,802</u>	<u>2,213</u>

13. Leases

The Authority leases office space and IT equipment. The leases typically run for a period of 4 years for IT equipment and 5 years for office space.

The office space lease was entered into during 2024. The lease expires in 2029 with an option to renew for a further term of 5 years. The Authority has recognised a right-of-use asset and lease liability for this lease.

The Authority also leases museum space. This lease is cancellable at any time. The Authority elected not to recognise right-of-use assets and liabilities for this lease.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

	IT equipment	Office space	Total
Balance at January 1, 2025	119	628	747
Depreciation charge for the year (Note 9)	(36)	(140)	(176)
Balance at December 31, 2025	<u>83</u>	<u>488</u>	<u>571</u>

	IT equipment	Office space	Total
Balance at January 1, 2024	-	62	62
Additions to right-of-use assets (Note 9)	143	698	841
Depreciation charge for the year (Note 9)	(24)	(132)	(156)
Balance at December 31, 2024	<u>119</u>	<u>628</u>	<u>747</u>

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13. Leases (continued)

Set out below are the carrying amounts of lease liabilities.

	IT equipment	Office space	Total
Balance at January 1, 2025	120	642	762
Accretion of interest	5	28	33
Payment of lease liabilities	(40)	(157)	(197)
Balance at December 31, 2025	<u>85</u>	<u>513</u>	<u>598</u>

	IT equipment	Office space	Total
Balance at January 1, 2024	-	84	84
Additions to lease liabilities	143	698	841
Accretion of interest	4	16	20
Payment of lease liabilities	(27)	(156)	(183)
Balance at December 31, 2024	<u>120</u>	<u>642</u>	<u>762</u>

	2025	2024
Lease liabilities, current	172	164
Lease liabilities, non-current	426	598
	<u>598</u>	<u>762</u>

The following are the amounts recognised in statement of comprehensive income:

	2025	2024
Depreciation expense on right-of-use assets	176	156
Expenses relating to short-term leases - Museum space rent	15	15
Interest on lease liabilities (Note 21)	33	20
Total amount recognised in the statement of comprehensive income	<u>224</u>	<u>191</u>

Amounts recognised in statement of cash flows:

	2025	2024
Total cash outflow for leases	<u>197</u>	<u>183</u>

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14. Notes and coins in circulation

In accordance with Part IV, Section 11 of the Act, the Authority has sole authority to issue notes and coins for circulation in Bermuda. Notes and coins issued are a claim on the Authority in favour of the holder. Notes and coins in circulation are recorded at face value as a liability on the statement of financial position. These are non-interest bearing and are due on demand.

Section 19 of the Act requires the Authority to hold a reserve of external and local assets of an amount in value sufficient to cover 50% of the value of the total amount of notes and coins in circulation. As defined under the Act, the external and local assets held shall include, inter alia, (a) gold; (b) notes or coins or bank balances in Bermuda; (c) balances and money at call in overseas banks; (d) treasury bills maturing within 184 days, issued by a foreign government whose currency is freely convertible; or (e) specified securities.

At December 31, 2025, the Authority was required to hold a reserve of external assets of at least \$88,137 (2024 - \$87,732) and the actual external assets held are set out below:

	2025	2024
Balances and money at call in overseas banks	62,627	64,162
Specified securities - current investments (Note 3(a))	45,930	33,336
Specified securities - non-current investments (Note 3(a))	126,252	122,741
	<u>234,809</u>	<u>220,239</u>

As indicated in Note 3(d), at December 31, 2025, the fair value of the Authority's total financial assets exceeded its financial liabilities by \$43,637 (2024 - \$33,268).

15. Equity

The Authority manages its equity (capital and general reserve) in compliance with the requirements of the Act.

(a) Capital

The Authority's authorised capital of \$30,000 can be subscribed at such times and in such amounts as the Board, with the approval of the Minister of Finance (the "Minister"), may require. As at December 31, 2025 capital of \$20,000 (2024 - \$20,000) has been subscribed.

The Authority is not in violation of any externally imposed capital requirements at the statement of financial position date (see Note 14 - notes and coins in circulation).

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15. Equity (continued)

(b) General Reserve

A general reserve of \$47,242 (2024 - \$35,352) has been established and maintained in accordance with Section 8 of the Act.

In 2025 the Minister of Finance granted approval for an additional \$2,116 of 2024 net earnings to be transferred to the general reserve account.

16. Revenue from contracts with licensees and customers

(a) Revenue streams

The Authority generates revenue primarily from supervisory and licensing fees. Other sources of revenue include investment income, vault commission, incorporation fee and sale of numismatic items.

	2025	2024
Revenue from contracts with licensees and customers		
Contracts with licensees	139,486	115,018
Contracts with customers	103	16
Other contracts	20	48
	<u>139,609</u>	<u>115,082</u>
Other revenue		
Investment income (Note 18)	10,671	10,320
Revenue from penalties and other income (Note 17)	417	4,395
	<u>11,088</u>	<u>14,715</u>
Total revenues	<u>150,697</u>	<u>129,797</u>

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16. Revenue from contracts with licensees and customers (continued)

(b) Disaggregation of revenue from contracts with licensees and customers

In the following tables, revenue from contracts with licensees and customers is disaggregated by type of fees and timing of revenue recognition.

(i) Type of fees

	2025	2024
Licensing fees		
Insurance fees	126,342	103,046
Bank and deposit company fees	5,995	6,001
Digital Asset Business Act Fees	2,602	1,630
Investment funds	1,663	1,754
Investment business licence fees	1,128	811
Trust company fees	712	737
Corporate Service Provider fees ("CSP fees")	510	505
Anti-money laundering fees ("AML fees")	6	6
Credit Union licence fees	3	3
	138,961	114,493
Other revenue		
Vault commission	525	525
Sale of numismatic items	103	16
Property takeover	20	48
	648	589
Total revenues	139,609	115,082

(ii) Timing of revenue recognition

	2025	2024
At a point in time		
Incorporation and specific application fees	17,879	10,670
Sale of numismatic items	103	16
	17,982	10,686
Over time		
Supervisory and licensing fees (annual business fees)	121,082	103,823
Vault commission	525	525
Other contracts	20	48
	121,627	104,396
Total revenues	139,609	115,082

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16. Revenue from contracts with licensees and customers (continued)

(c) Contract balances

	2025	2024
Contract assets		
Receivables which are included in "trade and other receivables" (Note 6)	83	115
	83	115
Contract liabilities		
Deferred income (Note 12)	1,802	2,213
	1,802	2,213

(d) Performance obligations and revenue recognition policies

(i) Contracts with licensees

Revenue stream	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Supervisory and licensing fees	Supervisory and licensing fees are invoiced for a calendar year or part thereof. The Authority renders the performance obligation throughout the calendar year in the form of licensing and provision of supervisory duties. Payment is due by the last working day of January for the banks and due by March 31, for the rest of the licensees.	Revenue is recognised over the calendar year to which it relates.
Incorporation fees and specific application fees	Incorporation fees and specific application fees relate to applications for incorporations or any other specific applications by the registrants. The performance obligation is satisfied when the applications are completed and approved. Payment is due on demand as soon as the invoice is raised after the performance obligation has been satisfied.	Revenue is recognised at the point in time when the Authority's performance obligation has been satisfied.
Currency warehousing contracts (vault commission)	The performance obligation is the warehousing and vault facility services provided by the Authority to the respective Banks throughout the year. The payment is due on the last working day of January of every calendar year.	Revenue is recognised over the calendar year to which it relates.

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16. Revenue from contracts with licensees and customers (continued)

(d) Performance obligations and revenue recognition policies (continued)

(i) Contracts with customer (continued)

Revenue stream	Nature and timing of satisfaction of Performance obligations, including significant payment terms	Revenue recognition policies
Sale of numismatic items	The performance obligation is the provision of special coins to customers in exchange for a consideration. The payment is due at a point in time when the performance obligation is satisfied.	Revenue is recognised at a point in time when the performance obligation is satisfied.

17. Revenue from penalties and other income

This account consists of :

	2025	2024
Insurance Act 1978 late penalty fees	233	102
Other income	100	47
Annual registration/licence late penalty fees	84	106
Anti-money laundering civil penalties ("AML penalties")	-	3,950
Corporate Service Provider Business Act 2012 civil penalties	-	115
Trusts (Regulation of Trust Business) Act 2001 civil penalties	-	75
	417	4,395

In accordance with Section 24 (5) of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Supervision and Enforcement) Act 2008 (POCA SEA), AML penalties in the amount of \$nil (2024 - \$3,950) were recognised as other income and were applied towards the expenses of \$6,192 (2024 - \$4,737) which were incurred in carrying out the Authority's functions of monitoring and securing compliance with the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008, and any directions and license conditions imposed under POCA SEA.

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18. Investment income

This account consists of:

	2025	2024
Interest on investments	5,660	4,176
Interest earned on overnight repurchase agreement with the US Federal Reserve	3,881	4,983
Realised gain on sale of debt securities - at FVOCI	1,084	1,215
Net amortisation/accretion of premiums/discounts on investments (Note 21)	46	(54)
	10,671	10,320

19. Salaries and employee benefits

This account consists of:

	2025	2024
Salaries and bonuses	68,201	57,553
Payroll tax	9,135	7,572
Pension costs	5,878	4,989
Health insurance	5,710	4,625
Other benefits	1,454	936
Social insurance costs	1,232	1,093
Directors' fees	921	787
Life insurance	801	672
	93,332	78,227

The Authority has 343 employees at December 31, 2025 (2024 – 302).

Employee benefits include the following:

(a) Pension plans

The Authority provides various pension schemes to its eligible employees:

(i) Defined contribution plan

The Authority has a defined contribution plan administered by BF&M Life (the "Plan") for the majority of its eligible employees. A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions. The Authority has no legal or constructive obligations to pay further contributions.

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19. Salaries and employee benefits (continued)

(a) Pensions plans (continued)

(i) Defined contribution plan (continued)

Employee contributions to the Plan are 5% of gross salary matched by the Authority. These contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Effective from January 1, 2023 to December 31, 2025, the Authority covered 7.5% - 10% of gross salary. Effective January 2024, the Board approved the continuance of the amended cost sharing structure. The cost sharing benefit is subject to amendment or termination by the Board at any time, pursuant to the BMA's benefit plans and Bermuda legislation. The Authority's contributions to the Plan during the year were \$5,878 (2024- \$4,938).

(ii) Defined benefit plan

The Authority contributes to the Public Service Superannuation Fund ("PSSF" or the "Fund"), which is a defined benefit plan, administered by the Government and covers the remainder of the Authority's eligible employees, all of whom were previous employees of the Government.

Effective October 1, 2025, contributions of 8.7% (2024 - 8%) of gross salary are required from both the employee and the Authority, and have been included in salaries and employee benefits. As part of the agreement to transfer this employee group to the Authority, the Authority is not required to make contributions to the Fund with respect to the quantified actuarial deficiencies. As a result, the current year contributions to the Fund represent the total liability of the Authority. The Authority's contributions to the Fund during the year were \$35 (2024 - \$51).

Effective from October 1, 2025 to December 31, 2025, the Authority covered 13.05% - \$17.4% (2024 - 12% - 16%) of gross salary. Effective January 2024, the Board approved the continuance of the amended cost sharing structure. The cost sharing benefit is subject to amendment or termination by the Board at any time, pursuant to the BMA's benefit plans and Bermuda legislation.

(b) *Other employee benefits*

Other employee benefits include maternity leave, paternity leave, sick leave, vacation days and special retirement benefits. All these benefits are unfunded.

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Notes to the Financial Statements
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19. Salaries and employee benefits (continued)

(b) *Other employee benefits (continued)*

Maternity and paternity leave costs do not accumulate or vest and therefore an expense and liability is only recognised when applied for and approved. There were no maternity and paternity benefits applied for or approved during the current year and therefore, no liabilities have been accrued in the financial statements.

Sick leave does not accumulate or vest, and like maternity and paternity leave, a liability is only recognised when extended leave is applied for and approved. There was no extended sick leave applied for or approved during the current year and therefore, no liabilities have been accrued in the financial statements.

Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability as at December 31, 2025 was \$1,760 (2024 - \$1,444) and is included in accounts and other payables.

Certain employees are entitled to special retirement benefits based upon their years of service at the time of retirement. The present value of the special retirement benefits obligation depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and salary inflation. Any changes in these assumptions will affect the carrying amount of the liability. During the year, special retirement benefits of \$38 (2024 - \$nil) were paid or about to be paid out. The liability as at December 31, 2025 was \$226 (2024 - \$231) and is included in accounts and other payables.

The Board approved a temporary benefit to provide a social insurance benefit to staff. Effective from January 1, 2023 to December 31, 2025, the Authority paid 100% of employees' social insurance contribution. Effective January 2024, the Board approved the continuance of the amended cost sharing structure. The cost sharing benefit is subject to amendment or termination by the Board at any time, pursuant to the BMA's benefit plans and Bermuda legislation.

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Notes to the Financial Statements
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20. General expenses

This account consists of:

	2025	2024
Premises and office	11,673	9,440
Conferences, seminars, education and training	3,322	1,711
Recruitment and repatriation	2,777	1,766
Business relations	899	621
Communication	795	699
Culture, engagement and entertainment	678	474
Public relations	334	176
Review visits	194	220
Advertising	126	138
Net foreign exchange loss	105	151
Annual business fees written off	102	221
Custody fees	70	53
Loss on retirement of property and equipment and intangibles (Note 21)	36	4,900
Investment manager fees	32	23
Provision for impairment on numismatic items (Note 21)	15	25
Other	60	67
	21,218	20,685

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21. Cash generated from operations

	2025	2024
Non-cash items included in total comprehensive income for the year		
Depreciation of property and equipment (Note 9)	2,874	2,473
Amortisation of intangible assets (Note 10)	455	1,206
Amortisation/accretion of premiums/discounts on investments (Note 18)	(46)	54
Loss on retirement of property and equipment and intangibles (note 20)	36	4,900
Lease interest expense (Note 13)	33	20
Accrued interest income from debt securities at FVOCI	(210)	(568)
Increase in impairment allowance of investments (Note 3)	89	181
Increase/(Decrease) in impairment allowance of receivables (Note 6)	136	(136)
Increase in provision for impairment on numismatic items (Note 20)	15	25
	3,382	8,155
Change in operating assets		
Stock of notes and coins for circulation (Note 8)	484	(55)
Stock of numismatic items (Note 7)	(27)	36
Accounts and other receivables (Note 6)	(2,692)	(253)
Prepayments	(1,648)	(1,324)
	(3,883)	(1,596)
Change in operating liabilities		
Accounts and other payables	7,538	3,633
Deferred income	(411)	1,925
	7,127	5,558
Non-cash financing		
Approved transfer to the general reserve fund (Note 15)	2,116	-

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22. Commitments

The Authority has some long-term contracts and agreements of various sizes and importance with outside service providers. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts and agreements for the acquisition of goods and services or the provision of transfer payments are met.

Annual contractual commitments are as follows:

	2025	2024
2025	-	3,065
2026	5,418	1,807
2027	1,866	809
2028	562	-
2029	295	-
Thereafter	309	-
	<u>8,450</u>	<u>5,681</u>

Capital commitments (included in contractual commitments), represent expenditure contracted for at the statement of financial position date but not yet incurred and are as follows:

	2025	2024
Intangible assets	118	-
Furniture and fixtures	35	159
	<u>153</u>	<u>159</u>

23. Contingencies

Judicial review proceedings were commenced against the Authority in 2024 with respect to a challenge of certain provisions of the Digital Asset Business Act 2018. As at 31 December 2025, these proceedings had been stayed. The relief being sought is a declaration and not a claim in damages.

In February 2026, proceedings were commenced against the Authority in the Supreme Court seeking declaratory relief and unspecified damages. At this juncture, until such legal process is exhausted, it is impossible to quantify any financial impact. The Authority has Directors and Officers liability insurance cover to address potential claims made against it or loss it may suffer, which may arise from time to time during the performance of its statutory duties and functions.

All other legal actions the Authority is involved in are as a result of business-as-usual challenges to supervisory decisions and none seek damages. The costs involved with respect to these matters are included in professional fees on the statement of comprehensive income.

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24. Related-party transactions

The Authority is related to the Government in that the Act gives the Minister the ability to give the Authority, after consultation with the Authority, such general directions as appear to the Minister to be necessary in the public interest. Additionally, the Minister appoints all members of the Authority's Board of Directors and approves the Authority's annual expenditure budget.

The Authority maintains a position of financial and operational autonomy from the Government through its ability to fund its own operations without government assistance and through its management and corporate governance structures.

In the ordinary course of business, the Authority has transactions with the Government which are settled at the prevailing market prices and consist of the following:

	2025	2024
Staff expenses:		
Payroll tax	9,135	7,572
Social insurance	1,232	1,093
Pension costs - PSSF	35	51
Due to Consolidated Fund of the Government of Bermuda	9,276	8,966
Premises expense - land tax	214	256
Professional fees – audit	128	125
Other general expenses - immigration fees	368	221

At December 31, 2025, payroll tax amounting to \$4,882 (2024 - \$3,964) remains outstanding (Note 11).

Board and key management compensation

The Directors of the Board of the Authority are appointed by the Minister to serve for fixed periods of time. The Board, through its Human Capital Committee, oversees the appointment, performance and compensation of the executive leadership team. Board members are paid an annual fee of \$50 (2024 - \$50), Board sub-committee Chairs are paid an annual fee ranging from \$58 to \$63 (2024 - \$58 to \$63) and the Board Chairman receives an annual fee of \$125 (2024 - \$125). Travel expenses of \$258 (2024 - \$175) were paid to overseas board members.

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24. Related-party transactions (continued)

Board and key management compensation (continued)

The Chief Executive Officer (CEO) was appointed with effect from October 1, 2021. The CEO is paid an annual salary of \$564 (2024 - \$550) and in this capacity is eligible for a performance-based bonus of up to 50% of base salary. With effect from October 2021, the CEO is eligible for a retention bonus which accrues annually at the rate of 5% of annual base salary through December 31, 2026.

Salaries of the other twenty members of the executive team range from \$286 to \$513 (2024 - \$275 to \$500), with a performance-based bonus of up to 42% (2024– 37%) of salary.

The compensation paid or payable to members of the Board and key management is shown below:

	2025	2024
Directors' fees	921	787
Executive management salaries, bonuses and other short-term employee benefits	11,866	10,216
Post-employment benefits	1,094	979

25. Subsequent event

At the reporting date, an accrual of \$9,276 was raised for the amount Due to the Consolidated Fund of the Government of Bermuda. Subsequent to year end, approval was obtained to reduce the approved transfer to \$9,159.

Contacts

Anti-money Laundering

aml@bma.bm

Authorisations

authorisations_eApplications@bma.bm

Banking

banking@bma.bm

Billing

finance-receivables@bma.bm

Career Enquiries

careers@bma.bm

Certificates of Compliance

coc@bma.bm

Corporate Service Providers

CSP@bma.bm

Digital Asset Business

fintech@bma.bm

Insurance Licensing Queries

insurancelicensing@bma.bm

Insurance Managers

insurancemanagers@bma.bm

Insurance Queries

insuranceinfo@bma.bm

Investment Queries

investmentinfo@bma.bm

Investment Funds

funds@bma.bm

Memoranda of Understanding (MoU)/Multilateral Memorandum of Understanding (MMoU) Requests

mou@bma.bm

Notes and Coins Information

currency@bma.bm

Public Access to Information Requests

pati@bma.bm

Regulator-to-regulator (insurance) requests

reg-to-reg_insurance@bma.bm

Regulatory-to-regulator (all other) requests

mou@bma.bm

Regulatory Sandbox and Innovation Hub

fintech@bma.bm

Special Purpose Insurers

SPInsurer@bma.bm

Trust Companies

trust@bma.bm

A

AI: Artificial Intelligence**AML:** Anti-Money Laundering**ATF:** Anti-Terrorist Financing**Authority or BMA:** Bermuda Monetary Authority**AUA:** Assets Under Administration**AUM:** Assets Under Management

B

BDCA: Banks and Deposit Companies Act 1999**BDIC:** Bermuda Deposit Insurance Corporation**BIS:** Bank of International Settlements**BMA Act:** Bermuda Monetary Authority Act 1969**Board:** Board of Directors**BPS:** Bermuda Police Service**BSCR:** Bermuda Solvency Capital Requirement**BSX:** Bermuda Stock Exchange**BTCSI:** Banking, Trust, Corporate Services and Investment

C

CAIR: Caribbean Association of Insurance Regulators**CARP:** Capital Assessment and Risk Profile**CEO:** Chief Executive Officer**CET1:** Common Equity Tier 1**CFATF:** Caribbean Financial Action Task Force**CP:** Consultation Paper**CPA:** Chartered Professional Accountants**CSP:** Corporate Service Provider**CSP Act:** Corporate Service Provider Business Act 2012

D

DAB: Digital Asset Business**DABA:** Digital Asset Business Act 2018**DAI:** Digital Asset Issuance**DeFi:** Decentralised Finance**DP:** Discussion Paper

E

EIOPA: European Insurance and Occupational Pensions Authority**ERM:** Enterprise Risk Management

F

FATF: Financial Action Task Force**FIA:** Financial Intelligence Agency**FinTech:** Financial Technology**FPC:** Financial Policy Council**FSB:** Financial Stability Board**FSB RCGA:** Financial Stability Board Regional Consultative Group Americas

G

GFIN: Global Financial Innovation Network**GIFCS:** Group of International Financial Centre Supervision**GIICS:** Group of International Insurance Centre Supervisors**GN:** Guidance Notes**Government:** Bermuda Government**GTP:** Graduate Training Programme

I

IAIG: Internationally Active Insurance Groups**IAIS:** International Association of Insurance Supervisors**IBA:** Investment Business Act 2003**IBNS:** International Bank Note Society**IFA:** Investment Funds Act 2006**IFRS:** International Financial Reporting Standards**IGB:** Innovative General Business**ILS:** Insurance-Linked Securities**IMF:** International Monetary Fund**Insurance:** Insurance or reinsurance**Insurance Act:** Insurance Act 1978**Insurance Code:** Insurance Code of Conduct**Insurer:** Insurer or reinsurer**IOSCO:** International Organisation of Securities Commissions**ISD:** Supervision (Insurance) Department**IT:** Information Technology

L

LEED: Leadership in Energy and Environmental Design**LEI:** Legal Entity Identifier

M

MER: Mutual Evaluation Report**ML/TF:** Money Laundering/Terrorist Financing**MoF:** Ministry of Finance**MoU:** Memorandum of Understanding**MSB:** Money Service Business**MSB Act:** Money Service Business Act 2016

N

NAIC: National Association of Insurance Commissioners**NAMLC:** National Anti-Money Laundering Committee**NLP:** Non-Licensed Person**NPL:** Non-Performing Loan

O

OECD: Organisation for Economic Co-operation and Development

P

PIPA: Personal Information Protection Act**PPP:** Prudent Person Principle

R

RAR: Risk Asset Ratio

T

TJA: IAIS Targeted Jurisdictional Assessment

U

UAE: United Arab Emirates



BMA House
43 Victoria Street
Hamilton, HM 12, Bermuda

P.O. Box 2447
Hamilton HM JX Bermuda

Tel: (441) 295 5278
Fax: (441) 292 7471

Website: www.bma.bm
Email: enquiries@bma.bm