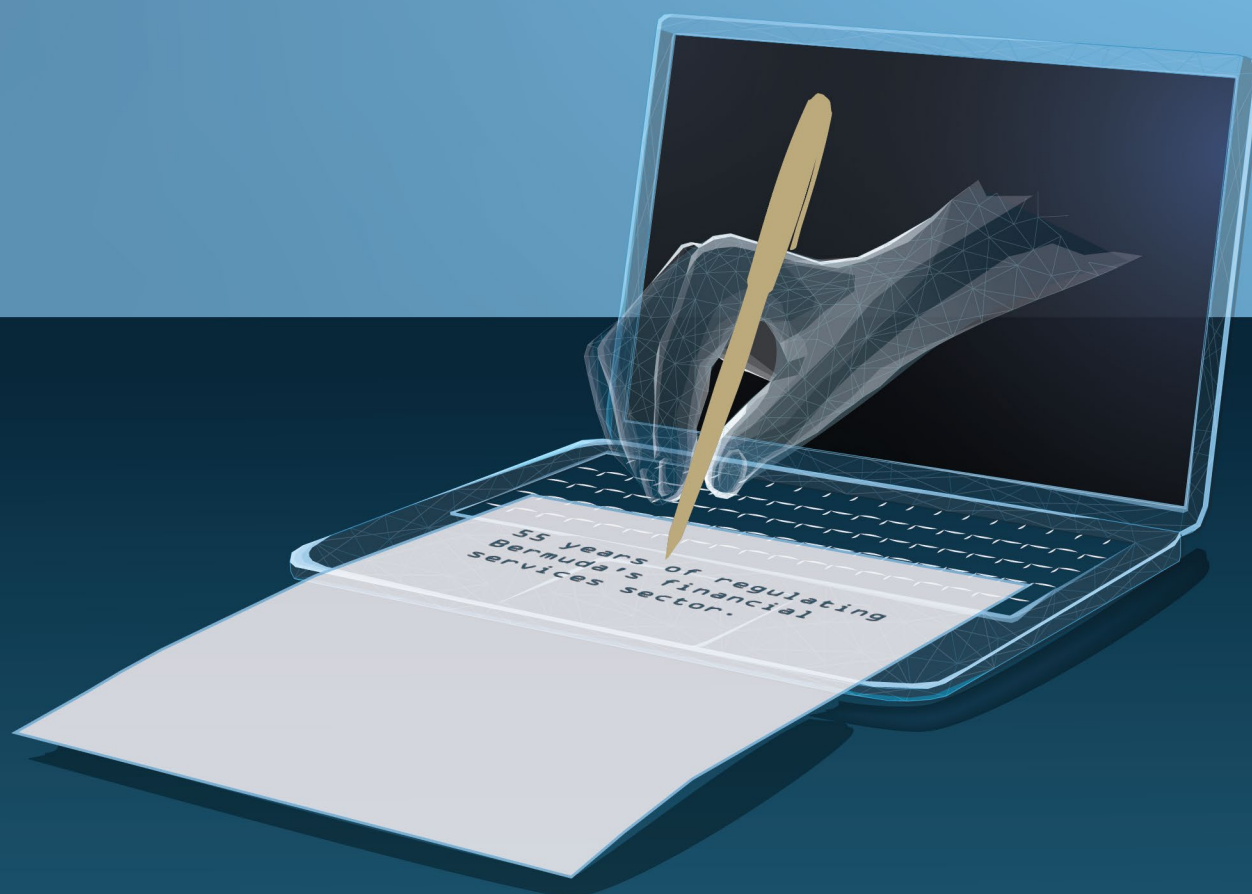




Annual Report 2024



About the BMA

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.*

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

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.	

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A portrait of Craig Swan, CEO, a middle-aged man with a grey beard and glasses, wearing a red checkered suit jacket, a white shirt, and a red tie. He is smiling slightly. The background is a solid blue color with a subtle geometric pattern of white lines at the bottom.

Craig Swan, CEO

Chief Executive Officer's Message

Looking back on 2024, we can draw inspiration from the remarkable journey of Kelvin Doe. Kelvin was a young inventor whose story illustrates the power of creativity, resourcefulness and a determined spirit. Born into a large family with limited financial means in Freetown, Sierra Leone, Kelvin faced significant challenges from an early age.

However, instead of succumbing to the difficulties of his circumstances, he channelled his focus and energy into an extraordinary self-education in engineering, beginning at just 10 years old.

Driven by an insatiable desire to 'tinker' and understand how things worked, Kelvin scoured trash cans for discarded scrap metal and electrical components to feed his passion for inventing. Without any formal training, he was able to transform what others considered trash into functioning inventions, including a homemade battery that delivered a stable power source and a community radio station that provided news and entertainment to his community. Kelvin's determination and perseverance earned him an invitation to attend the Massachusetts Institute of Technology

(MIT) in the US as the youngest person in history to participate in its prestigious Visiting Practitioner Programme. Kelvin's story illustrates the true potential of visionaries who fearlessly transform their dreams and aspirations into tangible realities, undeterred by the challenges surrounding them.

In 2024, like Kelvin, the Bermuda Monetary Authority (Authority or BMA) approached every challenge with tenacity and perseverance. The year saw us make substantial upgrades and enhancements to the regulatory framework to keep it agile and proactive in today's rapidly changing regulatory and financial services landscape. Much like Kelvin's inventions that illuminated and connected his community, the Authority embraced a robust industry engagement and outreach strategy, aiming to enhance regulatory effectiveness throughout the year. As the financial regulator of a small island nation, we can emulate Kelvin's journey by relentlessly striving for excellence and continual improvement despite the obstacles that may stand in our path. Over the years, the BMA's hard work has paid off. Our

“ In 2024, the Bermuda Monetary Authority approached every challenge with tenacity and perseverance.”

commitment to excellence was recognised with the renewal of Bermuda's National Association of Insurance Commissioners (NAIC) Reciprocal Jurisdiction Status, which facilitates greater efficiency of Bermuda's (re)insurers in their cross-border operations within the US insurance market.

Framework Enhancements

During the year, changes were made to the long-term (re)insurance framework to keep it fit for purpose given the sector's evolving nature and unique risk characteristics. The enhancements support strong governance practices, market discipline and appropriate risk management strategies. Additional amendments were made to the stress testing framework to enhance the BMA's evaluation of insurers' capital adequacy under adverse financial market conditions, ensuring the sector remains resilient and well-capitalised. Additionally, the Bermuda Solvency Capital Requirement (BSCR) framework was enhanced to include improved asset reporting and technical provision calculations.

In late 2024, the Authority published various Consultation Papers and reports addressing issues such as collateralisation and liquidity in the long-term asset-intensive insurance space. Following a White Paper in late 2023 on Private Equity insurers in Bermuda, an update entitled *The Evolution of Asset Intensive Insurance* was released in December 2024, underscoring the need for cross-border supervisory coordination to regulate asset-intensive reinsurance effectively. On the research front, the BMA conducted analyses to provide valuable insights into the long-term sector's growth, asset allocation and stress testing results, with detailed information available in *The Bermuda Long-term Insurance Market Analysis and Stress Testing Report* (December 2024). The data shows that the sector maintained a strong solvency position, with a median solvency ratio of 259% at the end of 2023.

In the banking sector, we made significant progress by implementing new conduct and prudential regulations that align our regulatory environment with global standards and best practices. The enhanced

Basel III requirements were finalised and took effect in January 2025. Furthermore, the BMA focused on improving recovery planning for banks in Bermuda, which is crucial for strengthening the resilience of our banking system. These initiatives complemented ongoing efforts to incorporate the Banks and Deposit Companies Act 1999 Code of Conduct into our framework and to explore proposals for the provision of basic banking services. Additional framework modernisations encompassed a set of recommendations aimed at refining the Corporate Service Provider Business Act 2012. These enhancements are designed to bolster the supervisory oversight mechanisms within Bermuda's Corporate Service Provider (CSP) sector and shore up our prudence in this area.

On the investments side, the Authority conducted extensive outreach sessions to raise awareness of legislative changes enacted in 2023. During the year, we worked on implementing these amendments, which included new filing extension provisions, penalties for delays in

time-barred filings, required communications from fund auditors, and expanded use of directions to better protect investors in Bermuda funds. The BMA also continued its in-depth research into climate and sustainability-related standards to identify new opportunities for strengthening our investment funds regime and enhancing the island's financial services ecosystem.

Digital Infrastructure

Enhancements to our digital infrastructure remained a critical priority. Given the importance of emerging technologies like Generative Artificial Intelligence (GenAI), the BMA has embraced these tools and is continuing to automate repetitive operational and supervisory tasks. However, the Authority is mindful of how technology is used, and in 2024, we introduced a policy to ensure AI's safe and responsible use in our workflows. As part of upgrading our technology, the BMA also launched a new Regulatory Technology (RegTech) platform, enabling companies to interact directly with supervisory teams through a more intuitive interface. Later in the year, that platform was launched for the long-term insurance sector, and

in 2025, the Authority will expand its capabilities to other sectors within the insurance industry.

Environmental Sustainability

Sustainability is a critically important aspect of the BMA's core business strategy. As an environmentally conscious organisation, sustainable business practices are vital to the BMA's daily business operations. Throughout 2024, the BMA dedicated itself to minimising its environmental footprint by closely monitoring our energy and water consumption and diligently tracking waste generation. This ongoing assessment allows us to pinpoint specific areas where we can improve our practices and reduce our ecological footprint. For instance, the BMA achieved a major milestone when Bermuda's first \$2 and \$5 banknotes printed on polymer entered circulation in the fall of 2024. The shift to polymer aligns with our sustainability goals by minimising the environmental impact of our banknotes.

FinTech and Innovation

The sustainability of the organisation and innovation are closely connected, and 2024 marked a notable accomplishment for the BMA's

regulatory sandbox. Since its inception in 2018, the Authority has licensed 12 insurance sandbox companies, with seven of them that have graduated into full insurance class licenses. Controlled environments like the sandbox are critical as they provide new capacity and access to non-traditional sources of capital in the Bermuda market. In parallel, the BMA continued solidifying its commitment to innovation by partnering with the award-winning Lloyd's Lab Accelerator Programme, which launched in late 2024. The goal of the Lab's Cohort 14 is to develop Bermuda-focused solutions to complex and emerging risks, including sustainable insurance models, emerging and man-made risks and climate and catastrophe solutions with support from the BMA, Lloyd's and other industry experts.

Likewise, we have made progress in enhancing the digital assets framework to adapt to the rapidly evolving FinTech landscape. In 2024, our primary goals included promoting operational resilience, and recovery planning for digital asset businesses. This involved proposing updates to the Digital Asset Business Act 2018 to address emerging risks. We also issued the *Digital Asset Business Single Currency Pegged Stablecoins*

Executive Committee



Shanna Lespere
Deputy Chief Executive Officer



Toby Mason
Chief Operating Officer



Ricardo Garcia
Managing Director (Supervision)

(SCPS) Guidance in November 2024. This guidance aimed to clarify the standards expected of Single Currency Pegged Stablecoins Issuers (SCPSIs) licensed under the Act and to emphasise the importance of strong governance and risk mitigation strategies. To advance in this space, the BMA will continue to sustain responsible innovation by prioritising customer protection and prudent conduct in the marketplace.

Customer Protection and AML

In addition to innovation, the BMA made considerable progress in promoting prudent practices and high standards of conduct. The Authority is responsible for ensuring that the entities under our regulatory scope operate fairly and transparently. Key 2024 focuses included supporting insurers' efforts to effectively implement the recent revisions to the Insurance Code of Conduct and upholding the importance of transparent procedures within financial services. Industry education and outreach were equally important.

The Authority also launched an extensive series of webinars targeted at different industry sectors to inform them of their Anti-Money Laundering/

Anti-Terrorist Financing (AML/ATF) obligations and requirements.

International Affairs

As a responsible global regulatory citizen, the BMA was extremely active internationally throughout 2024. We assumed leadership positions on the various committees of international regulatory standard-setting bodies, coordinated regulatory efforts with foreign regulators and policymakers, provided training to international regulators, and participated in several thought leadership panels. These efforts have helped to build the respect and recognition that the Authority has earned over the years.

In Conclusion

Circling back to Kelvin Doe, I see that his story is undeniably one of remarkable courage and determination. Today, he runs his own technology company as well as a nonprofit organisation dedicated to nurturing innovation and civic engagement. Despite facing formidable challenges from an early age, Kelvin became a highly respected tech entrepreneur and innovator. He demonstrated that neither age nor background has to be a barrier to

creating a better future. In Kelvin's case, his insatiable curiosity and eagerness to learn propelled him forward and helped him seize every opportunity, and his individual efforts continue to profoundly impact society.

Similarly, the BMA transformed challenges into valuable opportunities for growth and achievement in 2024. As a regulator that originated from humble beginnings, we, too, have faced strong headwinds and unique hurdles along the way. Still, our commitment to fostering a culture rich in excellence and continuous improvement remained steadfast. Kelvin's inspiring example reminds us that with hard work, perseverance and the right talent, we can overcome obstacles on the road to continued success. In 2024, the BMA embraced several opportunities to evolve as a dynamic and innovative organisation. Building on this momentum and through the leadership and ingenuity of an exceptional team, I believe there are no limits to what we can achieve.



Craig Swan,
Chief Executive Officer

As of 31 December 2024



Yvette Pierre
Chief Policy and Strategy Officer,
Policy Development



Moad Fahmi
Chief FinTech Officer



Dina Wilson
Director, Legal Services and
Enforcement

Donald Scott,
Chairman of the Board



Chairman's Report

In 2024, the Bermuda Monetary Authority experienced a landmark year of transformation and innovation. Despite a complex and often unpredictable market environment, the BMA remained dedicated to achieving its goals through a diverse range of strategic initiatives with the support of the Board of Directors (Board). A proactive approach allowed the Authority to navigate challenges successfully while significantly improving the broader regulatory and economic landscape. The Board's contributions evolved throughout the year, with a particular focus on governance, corporate sustainability, emerging technologies and targeted industry engagement.

As the 2024 year marked the midpoint of the BMA's three-year strategy cycle, the Board played a vital role in supporting the execution of the 2024 strategy. We assisted by helping the BMA maintain the same level of high standards that has made the Authority such a competent, world-class regulator while ensuring the stability of the Bermuda market.

Regulatory Enhancements

In 2024, the BMA advanced many legislative, regulatory, and supervisory enhancements through a robust stakeholder consultation process. Several Board committees helped to achieve this by providing invaluable feedback from an overall governance perspective. Contributing committees included the Legislative and Policy Committee, Human Capital Committee, Investment Committee, and Corporate Governance and Ethics Committee.

Working closely with the BMA's Management Team, Committee Members provided invaluable input that stemmed from their industry expertise and broad understanding of Bermuda's financial services ecosystem. These strengths also helped to focus on diverse industry stakeholder perspectives as the Board worked closely with Senior Management to maintain a stable regulatory framework that met international standards and best practices.

Industry Engagement and Outreach

During 2024, the Board continued its outreach with the financial services sector. Board Members met with a wide range of industry stakeholders, including leaders from the banking, insurance, investment funds and corporate services sectors. Discussions focused on relevant and pressing industry topics, underscoring the Board's steadfast commitment to transparent communication.

The meetings were highly productive. Since 2023, regular Board engagement with industry stakeholders has helped us support the BMA's market relevance and responsiveness. This kind of industry feedback allows Board members to contribute the full range of their skills and competencies. Engaging regularly with industry also helps us detect emerging trends and developments, further supporting the Board's role as an agile, decision-making arm of the BMA.

Protecting Personal Information

Throughout 2024, the BMA prepared for compliance with the Personal Information Protection Act (PIPA), which came into effect on 1 January 2025. Preparations included training for the staff and Board and the launch of a dedicated section of the external BMA website. The Board training provided an overview of PIPA and related regulations, deepening the Board's understanding of the legislation and enhancing our skills. The Board views PIPA as an opportunity for the BMA to uphold its commitment to customer protection and the highest standards of ethical governance.

Strategic Governance

As the BMA's mandate evolves, the Board continues to assess the Authority's ability to achieve the agreed-upon strategies and objectives. The Board assessed detailed quarterly reports on the progress of the 2024 strategic initiatives undertaken across the Authority. The reports provided

the Board with a clear line of sight between strategic goals and the supporting work, which was critical to the overall success of the BMA.

Other Board governance initiatives were also instrumental in driving forward the BMA's progress in alignment with the corporate strategy. For example, the Human Capital Committee oversaw succession planning, which is essential for enhancing operational resilience and managing the BMA's resources more efficiently. Other committees, including the Audit and Risk Management, Corporate Governance and Ethics, Investment, and Legislative and Policy committees, also made significant headway.

Board Developments

The BMA is fortunate to have such diverse and highly experienced bench strength on its Board. Two new Board Members, Ronald Hamilton and Sheila Warren, joined the Board in 2024. Both are highly skilled with substantial international experience. Their appointments reflect the BMA's commitment to supportive and diverse working environments that empower teams to thrive at every level of the organisation.

Mr Hamilton brings us a wealth of experience in reinsurance, risk management and compliance. He currently serves as the Senior Vice President at Swiss Re, overseeing operations in the Americas. Mr Hamilton sits on the Board's Audit and Risk Management, Corporate Governance and Ethics, and Non-Executive Directors Committees. Ms Warren adds deep expertise in digital assets and is the Chief Executive Officer of the Crypto Council for Innovation. Ms Warren serves on the Board's Investment and Non-Executive Directors Committees.

Shaping the Future

While sustainability has always been important, underneath the Audit and Risk Management Committee, the

BMA formed its first Sustainability Committee.

The Sustainability Committee was tasked with leading the Leadership in Energy and Environmental Design (LEED) certification for BMA House. The BMA anticipates it will be LEED-certified by 2025. Once certified, the BMA will join a small group of companies in Bermuda that have earned this highly coveted certification.

In 2024, the BMA also increased staff engagement and productivity by leveraging innovation and technology, especially Artificial Intelligence (AI). The Corporate Governance and Ethics Committee recognised the need for diligent oversight as an AI policy was introduced to promote responsible use in alignment with international AI standards. The committee also provided guidance on harnessing AI's benefits while minimising risks.

In Conclusion

In conclusion, the 2024 Annual Report highlights the BMA's dedication to progress. While we recognise that there is still work to be done, the Authority has established a clear path towards growth and sustainable development. By prioritising proactive outreach and engagement with the industry, robust corporate governance and sustainability initiatives, and framework modernisations, the Board continued to help enhance Bermuda's reputation as a global financial centre committed to the highest financial supervision and regulation standards. I am confident that the Board and the BMA will continue to well-equip and strategically position the Authority for future challenges, all while sustaining its reputation as a trusted and leading regulatory voice.



Donald Scott,
Chairman of the Board

As of 31 December 2024

Board of Directors

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 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 AE of the BMA Act, who also chairs the Non-Executive Directors Committee.



Donald Scott
Chairman of the Board



Tammy Richardson-Augustus
Deputy Chair of the Board

Partner, Appleby (Bermuda) Limited



Craig Swan
CEO and Executive Director of the Board



Philip Butterfield
Chairman, HSBC Bank of Bermuda (retired)



Mark Crockwell
Treasurer, Saïd Holdings Limited



Michael Leverock
President, Leverock Advisors & Associates



Coral Wells
Managing Director, W&W Solutions Ltd



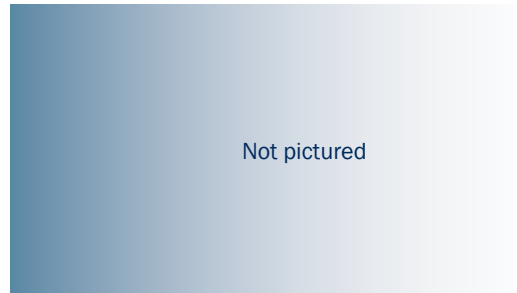
Karel Van Hulle
Professor, KU Leuven and Goethe University Frankfurt,
Head of Insurance and Pensions, European Commission
(retired)



Ron Hamilton
Senior Vice President, Swiss Re



Lori Rockhead
Executive Director, Bermuda Diabetes Association



Sheila Warren
Chief Executive Officer, Crypto Council
for Innovation

Composition of the 2024 Board Committees

Non-Executive Directors

Donald Scott, Chairman
Tammy Richardson-Augustus, Deputy Chair

- 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

Committee Members

Mark Crockwell
Philip Butterfield
Michael Leverock
Karel Van Hulle
Coral Wells
Lori Rockhead
Ron Hamilton
Sheila Warren

Corporate Governance & Ethics

Michael Leverock, Committee Chair

- 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

Committee Members

Donald Scott
Craig Swan
Philip Butterfield
Coral Wells
Ron Hamilton

Legislative & Policy

Tammy Richardson-Augustus, Committee Chair

- 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

Committee Members

Donald Scott
Karel Van Hulle
Lori Rockhead

Investment

Philip Butterfield, Committee Chair

- 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

Committee Members

Donald Scott
Craig Swan
Mark Crockwell
Sheila Warren

Audit & Risk Management

Karel Van Hulle, Committee Chair

- 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

Committee Members

Tammy Richardson-Augustus
Mark Crockwell
Michael Leverock
Ron Hamilton

Human Capital

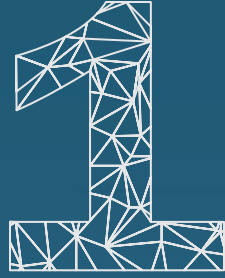
Donald Scott, Committee Chair

- 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

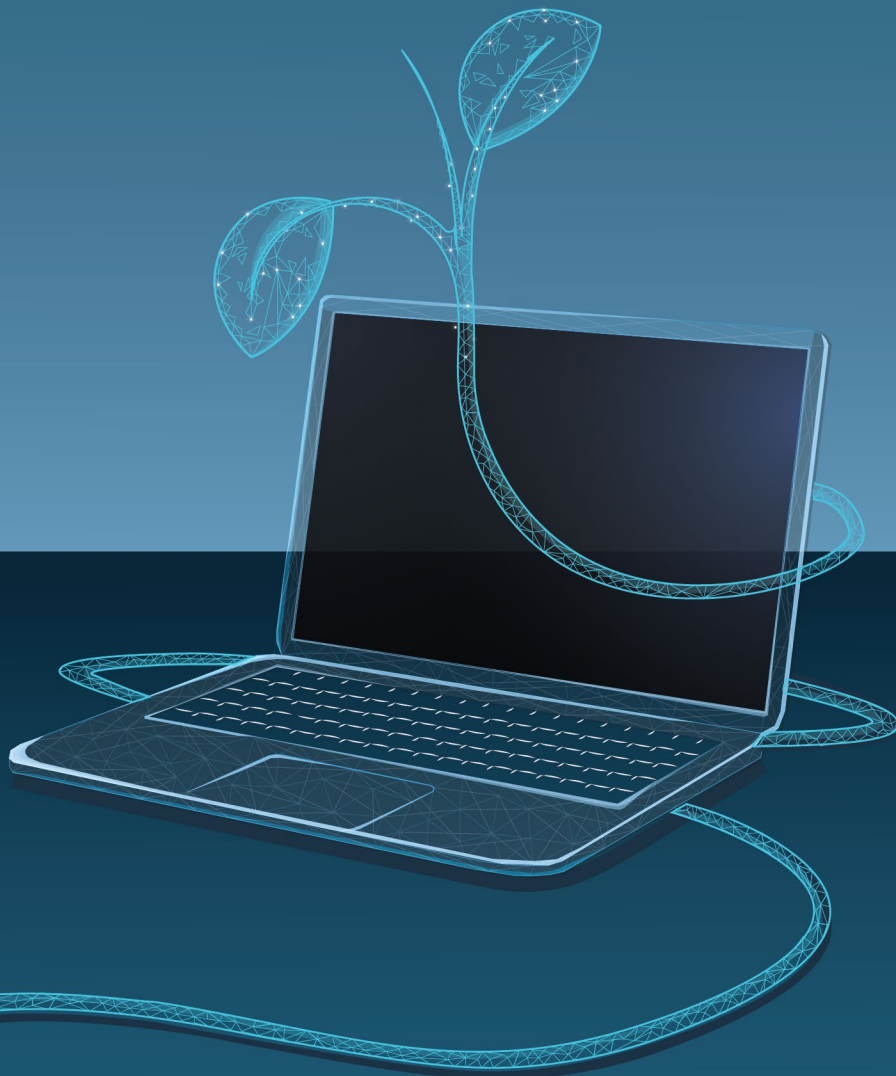
Committee Members

Craig Swan
Michael Leverock
Coral Wells
Lori Rockhead

We aim to maintain a long-term perspective by
investing in our people and community to contribute to
A THRIVING AND SUSTAINABLE FUTURE



Sustainability



Making an Impact through our Actions

The BMA remains committed to having a positive social and environmental impact while building a more resilient financial services sector for Bermuda. We aim to maintain a long-term perspective by investing in our people and community to contribute to a thriving and sustainable future.

Our Approach to Sustainability

In 2024, the BMA continued the implementation of our sustainability strategy across all business functions, encompassing environmental stewardship, social responsibility, ethical governance and economic resilience. This past year, the Authority formed a Sustainability Committee to continue to align sustainability principles with our core business operations and culture. Additionally, we reduced our emissions, forged new partnerships that extended our reach and impact, and provided the market with industry-focused information on sustainability and operational resilience. The BMA continued its emphasis on fostering an inclusive workplace, providing a range of opportunities for staff.

Minimising Our Environmental Footprint

Embracing Solar Power

The BMA understands the urgent need for significant reductions in carbon emissions globally to avoid the most severe effects of climate change, restore biodiversity and safeguard vulnerable communities¹. The BMA also recognises its opportunity and responsibility to contribute to reducing these emissions in our business activities.

In 2024, we began installing support structures for solar panel mounts on the roof of BMA House, a pivotal step in our commitment to embracing renewable energy solutions. We anticipate that the project will be completed in 2025. The BMA estimates this solar panel system will produce approximately 94,991 kilowatt hours per annum and reduce the BMA's energy consumption by 11% annually. By harnessing solar energy, the Authority will decrease its dependence on traditional grid electricity and substantially reduce operating expenses over the long term. This initiative will mark a significant milestone in our ongoing efforts to change how we consume energy and facilitate our contribution to a lower-carbon economy.

Implementing Energy and Water-Efficient Systems

The BMA actively monitors energy and water consumption as part of its sustainability strategy, which aims to modify our practices and reduce the Authority's overall carbon footprint. In the past year, we have concentrated on collecting accurate and timely data to identify target areas for significant improvement.

In parallel, we continued to pursue the LEED certification for BMA House. LEED is an internationally recognised standard for sustainable building practices. To achieve accreditation, BMA House must maintain green building operations by decreasing its electricity use, refurbishing energy and maintenance systems, and reducing single-use plastics. In 2024, we upgraded lighting fixtures, chillers and ventilation systems at BMA House. In addition, we replaced non-LED lights with high-efficiency LED fixtures equipped with dimming controls. Other systems, such as sensors that monitor water usage, airflow, temperature and other variables, have also helped us to further optimise our energy use.

Reducing the Environmental Impact of Bermuda's Banknotes

In the fall of 2024, the BMA introduced new sustainable \$2 and \$5 polymer banknotes. The polymer banknotes are designed to be durable, secure and resistant to dirt and moisture, increasing their lifespan. The banknotes are expected to last two and a half times longer than banknotes printed on cotton, making them a more sustainable option. Moreover, the banknotes contain advanced security features and tactile dots for vision-impaired people. In October 2024, the BMA launched a dedicated web page for the new banknotes, www.bma.bm/polymernotes.

¹ WWF (2024). 2024 *Living Planet Report*

Graduate Training Programme (GTP)

At the BMA, we are constantly learning and innovating. Over the last decade, we have evolved as an organisation by continually adapting to change and seeking new ways to grow. The BMA's flagship Graduate Training Programme (GTP), which started in 2009, provides Bermudian university graduates with the skills they need to be successful in a rewarding financial services career. During the three-year programme, participants are also given the opportunity to earn qualifications or professional designations and be seconded to industry partners or international regulatory agencies.

In 2024, the GTP Trainees had the opportunity to develop their professional skills in AI, FinTech, Insurance Linked-Security (ILS), international affairs and Information Technology (IT). Since the inception of the GTP, the BMA has trained 19 Bermudian professionals, many of whom have advanced to senior management positions within the BMA. Among these professionals, four GTP graduates have become Assistant Directors, four have taken on roles as Principals and two have been promoted to Senior Officer positions.

Summer Student Internships

In 2024, the BMA offered three university students an enriching opportunity to gain hands-on experience within its Business and Operations Support Team, Management Services and Supervision (Insurance) Department. These aspiring professionals engaged in various tasks and projects during their internships, allowing them to apply their academic knowledge in a real-world regulatory environment. One of the summer student interns completed an ILS internship facilitated through a collaboration between ILS Bermuda, Bermuda College and the BMA. The Authority was one of five key industry organisations that supported the programme in 2024.





Engaging Our Community

In 2024, BMA staff partnered with 19 community-serving organisations to make a significant impact, raising more than \$25,000 to support several local organisations. Their efforts not only provided crucial financial assistance but also helped foster connections within the community. In addition, staff donated \$10,500 in gift cards, \$3,000 in school supplies and more than 150 toys to help children and families in need. Throughout the year, staff actively supported diverse organisations focused on education, health, and community well-being, demonstrating their commitment to giving back and making a positive social impact.

Third Annual Community Day

The BMA's flagship Annual Community Day is an event held every October. This was the third year that staff have united for a day of volunteering to support charitable causes that promote social well-being and enhance the local environment. In 2024, the Authority collaborated with five charities, allowing staff to choose which organisation to volunteer with. Over 200 staff members spent the day demonstrating their commitment to sustainability and making a positive impact in our community. The 2024 projects included planting and gardening at the Sherwin Nature Reserve with the Bermuda National Trust, cleaning up Bermuda's beaches and coastal areas with Keep Bermuda Beautiful, a tag day for the Coalition for the Protection of Children, and animal care and woodland management with Windreach.

Operating Responsibly and Transparently

In early 2024, under the guidance of the CEO, the BMA's Sustainability Committee was formed to implement the Sustainability Strategy and integrate sustainability into our operations and business approaches. The committee brought together a diverse group of professionals from various departments at the BMA, each contributing their unique expertise, innovative ideas and varied perspectives. This combination of backgrounds is essential for steering us towards our sustainability aspirations. During the initial planning session in February, committee members collaborated to outline an action plan for integrating sustainability considerations into the BMA's operations and overall business strategy. During the year, the committee accomplished its first milestone by developing the vision statement below, which was endorsed by Senior Executives and the BMA's Board, marking a significant moment in our sustainability journey.

Looking ahead, the Sustainability Committee will identify and address opportunities as the BMA develops sustainability standards and best practices.

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.”

Building Resilience and Preparedness

Knowledge and expertise are critical to support the industry in preparing for emerging risks, including climate change, new technologies and cyber threats. Building resilience also involves aligning with data and policy regulations and regularly conducting risk analysis and assessments.

Following our research in these areas, the BMA published a range of reports in 2024 that aim to identify gaps and provide the sector with the necessary information and tools to cultivate resilience and risk awareness.

Sustainability-focused reports published in 2024 included the [Bermuda Insurance Market Sustainability Results Report 2023](#) and the [Bermuda Insurance Sector Operational Cyber Risk Management 2024 Report](#).

BMA Staff Community Highlights

BMA staff members regularly participate in on-the-ground community-serving initiatives that make a positive difference helping us build resilience, promote social well-being and foster stability in our island home.



Karen Woollery

Karen has been the National Director of the Special Olympics Bermuda (SOBda) since its accreditation in 2016. The Special Olympics is a global sports movement that seeks to end discrimination against people with intellectual disabilities. While under her leadership, the SOBda participated in the 2019 World Summer Games in Abu Dhabi and the 2023 World Summer Games in Berlin. The SOBda offers various programmes, including track and field, tennis, swimming, kayaking and bowling, in addition to athlete leadership classes. Athletes also have the opportunity to travel and take part in additional sporting events, both locally and overseas.

“Most of my weekends are spent attending sports events with my daughter, who is an athlete (as an equestrian and bowler), fundraising and completing administrative duties to ensure SOBda is in compliance with Special Olympics Inc. Working and volunteering with the Special Olympics Bermuda is very rewarding and the athletes I interact with and support make it all worthwhile!”



Narinder Simons

Narinder volunteers at the Salvation Army feeding programme where hot takeaway meals are served to any person in need on North Street, Hamilton. Since 2018, when Narinder first noticed the busy kitchen, she offered to lend a hand, and her help was immediately welcomed. Volunteers pray together before service begins at 5 pm, followed by serving around 80 meals to individuals and families in need. Those who are served often express their gratitude.

“Food preparation begins mid-afternoon, with a hot main, a drink and a snack or dessert prepared and assembled. Volunteers rotate, with several students, including my daughter, and even a professional chef! Volunteering can be hard work, but also fun and rewarding. I would encourage others to volunteer or donate to the essential services and programmes provided by the Salvation Army.”



Sayak Choudhury

Sayak volunteered as a ‘tagger’ for the Cup Match Tag Day, a fundraising event organised by the Family Centre to help create a healthier and more resilient community for Bermuda’s children and families. All funds raised ensure that families receive crucial counselling services and community outreach programmes at no cost.

“I am elated to share that, mainly due to collective efforts, we successfully met our fundraising goal for Tag Day. This means that families that need it will continue to access vital services and programmes at the Family Centre, free of charge. The experience of volunteering at such a meaningful event was humbling. Knowing that the time I contributed will positively impact children, teens and families in Bermuda makes it even more gratifying. I sincerely believe events like this help build solidarity among BMA employees, reinforcing our commitment to our community.”



Regulatory Developments



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

During 2024, AML/ATF developments focused on preparing 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. The objective was to coordinate the required legislative framework enhancements to assure compliance with international Financial Action Task Force standards. In addition, the Authority identified and improved various aspects of Bermuda's AML/ATF framework, including correspondent banking requirements. Refinements were also made to the Authority's supervisory and enforcement powers and to the appeals process.

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

- Execution of the 2024 National AML/ATF 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 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

In addition to MER preparations, the Authority collaborated on several Government initiatives that had potential regulatory implications. The BMA continued to work closely with the Registrar of Companies on a project to institute Bermuda's commitment to having a publicly accessible register of beneficial ownership. This was in support of the pre-consultation and proposed legislation on this topic.

Also, the Authority completed a pre-consultation and launched a full public consultation on a proposed digital identity service provider supervisory regime. Over the year, extensive interactions with the Ministry of Finance were undertaken relating to the public policy proposal for the provision of a basic bank account, in support of pre- and public consultation due to take place in 2025. Finally, the Authority continued its active support of the Bermuda Government's Family Office initiative.

Conduct of Business

The Authority maintained its commitment to consumer protection and education initiatives by commencing the process of widening the scope of the Conduct of Business Framework. Preliminary discussions were held with industry associations regarding the proposals to expand the scope of the Conduct of Business Framework to cover all Bermuda insurers who write personal lines business directly to individual policyholders.

In 2024, the Authority's education and outreach efforts included launching a new Conduct of Business webpage on the BMA's website. To help enhance consumers' knowledge, the webpage outlines useful information on the roles and responsibilities of licensed financial institutions to ensure the promotion of fair and equitable treatment of customers. The Conduct of Business webpage also contains a portal that provides customers with the ability to notify the Authority of unresolved complaints they have made to a licensed financial institution. The information contained within the complaint may be used by the Authority to support its regulatory activities.

Operational Cyber Risk

In 2024, the BMA's Cyber Risk Department continued promoting the stable and secure management of registrants' Information Technology (IT) systems. The Department collaborated with the Supervisory Departments, focusing mainly on effective supervision, cyber training and external stakeholder management.

The amendments to the *Digital Asset Business (Cyber Risk) Rules 2023* and the *Digital Asset Business Operational Cyber Risk Management Code of Practice (Cyber Code)* came into force on 1 January 2024.

Supervision was further enhanced through the rollout of the Cyber Annual Return for Digital Asset Business (DAB) licenced entities in tandem with strengthening the regulatory and legislative aspects of the framework. This form contained a standardised core set of questions graded against a maturity scale in order to closely monitor the effectiveness of controls

and compliance with the Cyber Code and, where applicable, the DAB Custody Code of Practice. The data collected from the annual returns underwent extensive aggregation, statistical analysis, charting and reporting to support risk-based supervision.

Additionally, the annual *Bermuda Insurance Sector Operational Cyber Risk Management – 2024 Report* was published on the BMA website. This report provided valuable cyber insights to the industry. Overall, the report demonstrates that the cyber risk management posture across the insurance sector is steadily improving year-on-year.

The Cyber Risk Department represented the BMA in international meetings and presentations revolving around cyber regulatory frameworks, effective supervision, jurisdictional regulatory variations and upcoming technologies and trends within the cyber/IT industry. These included Standard & Poor, Moody's, Bank of England/PRA and the International Association of Insurance Supervisors (IAIS).

Banking, Trust, Corporate Services and Investment (BTCSI)

Banking

The BMA continued its progress towards fully implementing the revised Basel III requirements that apply to the standardised approach to credit risk, the large exposure framework and the output floor. Key milestones included:

- The output floor took effect from 1 January 2024
- The revised standardised approach for the calculation of Risk Weighted Assets (RWA) for credit risk took effect on 1 January 2024, with a twelve-month transition period that ended on 31 December 2024
- The large exposure framework will take effect from 1 January 2025
- The Authority updated the relevant regulatory reporting templates in preparation for the full implementation of the new standards

Trust and Corporate Service Providers

The BMA continued its ongoing supervision of these entities throughout 2024 in accordance with the provisions of the Corporate Service Provider Business Act 2012 (CSP Act) and the Trusts (Regulation of Trust Business) Act 2001 (Trusts Act).

The Authority issued a Consultation Paper (CP) in 2024 titled *Proposed Enhancements to the Corporate Service Provider Business Act 2012*, outlining a series of proposed enhancements to its regulatory and supervisory programme for Corporate Service Providers (CSP). Following a peer review of the Bermuda Trust and Corporate Service Provider Regimes by the Group of International Financial Centre Supervisors, the CP presented a comprehensive set of proposals to enhance prudential requirements, improve the BMA's supervisory powers and make housekeeping amendments that bolster regulatory oversight and promote transparency within the sector.

Investment Business

The BMA continued its ongoing supervision of investment providers throughout 2024 in accordance with the provisions of the Investment Business Act (IBA) 2003. Additionally, in 2024, the Authority finalised and implemented a series of enhancements to its regulatory and supervisory programme for Recognised Bodies (defined in Section 65 of the IBA) in Bermuda. Enhancements and changes included:

- Clarification of eligibility for recognition
- Strengthening reporting bodies' reporting requirements
- Introducing new rule-making powers

The enhancements to the IBA took place on 29 July 2024.

Fund Administration Provider Business

The Authority continued its ongoing supervision of these entities throughout 2024 in accordance with the provisions of the Fund Administration Provider Business Act 2019.

Money Service Business

The Authority continued its ongoing supervision of money service businesses throughout 2024 in accordance with the provisions of the Money Service Business Act 2016.

Financial Stability and Research

Bermuda is a premier international financial centre, and in 2024, the BMA continued its efforts to promote resilience and stability in the island's financial services sector. As in past years, the work included macroprudential surveillance and macroeconomic monitoring geared towards identifying and addressing potential risks as early as possible. In addition, the BMA continued its engagement with key international bodies like the 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).

Surveillance and Systemic Risk Monitoring

During 2024, the Authority's macroprudential work covered both international and domestic developments. On the international front, particular attention was paid to reviewing activities in the various financial sectors under the BMA's mandate, identifying and assessing risks and vulnerabilities and proposing actions at the macro-prudential and micro-prudential levels. The BMA's domestic analysis concentrated on Bermuda's banking and real estate sectors.

The results of the analyses were placed in the public domain through the publication of the following:

- Quarterly Banking Digest
- Bermuda Long Term Insurance Market Analysis and Stress Testing Report
- Insurance Macroprudential Risk Report
- Bermuda Insurance Property and Casualty Market – Catastrophe Risk and Stress Testing Analysis Report
- 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.

International Engagement

The BMA was selected to take part in the second round of the IAIS Targeted Jurisdictional Assessment (TJA). The TJA is an in-depth assessment exercise carried out by the IAIS on a selected group of jurisdictions (i.e., those with large insurance sectors). The TJA 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 conducted 16 TJAs over two rounds. The first round took place from 2021-2023 in Canada, China, France, Germany, Hong Kong, Japan, Switzerland, The Netherlands, the United Kingdom and the United States. The second round began in 2024 in Australia, Bermuda, Italy, Spain, South Africa and Singapore. During 2024, the TJA assessment process included off-site and on-site assessments. The second round of the TJA will finish in 2025, and a report will be published by the IAIS in early 2026.

The BMA continued to participate in and contribute to a number of committees, working groups and initiatives as part of the Authority's involvement with the FSB Regional Consultative Group Americas (RCGA). The BMA presented regulatory and supervisory work in the jurisdiction at the FSB RCGA meetings in June in the British Virgin Islands and in October in Santiago, Chile. In addition, the BMA continued its engagement with the BIS, the IAIS and the OECD's Insurance and Private Pensions Committee. In February 2024, the BMA presented its work in relation to climate risk at a regional seminar organised by the International Monetary Fund in Panama.

Recovery and Resolution

In 2024, the BMA continued building out Bermuda's recovery and resolution framework in the insurance and banking sectors. A key initiative included implementing the BMA's *Insurance (Prudential Standards) (Recovery Plan) Rules 2024*. Additionally, as a member of the IAIS Resolution Working Group's drafting team, the Authority contributed to ongoing IAIS work on recovery and resolution. In relation to banking, the BMA completed an in-depth study on the comparative assessment of recovery and resolution regimes in peer jurisdictions while strengthening its collaboration with the Bermuda Deposit Insurance Corporation (BDIC) and the Ministry of Finance.

Financial Policy Council (FPC)

The BMA maintained its dual role as a member of the FPC and FPC Secretariat. The BMA's CEO actively participated in three 2024 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 2024 topics of interest included trends in the international life insurance sector and digital finance, and development in the international corporate income tax field, particularly in relation to the OECD's global minimum corporate tax. The BMA also took part in the review and reform of FPC, which took place in 2024 following a 2023 report on the matter.

Research Resources

The 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 the 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

Financial Technology (FinTech)

In November 2024, the BMA issued guidance for stablecoin issuers, focusing on Single-Currency Pegged Stablecoin Issuers (SCPS). This guidance aimed to provide clarity on expectations applicable to operators qualifying as SCPS licensed under the Digital Asset Business Act 2018 (DAB Act).

The BMA published a Consultation Paper (CP) with proposed amendments to the DAB Act and the Digital Asset Business (Prudential Standards) (Annual Return) Rules 2018 (the Rules). The proposed amendments included the introduction of a definition of 'control of assets' and also enhanced the BMA's powers to allow for rules related to liquidity requirements, capital requirements, and wind-down planning to be established. Additional proposals included the transition of specific 'civil penalties' to 'late fees' payable for non-compliance and an amendment to the wording under section 18(4) of the DAB Act to clarify its intents. The amendments to the Rules were designed to update and clarify the items required in annual reporting. Furthermore, the proposals aim to clarify the legislation, enhance the Authority's administrative and enforcement powers and mitigate against non-compliance.

During the year, the Authority published a thematic review to gather comprehensive, market-wide data on key operational and regulatory aspects across the digital asset sector, with a focus on governance, operations, conduct and stress testing. The data collected may facilitate the formulation of best practices that promote compliance with the digital asset regulatory framework across all market participants.

Additionally, the Authority updated the DAB FAQs to clarify the exemption process for Non-Specified Persons under Schedule II to the DAB Exemption Order 2023. A new Cyber Risk Annual Return was published for DAB to file pursuant to the DAB Act.

Financial Technology (FinTech) continued

The Digital Asset Business Operational Cyber Risk Management Code of Practice, which specifies the cyber risk management obligations for licensed DABs, was published in its final form in January 2024 and is now in effect.

The revised DAB Custody Code of Practice, which specifies the asset safekeeping obligations of DAB custodial wallet service providers, was published in February 2024 in its final form and is now in effect.

The Information Bulletin has been updated to reflect the amendments introduced with the new DAB application forms (forms T, M and F).

International Developments

The BMA contributed to strategic dialogues and discussions at numerous local and international forums, emphasising collaborative efforts with fellow standard-setting bodies and regulators. To this end, the BMA formalised a Digital Assets MoU with the Financial Services Regulatory Authority of the Abu Dhabi Global Market.

The BMA remains an active member of the Global Financial Innovation Network's (GFIN) Coordination Group, which aims to help shape the mission and vision of the 90+ GFIN member network and influence the digital transformation of financial services across borders. The GFIN Coordination Group meetings occurred quarterly, and the BMA participated in a presentation on the latest trends in the Bermuda FinTech sector. The BMA remains an active member of the International Organisation of Securities Commissions (IOSCO) and participates actively in capacity-building initiatives that pertain to digital assets for IOSCO members. Finally, the Authority participated in the annual Growth and Emerging Markets meeting held in Q4-2024.

Insurance

The process of updating Bermuda's regulatory regime in an effort to ensure it remained well suited to the Bermuda market and aligned with the IAIS Insurance Core Principles requirements continued in 2024. The enhancements to the regime are discussed below.

Enhancements to the Regulatory Regime

As part of the BMA's ongoing efforts to further develop and strengthen Bermuda's regulatory regime, in 2024 the Authority issued the following consultation papers:

- *Proposed Instructions and Guidance on the Application of the Prudent Person Principle (PPP)* — setting out the Authority's expectations for insurers when adopting the PPP
- *Proposed Enhancement to the Insurance Group Supervision Framework* — providing information on proposed regulatory enhancements to strengthen the Authority's group-wide supervision framework
- *Proposed Enhancement to Public Disclosure Regime: Public Disclosure of Assets and Liabilities for Commercial Long-term Insurers* — aiming to promote transparency and enhance the accessibility and granularity of asset-related disclosures for the benefit of policyholders and other stakeholders of commercial long-term insurers

The targeted enhancements to the regulatory regime focused on changes to the Authority's regulatory framework, which came into force in March 2024, after being consulted on in 2023. The implementation of these new enhancements is currently ongoing.

The Authority also issued the following guidance notes:

- *Guidance Note — For Commercial Insurers and Insurance Groups' Statutory Reporting Regime* (March 2024)
- *Guidance Note — For Application for Adjustments Under Section 6D of the Insurance Act 1978* (March 2024)
- *Guidance Note — General Business Insurers with Segregated Accounts and Separate Accounts* (July 2024)

Additionally, the Authority published the following reports:

- [*Bermuda Insurance Market Sustainability Results Report 2023*](#) (May 10) — This report presented findings from a survey conducted by the Authority and examined the progress and challenges facing insurers regarding sustainability, climate risk and protection gaps
- [*Liquidity Risk in the Bermuda Long-term Insurance Market*](#) (30 August) — This report provided a detailed review of how Bermuda long-term insurers manage liquidity risk and the impact of regulation, emphasising liquidity risk associated with both assets and liabilities. The report highlighted the nature of liquidity risk within the insurance sector while exploring different insurance lines and discussed the strategies insurers use to manage liquidity risk
- [*Private Credit – Deep Dive on Direct Loans, CLOs and Private Placements*](#) (5 September) — This report provided an overview of some of the relevant private credit asset classes, namely direct loans, collateralised loan obligations and traditional private placements, covering historical loss experience and forward-looking considerations that may not be fully reflected in historical data
- [*Collateral Structures in the Bermuda Long-term Insurance Market*](#) (6 September) — This report discussed how asset-intensive long-term reinsurance is executed in Bermuda and how the collateral structures used in the market impact the net risk exposure cedants have to Bermuda reinsurers in the context of the size of the Bermuda market as measured by assets
- [*The Evolution of Asset Intensive Insurance*](#) (16 December) — This paper updated the Authority's previous paper dated 18 December 2023 entitled *Supervision and Regulation of Private Equity (PE) Insurers in Bermuda*. The paper aimed to enhance the understanding of these risks and how they manifest in the context of the asset-intensive reinsurance business, especially strategic alliances between life and annuity insurers and asset management firms, including PE firms

Internationally Active Insurance Groups (IAIG)

The Authority introduced a number of regulatory and supervisory changes over the last four years 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 and recovery plan requirements. The work to transpose the IAIS Common Framework requirements for the supervision of IAIGs (ComFrame) into the Authority's supervision rules is ongoing.

Recovery Planning Regime for the Insurance Sector

The BMA is transposing ComFrame for IAIGs and the Holistic Framework into the Bermuda commercial regulatory regime. Regarding the latter, the Authority 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 imposition of recovery planning rules to be an essential pillar in strengthening the BMA's prudential framework for commercial insurers. This work is aligned with the Authority's key strategic initiative on the implementation of supervisory approaches and regulatory frameworks that are fit for purpose. Specifically, this relates to the development of regulatory and supervisory frameworks that support the orderly resolution of entities to mitigate financial stability risks. On 25 April, the BMA issued the Insurance (Prudential Standards) (Recovery Plan) Amendment Rules 2024 (Rules). These Rules outline the requirements for certain insurers to create a recovery plan and its contents and will take effect on 1 May 2025. On 22 November 2024, the Authority published a stakeholder letter to insurers that discussed the Authority's expectations in relation to recovery planning and provided guidelines for drafting and implementing a recovery plan.

2024 Survey and Reports*Published date**Bermuda Long-term Insurance Market Analysis and Stress Testing Report*

January 2024

Bermuda Insurance Market Sustainability Results Report 2023

May 2024

Liquidity Risk in the Bermuda Long-term Insurance Market

August 2024

Private Credit – Deep Dive on Direct Loans, CLOs and Private Placements

September 2024

Collateral Structures in the Bermuda Long-term Insurance Market

September 2024

Bermuda Cyber Underwriting Report 2023

September 2024

Bermuda Insurance Sector Operational Cyber Risk Management – 2024 Report

November 2024

Bermuda's Coordinated Portfolio Investment Survey

December 2024

The Evolution of Asset Intensive Insurance White Paper

December 2024

FY2023 Macroprudential Risk: Annual Statutory Filings of P&C Commercial Insurers (Legal Entities)

December 2024

Bermuda Long-term Insurance Market Analysis and Stress Testing Report

December 2024

Bermuda Insurance Property and Casualty Market – Catastrophe Risk and Stress Testing Analysis 2023

December 2024

Catastrophe Risk Modelling – 2023 Report

December 2024

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Legislative Developments



The BMA contributed to numerous legislative enhancements in 2024, aiming to maintain regulatory frameworks that are prudent, pragmatic and aligned with international standards.

Investment Business Amendment Act 2024

The Investment Business Act 2003 was amended primarily in relation to Part IV to provide for matters concerned with the supervision and regulation of recognised investment exchanges and recognised clearing houses domiciled in Bermuda. The Investment Business Amendment Act 2024 became operative on 29 July 2024.

Insurance (Prudential Standards) Amendment Rules 2024

The below are collectively referred to herein as the 'Amendment Rules':

- a) Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Amendment Rules 2024;
- b) Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2024;
- c) Insurance (Prudential Standards) (Class 3A Solvency Requirement) Amendment Rules 2024; and
- d) Insurance (Prudential Standards) (Class C, Class D, Class E Solvency Requirement) Amendment Rules 2024.

The Amendment Rules, reflect the enhancements to the calculation of insurers' Technical Provisions, Bermuda Solvency Capital Requirement (BSCR) computation and flexibility of the BSCR framework, among other matters. The resulting new Insurance (Prudential Standards) Amendment Rules 2024 became operative on 31 March 2024.

Insurance Account Amendment Rules 2024

The Insurance Account Rules 2016 were amended to accommodate reporting requirements introduced by the International Accounting Standard Board's accounting standard for insurance contracts International Financial Reporting Standards 17 (IFRS 17). The resulting new Insurance Account Amendment Rules 2024 became operative on 25 March 2024.

Insurance (Group Supervision) Amendment Rules 2024

The Insurance (Group Supervision) Rules 2011 were amended to accommodate reporting requirements introduced by the International Accounting Standard Board's account standard for insurance contracts IFRS 17. The Rules became operative on 25 March 2024.

Insurance (Prudential Standards) (Recovery Plan) Rules 2024

The Insurance (Prudential Standards) (Recovery Plan) Rules 2024 (Rules) outline the requirements for insurers to create a recovery plan. The Rules provide for the matters which the Authority shall have regard when determining which insurers need to prepare a recovery plan and the contents of the recovery plans. The Rules will become operative on 1 May 2025.

Insurance (Prudential Standards) (Recovery Plan) Amendment Rules 2024

The Insurance (Prudential Standards) (Recovery Plan) Rules 2024 were amended to clarify the matters for which the BMA shall have regard when determining the requirement for an insurer to prepare a recovery plan. The Insurance (Prudential Standards) (Recovery Plan) Amendment Rules 2024 will become operative on 1 May 2025.

Investment Business (Recognised Bodies) (Reporting Accountants) (Facts and Matters of Material Significance) Regulations 2024

The Investment Business (Recognised Bodies) (Reporting Accountants) (Facts and Matters of Material Significance) Regulations 2024 contain requirements for auditors of Recognised Bodies under Part IV of the Investment Business Act 2003 to provide notice of certain facts and matters. These regulations became operative on 29 July 2024.

Investment Business (Recognised Bodies Recognition Requirements) Regulations 2024

The Investment Business (Recognised Bodies Recognition Requirements) Regulations 2024 contain requirements that applicants must meet before being designated as Recognised Bodies under Part IV of the Investment Business Act 2003. These regulations became operative on 29 July 2024.

Investment Business (Prudential Standards) (Recognised Bodies) Rules 2024

The Investment Business (Prudential Standards) (Recognised Bodies) Rules 2024 contain, among other matters, the requirements for a Recognised Body under Part IV of the Investment Business Act 2003 to maintain minimum capital and minimum liquidity. These rules became operative on 29 July 2024.

The Banks and Deposit Companies (Restricted Banks) Amendment Order 2024

Amendments were made to the Banks and Deposit Companies Act 1999 (Act) that revised the initial net assets required by a restricted bank when a licence is granted to \$5 million and expanded the persons specified in the Third Schedule of the Act that restricted banks can provide services. The Amendment Order took effect in July 2024.

Bermuda Monetary Authority (Polymer Currency Forms and Designs) Amendment Regulations 2024

The regulations were issued to enable the BMA to update the form and design of coins to feature the image of His Majesty King Charles III. The regulations came into force on 13 December 2024.

Bermuda Monetary Authority (Commemorative Coin Series) (Bermuda Flowers) Amendment Regulations 2024

The regulations were issued to allow for the design of the 2025 Bermuda Yellow Buttercup commemorative coin to be updated to reflect the image of His Majesty King Charles III. They came into force on 12 December 2024.

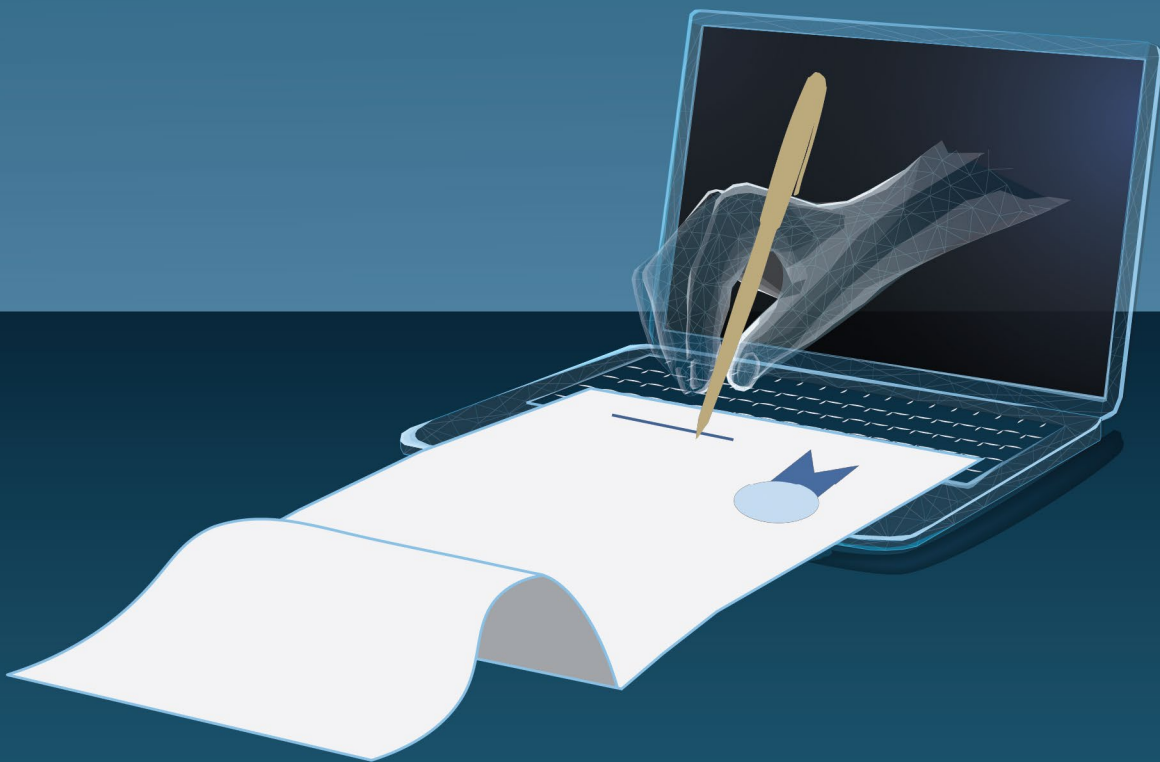
Bermuda Monetary Authority Amendment Act 2024

The Bermuda Monetary Authority Act 1969 (Act) was amended to specify the securities that will be excluded from the definition of the term 'specified securities', provide for a waiver of fees payable in relation to the Innovation Hub, and revise certain fees payable to the Authority under the Fourth and Fifth Schedules to the Act. The Bermuda Monetary Authority Amendment Act 2024 became operative on 1 January 2025.



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Supervision and Licensing



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 2024.

In 2024, the Supervision (AML/ATF) Department reviewed 28 applications for licensing and registration across various sectors. These reviews assure that new entrants to the Bermuda market have appropriate AML/ATF controls from inception.

The risk assessment results, which concluded in late 2023, informed the selection of specific entities for on-site supervisory examinations in 2024. The selection spanned registrants across various sectors and resulted in 23 on-site supervisory examinations and two desk-based reviews.

Close and continuous supervision of higher-risk entities was maintained in 2024, with 150 supervisory meetings. Monthly or quarterly meetings facilitated the enhanced oversight of entities across the Banking and DAB sectors, together with selected registrants in the Money Service Business, Insurance Sandbox and Corporate Service Provider sectors. These meetings were conducted based on regular and consistent information flow from the selected entities, allowing the BMA to focus more closely on matters of exception or interest.

Where any supervisory activity generated a remediation plan for the registrant, the oversight of the successful completion of the plan remained a priority. Generally, registrants met their remediation requirements. Failures with remediation or due to the examination of a registrant's AML/ATF programme were consistently referred to the BMA's Legal Services and Enforcement Team.

Industry engagement was a key focus in 2024. The BMA hosted seven outreach sessions, each targeted at a specific sector to deliver insights and guidance tailored to that sector. The Authority also participated in a joint session with the Financial Sanctions Implementation Unit, which was focused on providing guidance on compliance with Bermuda's sanctions regime. The BMA also met with all key industry associations throughout the year, providing regulatory updates and subject matter advice on a variety of AML/ATF topics.

The Authority provided significant support to the execution of the National AML/ATF and Legal Person and Legal Arrangement Risk Assessments. These initiatives are foundational to informing and guiding both the Authority's and the Bermuda jurisdiction's risk-based approach to fighting money laundering and terrorist financing.

Cyber Risk Supervision

The Cyber Risk Department collaborates and provides expert cyber subject matter support across all BTCSI, Insurance and FinTech Supervisory Departments. In line with a risk-based approach, the Department carried out cyber risk supervision in 2024 through risk assessments, data scoring from annual returns, and on-site and regular meetings with entities, among other supervisory tools.

Data from annual returns was risk assessed and scored. The score, in addition to other risk profiling criteria, drives the selection of entities that are to be subject to an on-site examination. In 2024, the Cyber Risk Department conducted the cyber component of 12 on-sites, eight for the Supervision (Insurance) Department (ISD), two for BTCSI and two for FinTech. On-sites are designed to assess the registered entity's compliance with the Cyber Code. Cyber Risk on-site reviews allow the BMA to obtain and verify baseline information on our registrants' internal controls and security capabilities with the aim of identifying those that may be vulnerable and require remediation. In addition, the Cyber Risk Department participated in two ISD international supervisory colleges and conducted one FinTech in-depth supervisory review.

Nine entities that underwent an on-site in 2023 had findings requiring remediation. The Cyber Risk Department followed up with these entities, requesting updates on the remediation work and additional documentation to verify that the findings were addressed satisfactorily. The majority of the findings for entities assessed in 2023 have been closed.

In addition, the Cyber Risk Department evaluated the cyber risk aspect, governance and controls of over 20 new license applications in 2024. Furthermore, it participated in regular monthly or quarterly meetings with entities, depending on the risk profile, and regulatory calls with relevant international regulators on specific entities.

Over the year, the Cyber Risk Department assisted supervisors in assessing the risks of several outsourcing notifications to cloud, intra-group or other third-party external vendors.

As per the Cyber Code, entities are required to notify the BMA of cyber incidents. The Cyber Risk Department followed up any notifications with additional information requests, meetings, incident reports and tracking remediation to a conclusion.

Banking Supervision

During the year, the Authority's risk-based supervisory and regulatory regime continued to include a consistent, robust risk assessment for each financial institution. Licensees provide periodic returns, which are reviewed to assess idiosyncratic risks and changes to their risk profile. The Authority hosted a supervisory college in 2024 as the lead supervisor for one banking institution and participated in one supervisory college hosted by a competent regulator.

The Authority's Supervisory Review and Evaluation Process (SREP), which combines the review of an institution's Capital Assessment and Risk Profile (CARP) with the on-site review process, is on a two-year cycle. In 2024, two banks were subject to the SREP. As part of this process, the Authority issued revised capital requirements for these institutions based on the results of the on-site examination, the CARP review and desk-based assessments.

Asset Quality

The banking industry's Non-Performing Loans (NPLs) at the end of 2024 were \$495.5 million, representing a 15.2% decrease from the \$584.4 million recorded at the end of 2023. NPLs represented 6.1% of gross loans at the end of the year (2023: 6.8%). Total industry provisions at the end of 2024 were \$127.3 million, representing a 17.3% decrease from the \$154.0 million recorded at the end of 2023. The industry recorded a 6.1% decrease in gross loans throughout 2024, with this balance decreasing from \$8.58 billion at the end of 2023 to \$8.06 billion at the end of 2024.

Balance Sheet

Total consolidated banking industry assets were almost unchanged at \$23.7 billion in 2024 (2023: \$23.7 billion). This is consistent with the net impact of cash and deposits decreasing by 4.9% to \$2.55 billion (2023: \$2.68 billion), net loans and advances decreasing by 5.9% to \$7.94 billion (2023: \$8.44 billion) and other assets decreasing by 29.1% to \$0.73 billion (2023: \$1.03 billion), partially offset by investments increasing by 7.7% to \$12.53 billion (2023: \$11.63 billion).

In terms of balance sheet composition, investments account for the largest share of total assets at 52.8% (2023: 49.1%), followed by loans at 33.4% (2023: 35.6%), cash and deposits at 10.7% (2023: 11.3%), other assets at 1.9% (2023: 2.8%) and premises and equipment at 1.2% (2023: 1.2%).

Deposit liabilities increased by 0.6% to \$21.06 billion in 2024 (2023: \$20.93 billion). Demand deposits recorded a 2.9% decline from \$9.59 billion in 2023 to \$9.31 billion in 2024, savings deposits recorded a decline of 7.9% from \$6.29 billion to \$5.79 billion, whilst time deposits recorded an 18.3% growth from \$5.04 billion to \$5.96 billion.

Demand deposits accounted for 44.2% (2023: 45.8%) of total deposits, savings deposits accounted for 27.5% (2023: 30.1%), and time deposits accounted for 28.3% (2023: 24.1%).

At the end of 2024, the industry's other liabilities balance was \$781.0 million, representing a 0.4% decrease from the \$784.0 million recorded at the end of 2023.

Earnings and Profitability

Aggregate banking sector profitability decreased by 6.3% from \$571.6 million in 2023 to \$535.6 million in 2024.

Total banking industry income for 2024 was \$1.11 billion, representing a marginal 0.3% (\$3.6 million) increase from the \$1.11 billion recorded in 2023.

Earnings and Profitability continued

In 2024, total operating expenses amounted to \$561.7 million, representing a 5.5% increase from \$532.5 million in 2023. The contributions to total operating expenses in 2024 were staff expenses at 50.2% (2023: 53.6%), other expenses at 33.5% (2023: 31.7%), occupancy expenses at 8.9% (2023: 8.9%) and expenses related to services by external service providers at 7.4% (2023: 5.8%).

Net interest income continues to be the most significant component of the banking industry's income at \$754.5 million in 2024 (2023: \$789.5 million), representing 68.0% (2023: 71.0%) of total income for the year. Other banking income during 2024 amounted to \$190.4 million (2023: \$166.8 million), accounting for 17.2% (2023: 15.0%) of total income. Non-banking income during the year amounted to \$157.6 million (2023: \$146.2 million), accounting for 14.2% (2023: 13.2%) of total income, and dividends and other income accounted for less than 1% of total income for both 2023 and 2024.

Capital Adequacy

As of the end of 2024, the aggregated consolidated Risk Asset Ratio (RAR) for the banking industry was 26.5% (2023: 26.3%), and the aggregated Common Equity Tier 1 (CET1) capital ratio was 25.1% (2023: 24.8%), with each bank exceeding its minimum requirement. The industry's average Basel III leverage ratio was 7.8% at the end of 2024 (2023: 8.1%). Each bank exceeded the 5% minimum requirement.

Total RWA at the end of 2024 amounted to \$7.64 billion, representing a 4.3% decrease from the \$7.98 billion recorded at the end of 2023. The RWA density at the end of 2024 decreased to 32.2% from 33.7% at the end of 2023.

Credit Union Supervision

Presently, the sole credit union in Bermuda is the Bermuda Credit Union Co-operative Society. Accordingly, the Authority continued its ongoing supervision of this entity throughout 2024 per the Credit Unions Act 2010 provisions.

Money Service Business (MSB) Supervision

The Authority continued its ongoing supervision of the licensed MSB providers in Bermuda throughout 2024 in accordance with the provisions of the Money Service Business Act 2016. The Authority revoked one licence during the year. Following this licence revocation, one entity was licensed to provide money service business in or from Bermuda.

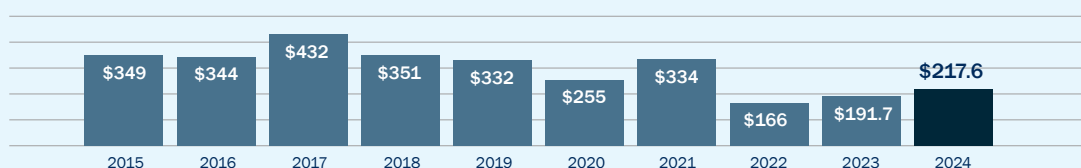
The Bermuda Stock Exchange (BSX)

The BSX ended 2024 with 240 international debt securities listed (2023: 269), a 10.8% decrease from 2023. Collateralised Loan Obligations declined by 36.8% with 36 listings at year-end (2023: 57). The decline in listings occurred as a result of redemptions and refinancing through the normal course of the listing lifecycle.

ILS listings decreased by 13.8% to 732 at year end (2023: 849). There were 156 new listings during the year (2023: 195), and the overall nominal value of listed securities fell to \$56 billion (2023: \$59.1 billion). Of the total ILS listings, 450 (2023: 425) were securities providing catastrophic peril reinsurance coverage. The global issuance for that class was \$49.5 billion (2023: \$45 billion), with BSX-listed ILS providing catastrophic peril reinsurance coverage that had an outstanding value of \$45.4 billion (2023: \$40.8 billion), representing 91.8% of global issuance.

Trading volume increased to 11.3 million shares (2023: 2.3 million), and the value of shares traded totalled \$105.8 million (2023: \$20.4 million). Equity market capitalisation on the BSX totalled \$217.6 billion at the end of 2024 (2023: \$191.7 billion).

BSX – Market Capitalisation (BD\$ Billions)



Financial Technology (FinTech)

In 2024, the BMA's Supervision (FinTech) Department supervised 36 DABs — 18 Class F licences, 10 Class M licences and eight Class T licences. The Class F licensed entity supervisory regime consists of annual onsite meetings, in-depth supervisory meetings and the provision of data returns. Class M and Class T licensed entities conduct 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, custody of client assets and customer protection, or other areas, depending on the specifics of the entity. The Authority continues to receive a substantial number of applications across the various licence classes that introduce complex business models. These cover different licensing sectors and require collaboration and joint supervisory efforts.

Insurance Supervision

Existing and Emerging Risks

The global insurance industry encounters numerous challenges yearly and 2024 was no exception. We witnessed several catastrophic events this past year, including the Noto, Japan earthquake in January, the Baltimore, US bridge collapse in March, the global Microsoft Windows outage caused by faulty CrowdStrike software in July and Hurricane Helene's US landfall in Florida in September. These events, along with other climate change and weather-related disasters, are becoming more frequent and severe, adversely affecting vulnerable communities. The insurance industry also faces geopolitical and economic uncertainties. These uncertainties continuously test the adequacy of insurers' reserves, investments and capitalisation.

Despite these adversities, the existence of large protection gaps in many lines of business present opportunities for innovative insurers to distinguish themselves to achieve favourable outcomes. The widespread adoption of emerging technologies, such as AI and machine learning, is helping insurers enhance their operations, as they leverage technology and data analytics to improve risk management. However, their increasing reliance on technology to automate tasks and process large volumes of sensitive data can also attract cybercriminals and expose insurers to substantial cybersecurity risks. 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 and other existing and emerging macroprudential risks, the BMA continued to fulfil its mandate to safeguard policyholder protection and promote financial stability.

The BMA's supervisory efforts in 2024 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 2024, affirmed the strength and readiness of Bermuda insurers to withstand the financial impact of significant natural catastrophe losses and prevailing macroeconomic stresses. Global economic conditions and an increase in the frequency and severity of natural catastrophes continue; however, they remain serious concerns for the insurance industry. Therefore, the Authority will continue to closely monitor developments in these areas.

Furthermore, supervisory efforts in 2024 also focused on the continuous process of ensuring that the Bermuda regulatory regime remains sound and appropriately aligned with the evolving international regulatory landscape. As a result, the BMA undertook enhancements to Bermuda's regulatory regime, including issuing various Consultation Papers, Guidance Notes, Legislative Amendments and Reports.

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. Specifically, these included 27 on-site reviews of solo/legal entities, 19 on-site reviews of insurance groups and 25 annual supervisory colleges, covering groups for which the Authority is the group supervisor. Furthermore, the Authority participated in 37 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 establish memorandums of understanding with the applicable jurisdictions.

Alternative Capital Market

Bermuda’s alternative capital market was 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 during 2024.

Catastrophe bond issuances reached record new levels during 2024, with \$17.7B in issuances for the year. The insurance-linked bond market continued to be primarily dominated by property catastrophe/retrocession covers. Given the significance of the alternative capital market in Bermuda, the Authority continued to track data and promote Insurance-Linked Securities transparency globally.

Investment Funds

In 2024, the BMA successfully implemented the prior year’s legislative amendments to the Investment Funds Act 2006 (IFA). This provided the Authority with the ability to apply proportionate late fees in response to late filings to promote compliance with the IFA filing requirements. The amendments also included new provisions for filing extensions, mandatory communications from fund auditors and expanded powers that allow the Authority to safeguard participants in Bermuda funds. Additionally, the BMA rolled out various enhancements to the INTEGRA Portal as a result of the IFA amendments.

Summary of supervisory activities across sectors for 2024

Sector	Focus of supervisory activity	Supervision activity
AML/ATF	Risk-based approach to AML/ATF supervision underpinned by the Authority’s own sectoral and institutional risk assessments	Execution of risk-based supervision across all sectors including: • 23 on-site supervisory examinations at Regulated Financial Institutions (RFIs) • Two desk-based reviews • Ongoing monthly/quarterly close and continuous supervision and monitoring of higher-risk regulated financial institutions including 150 meetings
Banking	• Pillar 2 supervisory reviews of licensed banks based on their submission of the CARP documents • On-site inspections focused on several key areas including business strategy, corporate governance, Enterprise Risk Management (ERM) including cyber risk, capital adequacy, internal controls, conduct and change management	• Two on-site reviews of BMA-licensed banking institutions • Overseas review of one material banking subsidiary of a BMA-licensed banking institution
Conduct	On-site inspections focused on compliance with the Code of Conduct	• Participated in two on-site reviews of BMA-licensed banking institutions • Participated in ongoing quarterly and semi-annual supervision and monitoring meetings of BMA-licensed banking institutions
Credit Union	Off-site review assessing compliance with the requirements of the Credit Unions Act 2010	• On-site review of the licensed credit union

Sector	Focus of supervisory activity	Supervision activity
CSP Business	On-site inspections focused on key areas such as corporate governance, ERM, cyber risk management and compliance with the CSP Act and the relevant Code of Practice	• Seven on-site reviews of CSP licensed entities • 52 CSP licensees in scope of the Risk Management Thematic Review
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	• Ongoing quarterly and monthly supervision meetings • Evaluation of the Cyber Risk, governance and controls of over 20 new licensing applications/graduations • 12 cyber on-site reviews across all sectors • Two cyber international supervisory colleges • One deep-dive review
DAB	On-site inspections and supervisory meetings focused on corporate governance, risk management, conduct, credit and liquidity risk management, stress testing, cyber risk management, AML/ATF, client asset segregation and reconciliation, system and controls in place to combat market manipulation, client disclosures, group operations and updates	• On-site supervisory examinations held for three Class F entities and one in-depth supervisory meeting • All Class T and M entities are subject to monthly or quarterly supervision and reporting submissions
Fund Administration	On-site inspections focused on key areas such as corporate governance, enterprise risk, cyber risk management, outsourcing and compliance with the Fund Administration Provider Business Act 2019 and the relevant Code of Practice	• Three on-site reviews of Fund Administration Provider Business (FAPB)-licensed entities • 14 FAPB licensees in scope of the Risk Management Thematic Review
Insurance	On-site inspections focused on a number of key areas, including risk management, corporate governance and capital adequacy	• 19 group on-site reviews, including cyber • 27 solo on-site reviews, including cyber • Seven intermediary on-site reviews
Investment Business	On-site inspections focused on key areas such as corporate governance, ERM, cyber risk management, investment operations and compliance with the IBA and its related Code of General Business Conduct and Practice, rules and regulations	• Two on-site reviews of IBA licensed entities • 26 IBA licensees included in scope of the Risk Management Thematic Review
Trust	On-site inspections focused on several key areas such as corporate governance, ERM, cyber risk management and compliance with the Trusts Act and the relevant Code of Practice	• Two on-site reviews of licensed trust entities • 15 trust licensees included in the scope of the Risk Management Thematic Review

Enforcement

Enforcement Activity

The BMA completed the following enforcement matters in 2024:

1. Levied civil penalties against Meritus Trust Company Limited totalling \$600,000 million due to breaches of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008, the Trusts (Regulation of Trust Business) Act 2001 and the Corporate Service Provider Business Act 2012 (CSPB Act);
2. Revoked the registration of Richmond Corporate Services Ltd arising from its failure to comply with the CSPB Act;
3. Revoked the registration of Blue Nile Services Ltd. arising from its failure to comply with the Money Service Business Act 2016; and
4. Cancelled the registration of 777 Re Ltd. arising from its failure to comply with the Insurance Act 1978 (Insurance Act).

The Authority filed winding-up petitions with the Supreme Court and obtained orders appointing joint provisional liquidators in relation to the following companies:

1. Tahoe Life Insurance Company Limited (registered as a Class E insurer under the Insurance Act); and
2. Sagehi Equity Fund Limited (registered as an institutional fund under the Investment Funds Act 2006).

Policing the Perimeter

In 2024 the BMA issued four public warnings, which represented a significant increase from 2023. These warnings were issued with respect to the following conduct:

1. A company falsely claimed to have been issued a licence by the BMA;
2. A series of emails were sent to persons claiming to have been sent by the BMA and demanded fees be paid to the BMA;
3. A person purporting to work at the BMA called a Bermuda resident and attempted to obtain personal banking information; and
4. A company's website falsely stated that the company was headquartered in Bermuda and offered activities that would have required a license from the BMA. The company was not incorporated in Bermuda and did not have a licence to conduct any regulated activity in Bermuda.

Full details of these public warnings can be found on the BMA's website.

During 2024, the BMA issued three cease-and-desist letters, two for unlicensed corporate service provider activity and one for unlicensed investment activity. In all cases the Authority received confirmation that the entities ceased conducting the unlicensed activity within the required deadlines.

Information Sharing

Throughout 2024, the BMA continued to exchange information with domestic partners at similar levels to previous years. As seen in the table below, there was a considerable increase in the number of requests received from the Bermuda Police Service (BPS) that were related to international corruption investigations.

Additionally, in 2024 the Authority provided information to the Customs Department related to the fraudulent telephone call described in the Policing the Perimeter section above. The BMA continued to exchange information with Customs in relation to the attempted export of Bermuda currency notes contrary to the requirements of the Exchange Control Regulations 1973.

Information Sharing with Domestic Agencies

Year	2020	2021	2022	2023	2024
Financial Intelligence Agency (FIA)					
Disclosures received from FIA	1	5	2	2	4
Section 16 Notice for Information from BMA	2	3	0	1	1
Suspicious Activity Reports filed by BMA	9	3	4	4	2
Voluntary Disclosure from BMA	*	1	5	2	2
BMA Request for Information from FIA	6	1	1	1	1
Bermuda Police Service (BPS)					
BPS Request for Information from BMA	13	18	6	6	20
Number of Subjects	42	172	251	42	236
Production Orders	1	1	1	2	0
BPS Voluntary Disclosure to BMA	2	5	3	1	2
BMA Voluntary Disclosure to BPS	8	9	12	2	2
BMA Request for Information from BPS	1	4	3	3	3

**Not recorded for year*

Licensing

Insurance Applications Approved and Entities Registered

In 2024, the BMA approved 80 new insurance applications, while 73 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 73 new insurance registrants, 45 underwrote general business exposures, 16 underwrote long-term business exposures and the remaining 12 were intermediaries. Additionally, the Authority became the group supervisor of one new insurance group in 2024.

2024 Summary of Approved Applications

	Insurance Applications Approved	Insurance Entities Registered
Insurers		
Class 1	10	7
Class 2	6	5
Class 3	2	2
Class 3A	1	1
Class 3B	3	2
Class 4	1	1
Collateralized Insurer	9	5
Sandbox, IIGB Insurer	1	1
Class A	2	3
Class C	4	3
Class E	10	10
Restricted SPI	18	19
Unrestricted SPI	3	2
Total Insurers	70	61
Intermediaries		
Insurance Manager	2	2
Insurance Broker	4	6
Insurance Agent	4	4
Innovative Intermediary — IB	0	0
Innovative Intermediary — IMP	0	0
Total Intermediaries	10	12
Grand Total	80	73

Summary of BTCSI-related licensee status for the year ended 31 December 2024

Sector	Licensing and Registration Activity	2023	2024
Banking	Total licensees at end of the year	5	5
	New licences issued	0	0
Trust	Total licensees at end of the year	25	25
	Licences surrendered	1	1
	New licences issued	0	1
	New Private Trust Companies	7	4
Investment Business (Licensed)	Total licensees at the end of the year	47	52
	Licences surrendered	1	0
	New licences issued	0	5
	Declined licence	0	2
Investment Business (Registered Persons)	Total Registered B registered at of end of year	10	55
	New Registration B issued	10	45
	Total Registered A registered at of end of year	0	1
	New Registration A issued	0	1
Fund Administration	Total licensees at end of the year	24	24
	Licences surrendered	0	0
	New licences issued	0	0
CSP Business	Total licensees at the end of the year	90	88
	Licences surrendered	4	2
	Licence revocation	0	1
	New limited licences issued	0	1
	New unlimited licences issued	0	0
	Declined licence	0	0
	New CSP exemptions	3	12
Credit Union	Total at the end of the year	1	1
Money Service Business	Total licensees at end of the year	2	1
	Licences surrendered	1	0
	Licence revocation	0	1
	New licences issued	0	0
	Declined licence application	0	0
Stock Exchanges	Total at the end of the year	1	1

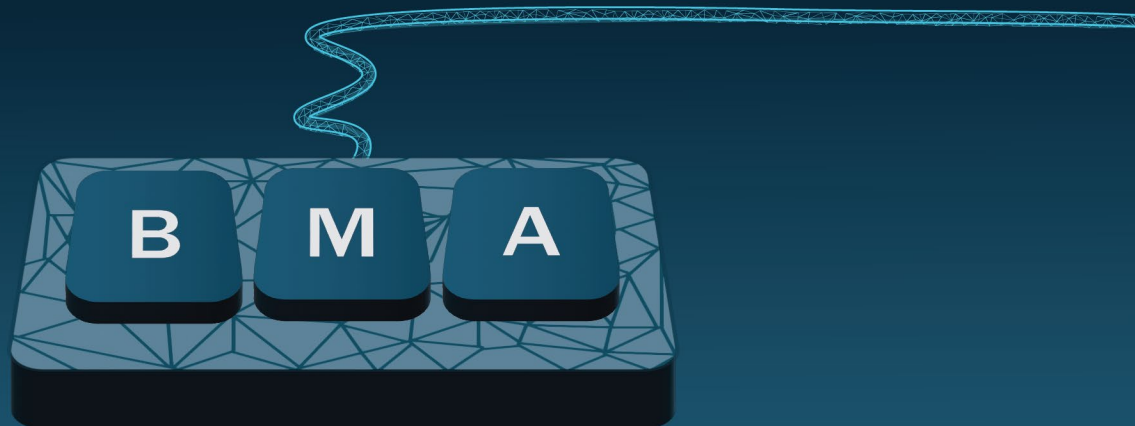
Companies, Partnerships and Permits Statistics — Applications Approved

	2023 FY	2024 FY	Q1-2024	Q2-2024	Q3-2024	Q4-2024
Companies*	763	861	141	154	194	372
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	89	70	18	23	13	16
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	0	1	0	0	1	0
Overseas Permit Companies (overseas companies applying for permits to carry on business in or from within Bermuda)	6	18	0	0	6	12
Total Applications Approved	858	950	159	177	214	400

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



Designing an Improved Authority



Embracing Emerging Technologies and Digital Transformation

In 2024, the BMA continued to leverage technological innovation to redefine its digital landscape, making significant strides in achieving its operational targets under the IT Strategy: Vision 2025. Building on the progress of previous years, the Authority actively enhanced synergy and connectivity across its workflows and technical systems.

Throughout the year, the BMA maintained its agile and adaptive approach, further integrating cutting-edge technologies and prioritising continuous learning and development throughout the organisation. This commitment ensured that the Authority remained at the forefront of technological advancement.

In this regard, the BMA implemented various platforms and systems that streamlined processes and improved resource allocation for key projects and enhancements. The Authority also continued to explore technology-driven initiatives that digitise workflows and enhance efficiency while helping to ensure the integrity and usability of the BMA's records and information.

Promoting Innovation and Operational Efficiency

In 2024, the Authority expanded its exploration of emerging technologies, including AI, machine learning and the Internet of Things to boost efficiency and streamline processes. These efforts were part of the BMA's broader goal of embracing new technologies and proactively positioning the organisation for positive outcomes for registrants and stakeholders.

Over the last year, the Authority developed a dynamic new plan entitled IT Vision 2030. This was designed to ensure that the BMA remains agile and responsive to industry developments and changes. Additional research conducted in this area also enabled the BMA to stay at the forefront of technological innovation by effectively navigating and adapting to growth in the tech landscape.

As a result of this work, the BMA has remained dedicated to digital transformation, sustaining competitiveness and paving the way for a more resilient and innovative future. By collectively embracing innovation, the Authority reaffirmed its commitment to shaping a digital-first environment that benefits all stakeholders.

In parallel, the Authority enhanced predictive modelling, boosted operational efficiency and uncovered fresh opportunities throughout 2024. These technological improvements have strengthened the BMA's commitment to being an innovative, agile and customer-focused regulator. The BMA's proactive approach empowered the Authority to make more informed, better data-driven decisions. Additionally, the BMA continued to advance trend analysis and effectively optimise and allocate resources.

Managing Data Privacy

Another key focus for 2024 was the BMA's preparation for the PIPA to go into effect on 1 January 2025. Over the year, the Authority undertook rigorous data privacy audits and updated policies, as well as new staff training programmes. These steps helped to ensure compliance with PIPA and reinforced the BMA's commitment to data privacy and protection. These efforts positioned the BMA to excel in data governance and maintain stakeholder trust.

BMA Management Team

(as at 31 December 2024)

Craig Swan	Chief Executive Officer
Shanna Lespere	Deputy Chief Executive Officer

Supervision

Ricardo Garcia	Managing Director, Supervision
Gerald Gakundi	Deputy Managing Director and Head of Insurance and Investment Funds
Jeferino Dos Santos	Chief Actuary, Actuarial Services
George Petropoulos	Deputy Director, Actuarial Services
Neil Hill	Deputy Director, Actuarial Services
Christopher Brown	Director, AML/ATF, Conduct Regulation and Corporate Authorisations
Bruce Law	Senior Advisor, Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF)
Katherine Duguay	Deputy Director, Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF)
Ashley Kibblewhite	Director, Banking, Trust, Corporate Services and Investment (BTCSI)
Keyon Swaby	Deputy Director, Supervision (BTCSI)
Shaka James	Deputy Director, Supervision (BTCSI)
Moad Fahmi	Chief FinTech Officer, Financial Technology
George Alayon	Deputy Director, Financial Technology
Martin Maringi	Director, Long-Term (Insurance)
Moses Muoki	Director, P&C Markets (Insurance)
Archbold Muhle	Deputy Director, Insurance
Kofi Takyi	Deputy Director, Insurance
Karen Olivera	Deputy Director, Insurance
Mellisa Burgess	Deputy Director, Insurance
Ralf Kuerzdoerfer	Deputy Director, Insurance
Sarah Matchett	Deputy Director, Insurance

Supervision continued

Timae Flood	Deputy Director, Insurance
Patience Maina	Deputy Director, Insurance
Peter Mason	Deputy Director, Insurance

Data Science and Artificial Intelligence

Eric Donkoh	Chief Data and Analytics Officer
Jose Flores Frey	Deputy Director

Legal Services and Enforcement

Dina Wilson	Director
Anita Hewey	Deputy Director
Susan Davis-Crockwell	Deputy Director, Enforcement

Financial Stability and Research

Marcelo Ramella	Director
Leo Mucheriwa	Financial Stability Advisor, Head of Research
Ravi Pachai	Deputy Director, Macroprudential

Policy Development, Strategy, and International Affairs

Yvette Pierre	Chief Policy and Strategy Officer
Ifor Hughes	Director
Elizabeth Copeland	Deputy Director

Corporate Authorisations

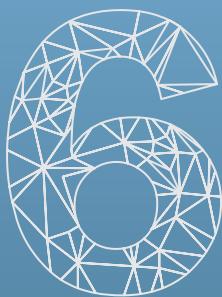
Sharon Suess	Deputy Director
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Enterprise Risk Management

Ian Ngugi	Deputy Director
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Operations

Toby Mason	Chief Operating Officer
Terry Pitcher	Head of Finance and Currency Operations
Adrian Mendoza	Financial Controller, Finance and Currency Operations
Michael Albouy	Deputy Director, Business and Operations Support
Sheridan Smith	Director, Management Services
Michael Dearing	Deputy Director, Management Services
Mesheiah Keane	Director, Human Resources
Michael Bean	Senior Manager, Compensation and Benefits (Human Resources)
Julie Dill	Senior Business Partner, People and Talent Management (Human Resources)
Elizabeth Amyoony	Senior Business Partner, People and Culture (Human Resources)
Marianne Suschak-Matvey	Director, Corporate Affairs
Martin Schembri	Deputy Director, Cyber Risk



Statistics

Financial Highlights 2024

The Authority's net income amounted to \$17.93 million in 2024, up from a \$3.53 million net loss the previous year. Total revenue increased by 49.78% year-on-year to \$129.80 million, up from \$86.66 million in 2023. This increase is mainly due to a \$39.97 million growth in revenue from contracts with licensees that resulted from increased supervisory and licensing fees revenue. Revenue from fines, penalties and other income increased by \$2.46 million due to increased AML penalties, CSP penalties, Trusts Act 2001 civil penalties and other income. This was offset by decreases in penalties issued for the late payment of annual license fees and late filing in compliance with the Insurance Act 1978. Investment income increased by \$0.71 million, mainly due to \$1.54 million in increased interest from fixed-income securities and \$1.22 million in realised gains on the sale of debt securities. These were offset by \$2.11 million in decreased interest from repurchase agreements. Additionally, the quality of the Authority's held-to-maturity portfolio of investments remained very high, with all securities maintaining a rating of A- or better.

Expenses increased by 24.03% to \$111.87 million, up from \$90.19 million in the prior year. The increase is mainly due to a \$15.47 million increase in salaries and employee benefits resulting from headcount and remuneration increases. General expenses increased by \$6.02 million. This was mainly due to \$3.71 million in increased losses from the retirement of intangibles, as well as property and equipment, and increases in all other general expenses except numismatic provision, which decreased by \$0.014 million. The remainder of the increase in expenses is due to increases in depreciation of property and equipment (\$0.65 million), amortisation of intangible assets (\$0.19 million), loss allowance for Expected Credit Losses (ECL) of investments, cash and cash equivalents (\$0.13 million), circulation note and coin expenses (\$0.043 million) and finance costs of (\$0.012 million). These were offset by the decreases in professional fees (\$0.57 million) and ECL for accounts receivable (\$0.28 million).

The BMA's headcount increased to 302 as of 31 December 2024 from 273 at year-end 2023. This growth is part of a multi-year strategic headcount increase that is critical to supporting the organisation's rapidly expanding regulatory remit across numerous sectors. We have expanded key departments in response to heightened supervisory activity and regulatory requirements. Driving this growth is the continued need for highly skilled technical staff in the areas of financial services regulation, actuarial science and risk analytics. A significant portion of growth is driven by the organisation's pressing need for skilled technical and actuarial staff to supervise the long-term insurance sector.

The pace of growth will continue into the coming year, with the headcount expected to increase further. Staffing level increases are expected in the insurance supervisory, financial technology, data science and operational support areas to ensure ongoing alignment with growing regulatory and operational support needs.

The organisation has carefully managed workforce expansion to ensure sustainability, balancing operational needs with cost efficiency. The additional personnel have been integrated with a focus on optimising processes, improving service delivery and reinforcing our ability to meet regulatory expectations. We remain committed to ongoing workforce evaluation to align with industry trends and regulatory developments while maintaining financial prudence.

The BMA remains committed to strengthening leadership capabilities and enhancing technical competencies to support sustainable growth and regulatory excellence. We have implemented targeted leadership development programmes to cultivate a strong talent pipeline, ensuring that our leaders are equipped to drive strategic initiatives and uphold governance standards. Simultaneously, we continue to invest in technical training and upskilling programmes, particularly in risk management, compliance, digital transformation and emerging financial technologies. These efforts align with our commitment to regulatory compliance, operational resilience and industry best practices, ensuring that our workforce remains adept at navigating evolving market and regulatory landscapes.

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	0	18,863,739	0	0.00%
February	0	18,863,739	0	0.00%
March	0	18,863,739	0	0.00%
April	5	18,863,744	5	0.00%
May	4	18,863,748	4	0.00%
June	4	18,863,752	4	0.00%
July	202,800	19,066,552	202,800	1.08%
August	1	19,066,553	1	0.00%
September	172,003	19,238,556	172,003	0.90%
October	4	19,238,560	4	0.00%
November	2	19,238,562	2	0.00%
December	24,800	19,263,362	24,800	0.13%
Year				
2024	399,623	19,263,362	399,623	2.12%
2023	242,438	18,863,739	242,438	1.30%

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	0	6,100,000	6,100,000	12,980,000	163,280,344	(6,880,000)	-4.04%
February	700,000	9,100,000	9,800,000	9,507,000	163,573,344	293,000	0.18%
March	1,564,000	9,556,000	11,120,000	8,960,990	165,732,354	2,159,010	1.32%
April	2,500,000	5,350,000	7,850,000	11,011,600	162,570,754	(3,161,600)	-1.91%
May	0	11,000,000	11,000,000	15,360,988	158,209,766	(4,360,988)	-2.68%
June	2,000,000	8,748,000	10,748,000	13,031,916	155,925,850	(2,283,916)	-1.44%
July	200,000	13,700,000	13,900,000	14,481,000	155,344,850	(581,000)	-0.37%
August	5,000,000	8,250,000	13,250,000	10,132,322	158,462,528	3,117,678	2.01%
September	0	8,660,000	8,660,000	19,573,972	147,548,556	(10,913,972)	-6.89%
October	0	9,810,000	9,810,000	6,757,310	150,601,246	3,052,690	2.07%
November	520,000	5,830,000	6,350,000	10,714,996	146,236,250	(4,364,996)	-2.90%
December	150,000	19,120,000	19,270,000	9,304,980	156,201,270	9,965,020	6.81%
Year							
2024	12,634,000	115,224,000	127,858,000	141,817,074	156,201,270	(13,959,074)	-8.20%
2023	19,180,956	76,951,000	96,131,956	99,944,554	170,160,344	(3,812,598)	-2.19%

Banking

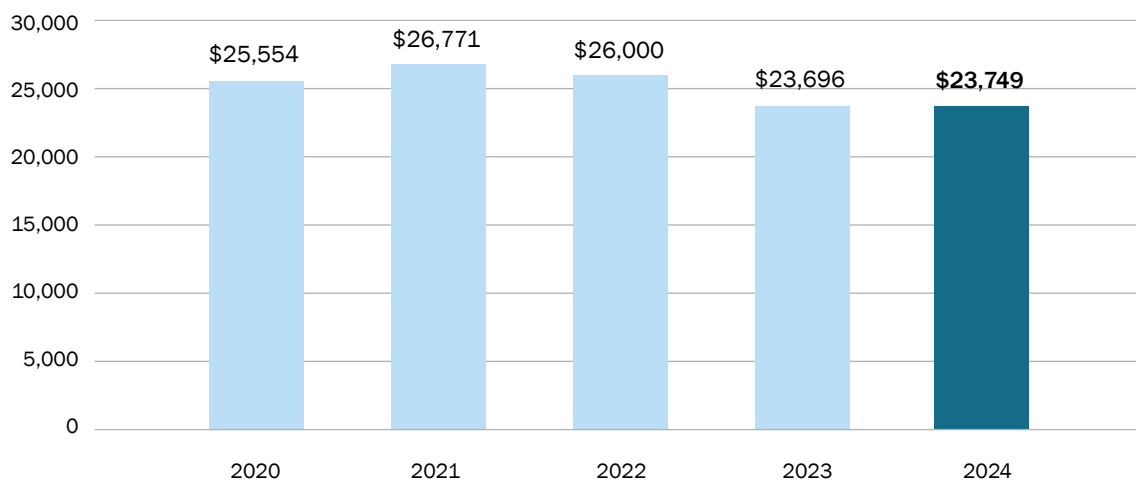
Bermuda Money Supply

(BD\$ Millions)	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Notes and Coins in Circulation*	175	167	175	185	182
Deposit liabilities	3,983	4,026	3,989	3,931	3,881
Total	4,158	4,193	4,164	4,116	4,063
Less: Cash at Banks and Deposit Companies	53	47	55	65	70
BD\$ Money Supply	4,105	4,146	4,109	4,051	3,993
% Change on Previous Period	-0.99%	0.90%	1.43%	1.45%	0.92%
% Change Year on Year	2.80%	2.88%	2.04%	0.92%	0.96%

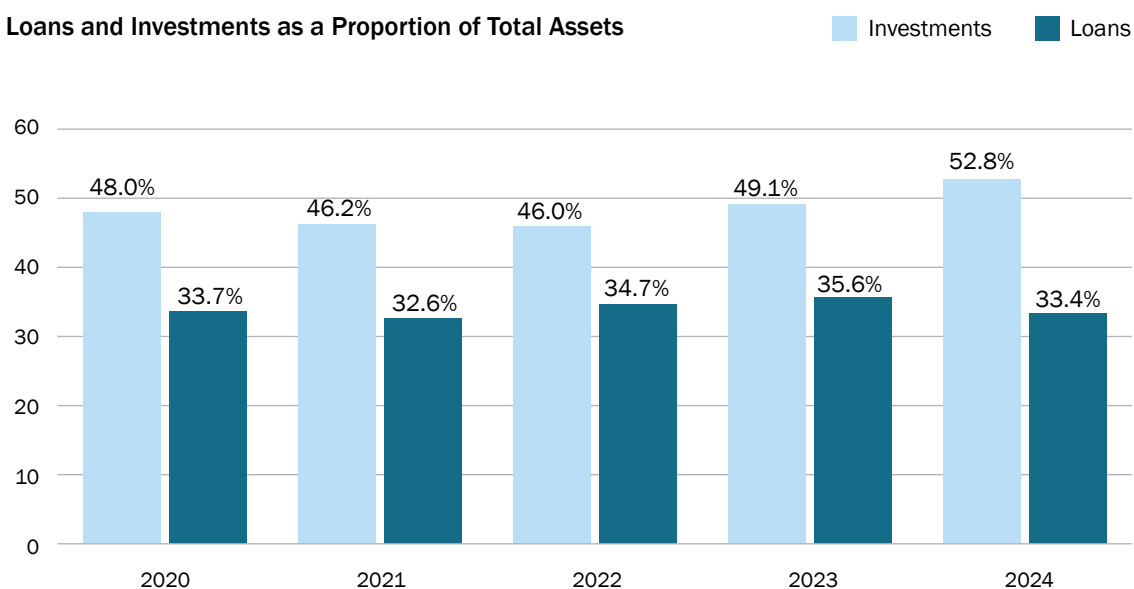
Totals may not add due to rounding.

*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

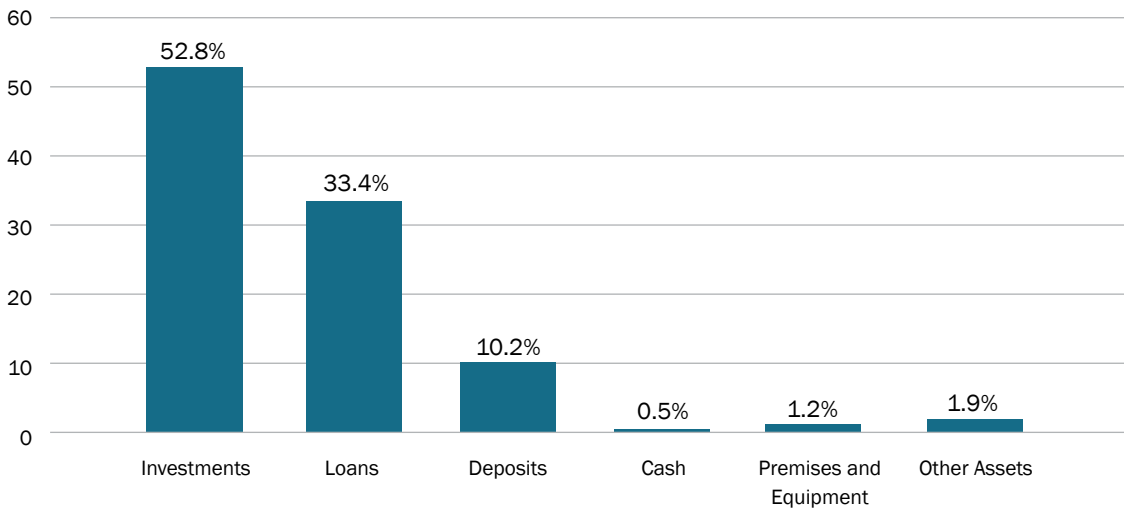


Banking Sector Assets and Deposits

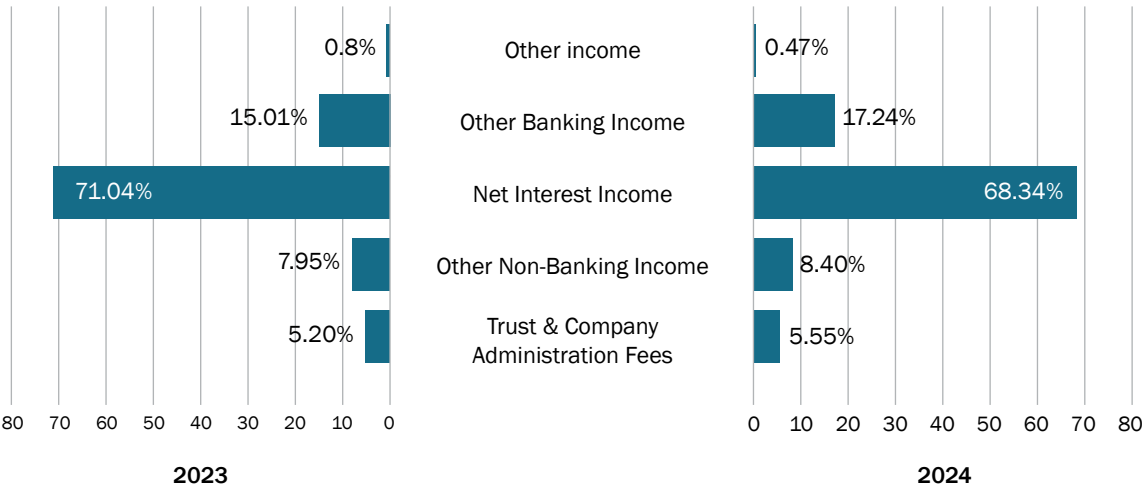
(BD\$ millions)	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023
Total Assets	23,749	23,984	23,857	24,102	23,696	24,235*
Quarterly Changes	-1.0%	0.5%	-1.0%	1.7%	-2.2%*	0.0%
Total Deposits	21,056	21,169	21,172	21,366	20,930	21,530*
Quarterly Changes	-0.5%	0.0%	-0.9%	2.1%	-2.8%*	0.0%

*Restated as at 31 December 2023

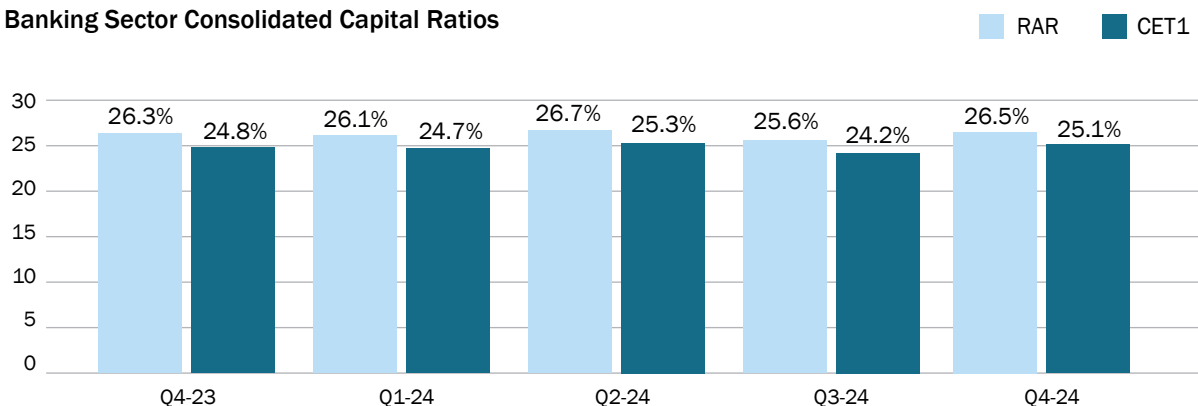
Composition of Banking Sector Assets
(as at 31 December 2024)



Composition of Banking Sector Revenues (Consolidated)



Banking Sector Consolidated Capital Ratios



Banking Sector Foreign Currency Position (Consolidated)

(BD\$ Millions)	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023*
Total Foreign Currency Assets	20,741	20,725	20,658	20,970	20,542	20,981
Less: Other Assets	407	224	394	499	611	610
Less: Foreign Currency Loans to Residents	838	852	858	852	859	855
Net Foreign Currency Assets	19,496	19,649	19,406	19,619	19,072	19,516
Foreign Currency Liabilities	17,659	17,561	17,510	17,818	17,537	18,191
Add: BD\$ Deposits of Non-Residents	65	64	63	59	59	60
Net Foreign Currency Liabilities	17,724	17,625	17,573	17,877	17,596	18,251
Net Foreign Currency Position	1,772	2,024	1,833	1,742	1,476	1,265

Totals may not add due to rounding.

*Restated as at 31 December 2023

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

(BD\$ Millions)	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023
Deposit Liabilities	3,989	4,032	3,995	3,936	3,888	3,894
Less: Loans, Advances and Mortgages	2,714	2,747	2,763	2,803	2,955	2,983
Surplus/(deficit) Deposits	1,275	1,285	1,232	1,133	933	911
Percentage of Deposits Loaned	68.0%	68.1%	69.2%	71.2%	76.0%	76.6%

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

	Q4-2024			Q3-2024			Q2-2024		
(BD\$ Millions)	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	120	53	67	119	47	72	135	55	80
Deposits	2,431	19	2,412	3,501	21	3,480	3,466	28	3,438
Investments	12,531	4	12,527	11,680	4	11,676	11,433	5	11,428
Loans and Advances	7,939	2,611	5,328	7,910	2,637	5,273	7,973	2,655	5,318
Premises and Equipment	278	130	148	275	227	48	272	158	114
Other Assets	450	191	259	499	323	176	578	298	280
Total Assets	23,749	3,008	20,741	23,984	3,259	20,725	23,857	3,199	20,658
Liabilities									
Demand Deposits	9,311	1,650	7,661	9,355	1,687	7,668	9,245	1,677	7,568
Savings Deposits	5,785	1,516	4,269	6,012	1,509	4,503	6,374	1,525	4,849
Time Deposits	5,960	817	5,143	5,802	830	4,972	5,553	787	4,766
Sub Total — Deposits	21,056	3,983	17,073	21,169	4,026	17,143	21,172	3,989	17,183
Other Liabilities	781	195	586	729	311	418	635	308	327
Sub Total — Liabilities	21,837	4,178	17,659	21,898	4,337	17,561	21,807	4,297	17,510
Equity and Subordinated Debt	1,912	2,035	(123)	2,086	2,132	(46)	2,050	2,198	(148)
Total Liabilities and Capital	23,749	6,213	17,536	23,984	6,469	17,515	23,857	6,495	17,362

Totals may not add due to rounding.

Note: Other includes USD and other currencies

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

	Q1-2024			Q4-2023			Q3-2023		
(BD\$ Millions)	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	131	65	66	140	70	70	142	72	70
Deposits	3,556	25	3,531	2,538	25	2,513	3,204	25	3,179
Investments	11,309	3	11,306	11,627	4	11,623	11,433	27	11,406
Loans and Advances	8,262	2,694	5,568	8,444	2,719	5,725	8,457	2,741	5,716
Premises and Equipment	272	159	113	276	163	113	276	162	114
Other Assets	572	186	386	671	173	498	723	227	496
Total Assets	24,102	3,132	20,970	23,696	3,154	20,542	24,235*	3,254*	20,981*
Liabilities									
Demand Deposits	9,485	1,673	7,812	9,594	1,646	7,948	9,448	1,651	7,797
Savings Deposits	6,525	1,509	5,016	6,292	1,508	4,784	7,166	1,520	5,646
Time Deposits	5,356	749	4,607	5,044	727	4,317	4,916	719	4,197
Sub Total — Deposits	21,366	3,931	17,435	20,930	3,881	17,049	21,530	3,890	17,640
Other Liabilities	695	312	383	784	296	488	859	308	551
Sub Total — Liabilities	22,061	4,243	17,818	21,714	4,177	17,537	22,389	4,198	18,191
Equity and Subordinated Debt	2,041	2,190	(149)	1,982	2,108	(126)	1,846	2,094	(248)
Total Liabilities and Capital	24,102	6,433	17,669	23,696	6,285	17,411	24,235*	6,292*	17,943*

*Restated as at 31 December 2023

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

Fund Count Statistics		Q4-2024	Q4-2023
Authorised Funds	Administered Funds	2	2
	Institutional Funds	147	153
	Standard Funds	76	79
Registered Funds	Private Funds	193	196
	Professional Class A Funds	76	76
	Professional Class B Funds	46	50
	Professional Closed Funds	115	102
Designated Funds	Overseas Funds*	129	146
Total Number of Funds		784	804
Authorised Funds (BD\$ Millions)	Administered Funds	\$19	\$14
	Institutional Funds	\$64,282	\$64,322
	Standard Funds	\$69,334	\$67,192
Registered Funds (BD\$ Millions)	Private Funds	\$46,445	\$46,316
	Professional Class A Funds	\$37,121	\$35,355
	Professional Class B Funds	\$11,241	\$11,248
	Professional Closed Funds	\$66,360	\$56,492
Net Asset Value (BD\$ Millions)		\$294,802 (4.93%)	\$280,939

*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 also 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 a higher level of 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 are restricted to qualified participants, typically institutional or high-net-worth investors. They must appoint a fund officer, trustee or resident representative in Bermuda with access to the fund's records, and 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. All changes to the offering document, including operator and service provider changes, must be notified to the Authority annually as part of the annual certification filing
- **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 notified to the Authority as part of the annual certification filing
- **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 disclosing the risks associated with investing in the fund prior to the time of 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 notified to the Authority annually as part of the annual certification filing

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 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.

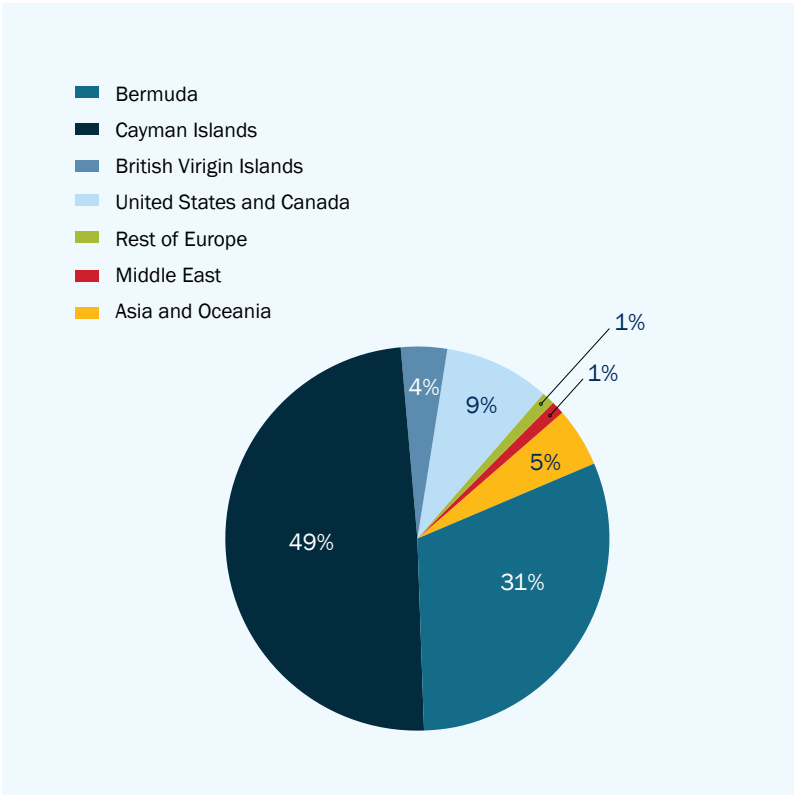
Key Requirements:

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

Total Funds by Jurisdiction

An aggregate total of US\$195.6B in assets under administration was reported by Fund Administration Provider Businesses as of 31 December 2024, down 17.92% from the aggregate total of US\$238.3B for the same period in 2023.

The total number of funds administered decreased by 34.54%, from 2,467 in 2023 to 1,615 as of 31 December 2024. The jurisdictional breakdown below reflects the total fund clients as of 31 December 2024.

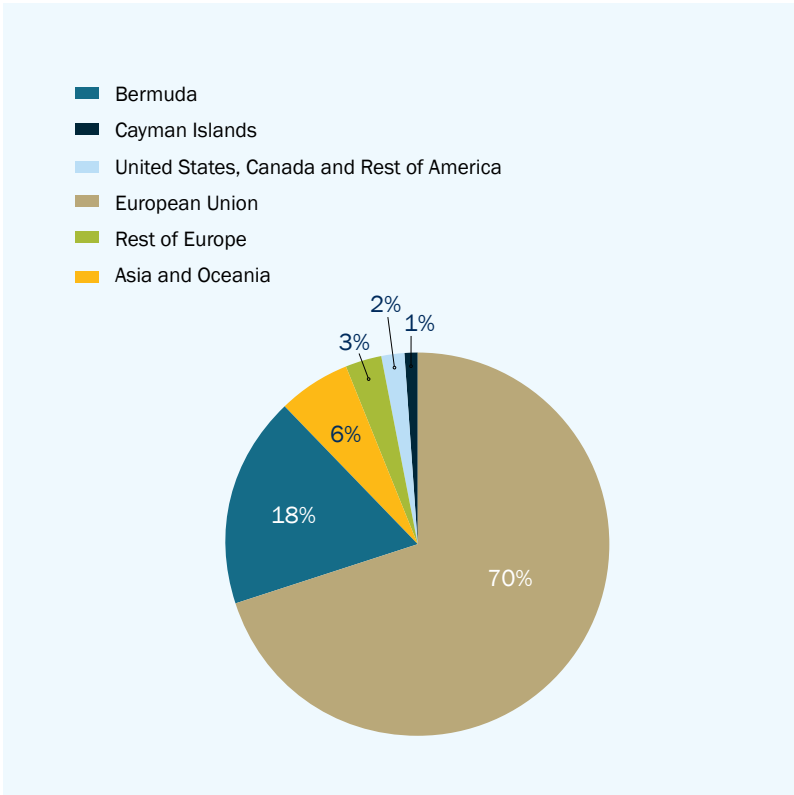


Total Assets Under Management (AUM) by Jurisdiction

The total aggregate AUM as of 31 December 2024 reported by licensed investment providers was US\$230.5B compared to US\$224.5B reported for 2023; an increase of 2.67%.

A significant proportion of these assets (70%) pertains to European Union clients, and 18% are Bermuda-based clients.

The pie chart to the right shows the total market share of AUM by jurisdiction as of 31 December 2024.



Totals 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 behalf of investors on a discretionary basis by registered investment providers.

Total Assets Under Administration (AUA) by Jurisdiction: Investment Business Licensee Aggregate 2024 Data

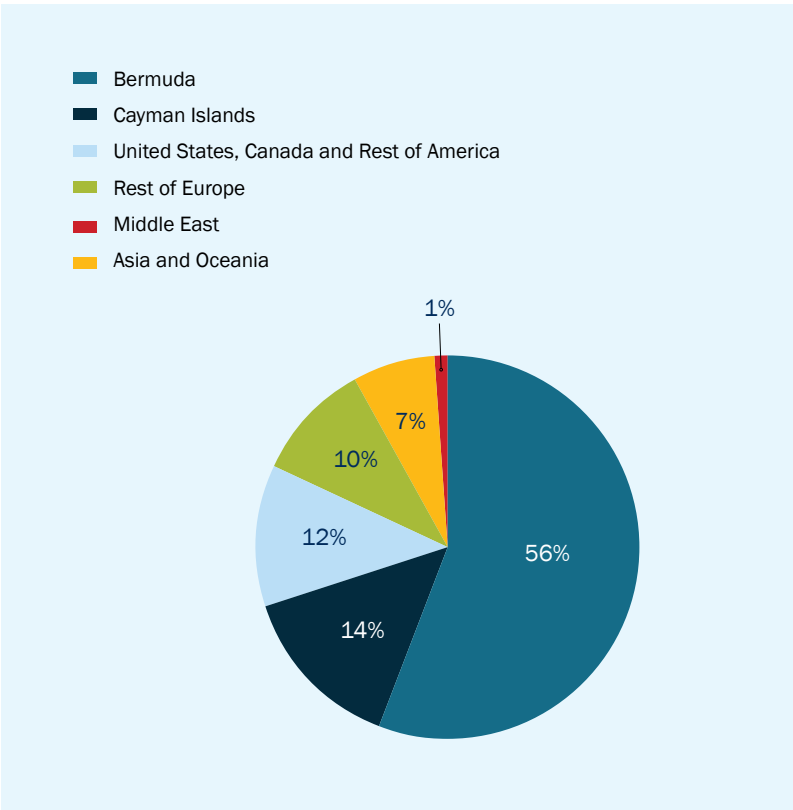
The total aggregate AUA as of 31 December 2024 reported by licensed investment providers was US\$25.4B, compared to US\$28.1B reported for 2023; a decrease of 9.67%.

A significant proportion of these assets (56%) pertains to Bermuda-based clients followed by clients from the Cayman Islands and the United States, Canada and Rest of America.

The graphic below shows the total market share of AUA by jurisdiction as of 31 December 2024.

Totals vary due to rounding.

Note: For licensed Investment Providers, AUA are 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.



Insurance

Analysis of All Insurers Registered

Class of Insurer by licence	2024	%	2023	%
Class 1	170	13.7%	171	14.1%
Class 2	253	20.4%	253	20.9%
Class 3	185	14.9%	186	15.3%
Class 3A	115	9.3%	116	9.5%
Class 3B	31	2.5%	35	2.9%
Class 4	46	3.7%	44	3.6%
Class A	11	0.9%	8	0.7%
Class B	13	1.0%	13	1.1%
Class C	92	7.4%	88	7.3%
Class D	7	0.6%	7	0.6%
Class E	78	6.3%	69	5.7%
Special Purpose Insurer	215	17.4%	209	17.2%
Collateralized Insurer	16	1.3%	10	0.8%
Innovative General Business – IIGB	7	0.6%	4	0.3%
Totals	1,239	100%	1,213	100%

Note: Classes IGB and IMP are not included.

Analysis of New Insurers Registered

Class of Insurer by licence	2024 Registrations	%	2023 Registrations	%
Class 1	7	11.5%	7	11.3%
Class 2	5	8.2%	6	9.7%
Class 3	2	3.3%	3	4.8%
Class 3A	1	1.6%	2	3.2%
Class 3B	2	3.3%	0	0.0%
Class 4	1	1.6%	0	0.0%
Class A	3	4.9%	0	0.0%
Class B	0	0.0%	0	0.0%
Class C	3	4.9%	5	8.1%
Class D	0	0.0%	0	0.0%
Class E	10	16.4%	4	6.5%
Special Purpose Insurer	21	34.5%	32	51.6%
Collateralized Insurer	5	8.2%	3	4.8%
Innovative General Business – IIGB	1	1.6%	0	0.0%
Totals	61	100%	62	100%

Market Statistics by Class of Insurer

For the Year Ended 31 December 2024

Class of Insurer	No. of Licences	Gross Premiums (USD Million)	Net Premiums (USD Million)	Total Assets (USD Million)	Capital and Surplus (USD Million)
Class 1	171	2,413	1,971	20,370	16,066
Class 2	253	10,031	8,426	55,869	32,136
Class 3	186	17,589	12,437	66,549	31,102
Class 3A	116	26,031	18,859	56,335	27,519
Class 3B	35	11,283	9,043	62,382	25,648
Class 4	44	67,299	53,533	237,359	107,899
Long Term Class A	8	544	25	5,069	2,961
Long Term Class B	13	272	270	579	192
Long Term Class C	88	50,850	48,251	300,909	22,338
Long Term Class D	7	99	67	5,738	328
Long Term Class E	69	118,466	76,658	976,440	114,464
Special Purpose Insurer	209	9,804	9,283	78,292	20,299
Collateralized	10	1,231	1,083	5,359	2,491
Class Innovative General Business	4	69	64	269	194
Total	1,213	315,981	239,970	1,871,519	403,637

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	No. of Co.'s	Gross Premiums (USD Million)	Net Premiums (USD Million)	Total Assets (USD Million)	Capital and Surplus (USD Million)
Limited Purpose Insurers					
Africa/Middle East	9	184	68	213	129
Asia	31	1,063	892	2,446	1,531
Australia/New Zealand	12	651	141	517	1,043
Bermuda	213	11,600	9,737	86,203	29,971
Caribbean/Latin America	37	239	126	960	686
Europe	91	5,399	3,794	22,383	13,207
North America	447	21,517	17,654	114,006	56,188
Sub Totals	840	40,653	32,412	226,728	102,755
Commercial Insurers/Reinsurers					
Africa/Middle East	6	858	626	6,919	1,619
Asia	16	18,132	16,762	154,979	9,884
Australia/New Zealand	3	4,720	3,562	34,448	2,278
Bermuda	79	102,188	59,906	539,467	110,424
Caribbean/Latin America	26	4,589	4,035	61,712	17,525
Europe	70	32,258	24,820	99,103	35,644
North America	173	112,583	97,847	748,163	123,508
Sub Totals	373	275,328	207,558	1,644,791	300,882
Totals	1,213	315,981	239,970	1,871,519	403,637

Market Statistics by Company Type

For the Year Ended 31 December 2024

Company Type	No. 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	186	17,589	12,437	66,549	31,102
Captive Writing Connected or Related Business	266	10,304	8,696	56,448	32,328
Single Parent Captives	179	2,956	1,996	25,439	19,027
Special Purpose Insurers	209	9,804	9,283	78,292	20,299
Sub Totals	840	40,653	32,412	226,728	102,756
Commercial Insurers/Reinsurers					
Property and Casualty Ins./Reinsurers	209	105,912	82,582	361,704	163,752
Long-Term Ins./Reinsurers	164	169,416	124,976	1,283,087	137,130
Sub Totals	373	275,328	207,558	1,644,791	300,882
Totals	1,213	315,981	239,970	1,871,519	403,638

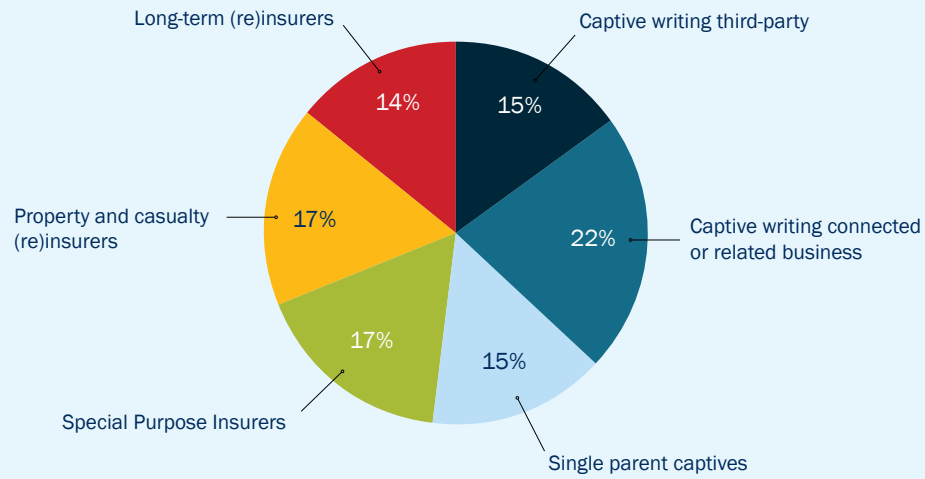
Captive writing third-party: (Re)insurer writing related-party risks but allowed to write up to 49% of its net premiums written arising from risks that are unrelated to the business of its owners and/or affiliates.

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



Financials



23 April 2025

The Hon. Premier E. David Burt
The Premier of Bermuda and Minister of Finance
Ministry of Finance
Hamilton

Dear 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 2024 together with the annual statement of accounts and the opinion of the Auditor General.

This document also contains the reports for the year 2024 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

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 finalised 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 authorised 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 review the financial statements before recommending approval to the Board.

The external auditors, the Office of the Auditor General, conduct an independent examination, and express their 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:



Craig Swan
Chief Executive Officer



Donald Scott
Chairman

Date: 23 April 2025

Date: 23 April 2025



Office of the Auditor General

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

Tel: (441) 296-3148

Fax: (441) 295-3849

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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, 2024, 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 significant 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, 2024, 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.

A handwritten signature in dark ink, appearing to read "Heather T.", with a stylized flourish at the end.

Hamilton, Bermuda
April 23, 2025

Heather Thomas, CPA, CFE, CGMA
Auditor General

BERMUDA MONETARY AUTHORITY
Statement of Financial Position
As at December 31, 2024

(In thousands of Bermuda dollars)	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	3, 5	71,336	119,500
Accounts and other receivables	3, 6	2,884	2,495
Prepayments		3,759	2,435
Stock of numismatic items	7	1,486	1,547
Stock of notes and coins for circulation	8	2,151	2,096
Investments	3	33,336	27,090
		114,952	155,163
Non-current assets			
Investments	3	122,741	67,157
Property and equipment	9	21,647	21,256
Intangible assets	10	1,363	6,578
		145,751	94,991
Total Assets		260,703	250,154
Liabilities			
Current liabilities			
Accounts and other payables	3, 11, 19	17,945	14,312
Deferred income	12	2,213	288
Lease liabilities	3, 13	164	84
Notes and coins in circulation	3, 14	175,465	189,024
Due to Consolidated Fund of the Government of Bermuda	3, 24	8,966	-
		204,753	203,708
Non-current liabilities			
Lease liabilities	3, 13	598	-
		598	-
Equity			
Capital subscribed	15	20,000	20,000
General reserve	15	35,352	26,446
		55,352	46,446
Total Liabilities and Equity		260,703	250,154
Commitments (Note 22)			
			
Donald Scott		Craig Swan	
Chairman		Chief Executive Officer	

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Statement of Comprehensive Income (Loss)
For the year ended December 31, 2024

(In thousands of Bermuda dollars)	Note	2024	2023
Revenues			
Revenue from contracts with licensees and customers	16	115,082	75,111
Revenue from penalties and other income	17	4,395	1,938
Operating revenue		119,477	77,049
Investment income	18	10,320	9,609
Total revenues		129,797	86,658
Expenses			
Salaries and employee benefits	19	78,227	62,756
General expenses	20	20,685	14,662
Professional fees		8,473	9,041
Depreciation of property and equipment	9	2,473	1,824
Circulation note and coin expenses	8	728	685
Amortisation of intangible assets	10	1,206	1,014
Finance costs	13	20	8
(Release of) loss allowances for ECLs of accounts receivable	6	(136)	143
Loss allowances for ECLs of investments and cash and cash equivalents	3	189	57
Total expenses		111,865	90,190
Net income (loss)		17,932	(3,532)
Other Comprehensive Income			
Debt securities at FVOCI - net change in fair value		(60)	-
Other comprehensive income for the year		(60)	-
Total comprehensive income (loss) for the year		17,872	(3,532)

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, 2024

(In thousands of Bermuda dollars)	Note	2024	2023
Capital		20,000	20,000
General Reserve			
Balance, beginning of year		26,446	28,255
Debt securities - at FVOCI net change in fair value		(60)	-
Adjustment to General Reserve	15, 21	-	1,723
Total comprehensive income (loss) for the year		17,932	(3,532)
Distribution payable to the Consolidated Fund of the Government of Bermuda		(8,966)	-
Balance, end of year		35,352	26,446
Equity		55,352	46,446

The accompanying notes are an integral part of these financial statements

BERMUDA MONETARY AUTHORITY
Statement of Cash Flows
For the year ended December 31, 2024

(In thousands of Bermuda dollars)	Note	2024	2023
Cash flows provided by operating activities			
Total net income (loss) for the year		17,932	(3,532)
Adjustment for:			
Non-cash items included in total comprehensive income (loss) for the year	21	8,155	4,402
Realised gain on sale of debt securities – at FVOCI		(1,215)	-
Change in operating assets	21	(1,596)	(1,280)
Change in operating liabilities	21	5,558	3,296
Net cash provided by operating activities		28,834	2,886
Cash flows used in investing activities			
Additions of intangible assets	10	(888)	(2,324)
Additions of property and equipment	9	(2,027)	(3,275)
Proceeds from sale of property and equipment		-	4
Purchases of investments		(267,557)	(24,935)
Proceeds from sale of investments		207,216	20,033
Net cash used in investing activities		(63,256)	(10,497)
Cash flows used in financing activities			
Net decrease in notes and coins in circulation		(13,559)	(3,570)
Payment of lease liabilities	13	(183)	(185)
Distribution to the Consolidated Fund of the Government of Bermuda		-	(1,000)
Net cash used in financing activities		(13,742)	(4,755)
Net decrease in cash and cash equivalents		(48,164)	(12,366)
Cash and cash equivalents at beginning of year		119,500	131,866
Cash and cash equivalents at end of year	5	71,336	119,500
Operational cash flows from interest			
Interest received	18	2,776	2,520

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, 2024
(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 23, 2025.

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 (loss).

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.

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 (loss) in the year the asset is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income (loss) 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.

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 except for INTEGRA™ which had an expected useful life of ten years from its go live date. 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 (loss) 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.

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 fair value through other comprehensive income ("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 and Supranational Bank debt securities). 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.

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.

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 (loss).

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 (loss), if any.

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.

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 (loss).

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

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 (loss).

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

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.

2.6 Leases (continued)

2.6.1 Recognition and initial measurement (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 (loss) if the carrying amount of the right-of-use asset has been reduced to zero.

(a) As a lessee (continued)

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 2024 or 2023.

(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 (loss).

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

The reversal of an impairment loss is recognised in the statement of comprehensive income (loss) 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 (loss) 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 (loss).

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.

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.

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 2024 or 2023.

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.

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, 2024 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)
- Lack of Exchangeability – Amendments to IAS 21
- IFRS 18 Presentation and Disclosure in Financial Statements
- Annual Improvements to IFRS Accounting Standards – Amendments:
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on Implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IAS 7 Statement of Cash Flows.

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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:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Current financial assets				
Cash and cash equivalents	71,336	71,336	119,500	119,500
Accounts and other receivables	2,884	2,884	2,495	2,495
Investments	33,336	33,110	27,090	26,686
Non-current financial assets				
Investments	122,741	120,193	67,157	64,576
Total financial assets	230,297	227,523	216,242	213,257
FINANCIAL LIABILITIES				
Current financial liabilities				
Notes and coins in circulation	175,465	175,465	189,024	189,024
Accounts and other payables	17,945	17,945	14,312	14,312
Lease liabilities	164	197	84	85
Due to Consolidated Fund of the Government of Bermuda	8,966	8,966	-	-
Non-current financial liabilities				
Lease liabilities	598	648	-	-
Total financial liabilities	203,138	203,221	203,420	203,421

(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

(ii) *Financial instruments at fair value*

	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
Financial instruments at fair value as at December 31, 2023				
Investments, current	26,686	-	-	26,686
Investments, non-current	64,576	-	-	64,576
Total financial instruments	91,262	-	-	91,262

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 2024 or 2023. The following is a description of those risks and how the Authority manages its exposure to them.

(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 63% (2023 – 86%) 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, 2024 and 2023.

3. Financial risk management (continued)

(b) Credit risk (continued)

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.
- 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.

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3. Financial risk management (continued)

(b) Credit risk (continued)

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	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

Investments	2023		Total
	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	12,888	-	12,888
AA+	81,359	-	81,359
Total	94,247	-	94,247

	2024	2023
Cash and cash equivalents		
Cash at bank and in-hand		
AAA	1,274	-
AA+	283	260
A+	12,500	-
A-	4,637	2,690
BBB+	2,517	426
Not rated	25	24
	21,236	3,400
Overnight repurchase agreements		
AA+	50,100	116,100
	71,336	119,500

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3. Financial risk management (continued)

(b) Credit risk (continued)

Investments

This account consists of:

	2024	2023
US Government and US Government Agencies	93,915	81,359
Supranational Bank	35,673	12,888
Banks	13,922	-
Securitised	5,203	-
Corporate	2,871	-
Non—US Government	2,355	-
Non – US Agency	2,060	-
Financial	78	-
	156,077	94,247

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.

The Authority held cash and cash equivalents of \$71,336 at December 31, 2024 (2023 - \$119,500). 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 \$25 (2023 - \$24) 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.

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3. Financial risk management (continued)

(b) Credit risk (continued)

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	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

Investments	2023		Total
	Debt securities at amortised cost	Debt securities at FVOCI	
AAA	12,890	-	12,890
AA+	81,484	-	81,484
Gross Carrying Amount	94,374	-	94,374
Less loss allowance for ECL's			
AAA	2	-	2
AA+	125	-	125
Total Loss allowance	127	-	127
	94,247	-	94,247

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3. Financial risk management (continued)

(b) Credit risk (continued)

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

	2024 12-month ECL Credit impaired	2023 12-month ECL Credit impaired
Balance at January 1	127	69
Adjustment on loss allowance for ECLs (Note 21)	181	58
Balance at December 31	308	127

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, 2024 was \$8 (2023 – \$1).

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

(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.

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3. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity to interest rate risk

The figures below show the effect on the Authority's comprehensive loss 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.

		2024		2023
	+1%	-1%	+1%	-1%
Change in comprehensive income/(loss)/equity due to movement of percentage point across yield curves:				
US dollar overnight repurchase agreement with the US Federal Reserve	961	(961)	1,405	(1,405)
US dollar debt securities- at FVOCI	460	(460)	-	-
US dollar debt securities - at amortised cost	963	(963)	935	(935)
Total	2,384	(2,384)	2,340	(2,340)

An increase in interest rates of 1% would result in additional income of \$2,384 (2023 - \$2,340). A decrease in interest rates of 1% would result in a decrease in income of \$2,384 (2023 - \$2,340).

(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, 2024 and 2023, 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.

3. Financial risk management (continued)

(c) Market risk (continued)

(iii) Price risk (continued)

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 \$49,652 (2023- \$nil). 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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3. Financial risk management (continued)

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

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

As at December 31, 2023

	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	119,500	119,500	-	-	-	-
Investments (fair value)	91,262	-	6,970	19,716	31,577	32,999
Accounts and other receivables	2,495	2,495	-	-	-	-
Total financial assets	213,257	121,995	6,970	19,716	31,577	32,999
FINANCIAL LIABILITIES						
Notes and coins in circulation	189,024	189,024	-	-	-	-
Accounts and other payables	14,312	14,312	-	-	-	-
Lease liabilities	85	-	39	46	-	-
Total financial liabilities	203,421	203,336	39	46	-	-
Net maturity difference (Note 14)	9,836	(81,341)	6,931	19,670	31,577	32,999

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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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:

	2024	2023
Cash at bank and in hand	7,462	3,400
Cash equivalents	13,774	-
Overnight repurchase agreement with the US Federal Reserve	50,100	116,100
Cash and cash equivalents in the statement of financial position	71,336	119,500

Cash at bank earns interest at an effective rate of 5.63% (2023 – 5.64%).

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:

	2024	2023
Trade accounts receivable	1,126	1,806
Less: loss allowance on ECLs on accounts and other receivables	(1,011)	(1,147)
Accounts receivable – net	115	659
Accrued interest and other receivables	2,769	1,836
Total	2,884	2,495

The ageing analysis of accounts receivable are as follows:

	2024	2023
Up to 3 months	115	659
Total	115	659

As at December 31, 2024, accounts receivable of \$1,011 (2023- \$1,147) 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:

	2024	2023
Up to 3 months	15	88
3 to 6 months	40	44
Over 6 months	956	1,015
Total	1,011	1,147

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

	2024	2023
Balance as at January 1	1,147	1,004
(Release of) Loss allowance for ECLs of receivables (Note 21)	(136)	143
Balance as at December 31	1,011	1,147

The movement in the loss allowance for ECLs of receivables has been presented as a separate line in the statement of comprehensive income (loss). 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 2.63% (2023 – 2.13%) 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:

	2024	2023
Commemorative notes and coins	1,630	1,666
Bullion for inventory production	83	83
Circulation notes and coins	10	10
Provisions	(237)	(212)
	<u>1,486</u>	<u>1,547</u>

8. Stock of notes and coins for circulation

This account consists of:

	2024	2023
Notes	1,520	1,277
Coins	631	819
	<u>2,151</u>	<u>2,096</u>

The cost of stocks recognised as expenses and included in “circulation note and coin expenses” amounted to \$728 (2023 - \$685).

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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, 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

This account consists of:

	Land, building and improvements	Computer equipment	Furniture and fixtures	Construction in progress	Museum items	Total
At January 1, 2023						
Cost	31,734	5,135	3,186	-	83	40,138
Accumulated depreciation	(13,886)	(3,401)	(3,010)	-	-	(20,297)
Net book amount	17,848	1,734	176	-	83	19,841
Additions	-	1,162	434	1,677	2	3,275
Disposals – cost	-	(306)	(229)	-	-	(535)
Disposals - accumulated depreciation	-	270	229	-	-	499
Depreciation charge (Note 13)	(827)	(849)	(148)	-	-	(1,824)
Closing net book amount	17,021	2,011	462	1,677	85	21,256

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9. Property and equipment (continued)

	Land, building and improvements	Computer equipment	Furniture and fixtures	Construction in progress	Museum items	Total
At December 31, 2023						
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

Depreciation of \$2,473 (2023- \$1,824) has been charged in the statement of comprehensive income (loss).

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

	2024	2023
Furniture and fixtures	2,171	2,764
Computer equipment	2,263	2,516
Building improvements	1,416	1,390

10. Intangible assets

This account consists of:

	Computer software					
	Internally developed	2024 Externally acquired	Total	Internally developed	2023 Externally acquired	Total
At January 1						
Cost	574	13,984	14,558	574	12,820	13,394
Accumulated amortisation	(574)	(7,406)	(7,980)	(574)	(6,392)	(6,966)
Net book amount	-	6,578	6,578	-	6,428	6,428
Additions	-	888	888	-	2,324	2,324
Disposals – cost	-	(10,931)	(10,931)	-	(1,160)	(1,160)
Disposals - accumulated amortisation	-	6,034	6,034	-	-	-
Amortisation charge	-	(1,206)	(1,206)	-	(1,014)	(1,014)
Closing net book amount	-	1,363	1,363	-	6,578	6,578
At December 31						
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

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10. Intangible assets (continued)

Amortisation of \$1,206 (2023 - \$1,014) is included in the statement of comprehensive income (loss).

The cost of software fully amortised and still in use in 2024 is \$2,510 (2023 - \$2,493).

Included in the cost are software under development of \$36 (2023 - \$1,048). Amortization 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 (loss) in 2024 and 2023.

11. Accounts and other payables

This account consists of:

	2024	2023
Accrued expenses	12,470	10,961
Accounts payable	1,511	108
Amounts due to related parties (Note 24)	3,964	3,243
	17,945	14,312

12. Deferred income

This account consists of:

	2024	2023
Advances from licensees	1,375	131
Incorporation and specific application fees	828	120
Property takeover fees	10	37
	2,213	288

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.

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13. Leases (continued)

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, 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	119	628	747

	IT equipment	Office space	Total
Balance at January 1, 2023	32	187	219
Depreciation charge for the year (Note 9)	(32)	(125)	(157)
Balance at December 31, 2023	-	62	62

Set out below are the carrying amounts of lease liabilities.

	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	120	642	762

	IT equipment	Office space	Total
Balance at January 1, 2023	28	233	261
Accretion of interest	-	8	8
Payment of lease liabilities	(28)	(157)	(185)
Balance at December 31, 2023	-	84	84

	2024	2023
Lease liabilities, current	164	84
Lease liabilities, non-current	598	-
	762	84

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13. Leases (continued)

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

	2024	2023
Depreciation expense on right-of-use assets	156	157
Expenses relating to short-term leases - Museum space rent	15	15
Interest on lease liabilities (Note 21)	20	8
Total amount recognised in the statement of comprehensive income (loss)	191	180

Amounts recognised in statement of cash flows :

	2024	2023
Total cash outflow for leases	183	185

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, 2024, the Authority was required to hold a reserve of external assets of at least \$87,732 (2023 - \$94,512) and the actual external assets held are set out below:

	2024	2023
Balances and money at call in overseas banks	64,162	116,360
Specified securities - current investments (Note 3(a))	33,336	27,090
Specified securities - non-current investments (Note 3(a))	122,741	67,157
	220,239	210,607

As indicated in Note 3(d), at December 31, 2024, the fair value of the Authority's total financial assets exceeded its financial liabilities by \$33,268 (2023 - \$9,836).

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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, 2024 capital of \$20,000 (2023 - \$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).

(b) General Reserve

A general reserve of \$35,352 (2023 - \$26,446) has been established and maintained in accordance with Section 8 of the Act.

In 2023 the Minister of Finance granted approval for an additional \$1,723 of 2022 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.

	2024	2023
Revenue from contracts with licensees and customers		
Contracts with licensees	115,018	74,939
Contracts with customers	16	97
Other contracts	48	75
	115,082	75,111
Other revenue		
Investment income (Note 18)	10,320	9,609
Revenue from penalties and other income (Note 17)	4,395	1,938
	14,715	11,547
Total revenues	129,797	86,658

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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

	2024	2023
Licensing fees		
Insurance fees	103,046	63,544
Bank and deposit company fees	6,001	6,014
Investment funds	1,754	1,593
Digital Asset Business Act Fees	1,630	1,035
Investment business licence fees	811	928
Trust company fees	737	715
Corporate Service Provider fees ("CSP fees")	505	505
Anti-money laundering fees ("AML fees")	6	77
Credit Union licence fees	3	3
	114,493	74,414
Other revenue		
Vault commission	525	525
Sale of numismatic items	16	97
Property takeover	48	75
	589	697
Total revenues	115,082	75,111

(ii) Timing of revenue recognition

At a point in time		
Incorporation and specific application fees	10,670	6,715
Sale of numismatic items	16	97
	10,686	6,812
Over time		
Supervisory and licensing fees (annual business fees)	103,823	67,699
Vault commission	525	525
Other contracts	48	75
	104,396	68,299
Total revenues	115,082	75,111

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

(c) Contract balances

	2024	2023
Contract assets		
Receivables which are included in "trade and other receivables" (Note 6)	115	659
	115	659
Contract liabilities		
Deferred income (Note 12)	2,213	288
	2,213	288

(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 :

	2024	2023
Anti-money laundering civil penalties ("AML penalties")	3,950	1,000
Corporate Service Provider Business Act 2012 civil penalties	115	-
Annual registration/licence late penalty fees	106	245
Insurance Act 1978 late penalty fees	102	688
Trusts (Regulation of Trust Business) Act 2001 civil penalties	75	-
Other Income	47	5
	4,395	1,938

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 \$3,950 (2023 - \$1,000) were recognised as other income and were applied towards the expenses of \$4,737 (2023 - \$3,618) 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:

	2024	2023
Interest earned on overnight repurchase agreement with the US Federal Reserve	4,983	7,091
Interest on investments	4,176	2,641
Realised gain on sale of debt securities - at FVOCI	1,215	-
Net amortisation/accretion of premiums/discounts on investments (Note 21)	(54)	(123)
	10,320	9,609

19. Salaries and employee benefits

This account consists of:

	2024	2023
Salaries and bonuses	57,553	46,449
Payroll tax	7,572	5,983
Pension costs	4,989	4,023
Health insurance	4,625	3,603
Social insurance costs	1,093	928
Other benefits	936	716
Directors' fees	787	453
Life insurance	672	601
	78,227	62,756

The Authority has 302 employees at December 31, 2024 (2023 – 273).

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, 2024, 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 \$4,938 (2023- \$3,965).

(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.

Contributions of 8% (2023 – 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 \$51 (2023 - \$59).

Effective from January 1, 2023 to December 31, 2024, the Authority covered 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.

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, 2024 was \$1,444 (2023- \$1,237) 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 \$nil (2023 – \$21) were paid or about to be paid out. The liability as at December 31, 2024 was \$231 (2023 - \$217) 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, 2024, 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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20. General expenses

This account consists of:

	2024	2023
Premises and office	9,440	8,110
Loss on retirement of property and equipment and intangibles (Note 21)	4,900	1,193
Recruitment and repatriation	1,766	1,730
Conferences, seminars, education and training	1,711	1,603
Communication	699	666
Business relations	621	566
Culture, engagement and entertainment	474	200
Annual business fees written off	221	143
Review visits	220	133
Public relations	176	45
Net foreign exchange loss	151	95
Advertising	138	94
Custody fees	53	-
Provision for impairment on numismatic items (Note 21)	25	39
Investment manager fees	23	-
Other	67	45
	20,685	14,662

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21. Cash generated from operations

	2024	2023
Non-cash items included in total comprehensive income (loss) for the year		
Depreciation of property and equipment (Note 9)	2,473	1,824
Amortisation of intangible assets (Note 10)	1,206	1,014
Amortisation/accretion of premiums/discounts on investments (Note 18)	54	123
Loss on retirement of property and equipment and intangibles (note 20)	4,900	1,193
Lease interest expense (Note 13)	20	8
Accrued interest income from debt securities at FVOCI	(568)	-
Increase in impairment allowance of investments (Note 3)	181	58
(Decrease)/Increase in impairment allowance of receivables (Note 6)	(136)	143
Increase in provision for impairment on numismatic items (Note 20)	25	39
	8,155	4,402
Change in operating assets		
Stock of notes and coins for circulation (Note 8)	(55)	667
Stock of numismatic items (Note 7)	36	(97)
Accounts and other receivables (Note 6)	(253)	(1,537)
Prepayments	(1,324)	(313)
	(1,596)	(1,280)
Change in operating liabilities		
Accounts and other payables	3,633	3,349
Deferred income	1,925	(53)
	5,558	3,296
Non-cash financing		
Approved transfer to the general reserve fund (Note 15)	-	(1,723)

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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:

	2024	2023
2024	-	3,721
2025	3,065	1,607
2026	1,807	1,416
2027	809	777
	<u>5,681</u>	<u>7,521</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:

	2024	2023
Intangible assets	-	512
Furniture and fixtures	159	344
	<u>159</u>	<u>856</u>

23. Contingencies

A case for damages was brought in 2022 against the Authority in the execution of its duties. The original claim was dismissed in 2023, and an appeal of this decision was commenced in 2024. The appeal was dismissed on January 13, 2025. The complainant's final avenue of appeal must be filed by April 13, 2025. At this juncture, until such legal process is exhausted, it is impossible to quantify any possible financial impact. The Authority has D&O liability insurance cover to protect it from claims or loss which arise from performing its statutory duties and functions.

Judicial review proceedings have been commenced against the Authority and other parties with respect to a challenge of the constitutionality of certain provisions of the Digital Asset Business Act 2018. The relief being sought is a declaration and not a claim in damages.

Although the Authority is involved in other legal actions, they are all business-as-usual challenges to Authority supervision decisions and none seek damages. The costs involved with respect to these matters are included in Professional fees on the statement of comprehensive income (loss).

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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:

	2024	2023
Staff expenses:		
Payroll tax	7,572	5,983
Social insurance	1,093	928
Pension costs - PSSF	51	59
Due to Consolidated Fund of the Government of Bermuda	8,966	-
Premises expense - land tax	256	268
Professional fees – audit	125	118
Other general expenses - immigration fees	221	308

At December 31, 2024, payroll tax amounting to \$3,964 (2023 - \$3,243) 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 (2023 - \$26), Board sub-committee Chairs are paid an annual fee ranging from \$58 to \$63 (2023 - \$33) and the Board Chairman receives an annual fee of \$125 (2023 - \$96). Travel expenses of \$175 (2023 - \$110) were paid to overseas board members.

BERMUDA MONETARY AUTHORITY
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For the year ended December 31, 2024
(In thousands of Bermuda dollars)

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 \$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 \$275 to \$500 (2023 - \$258 to \$459), with a performance-based bonus of up to 37% (2023– 37%) of salary.

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

	2024	2023
Directors' fees	787	453
Executive management salaries, bonuses and other short-term employee benefits	10,216	8,253
Post-employment benefits	979	788

25. Subsequent event

At the reporting date, an accrual of \$8,966 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 \$6,850, excluding fines/penalties levied by the Authority to registrants, similar to what was approved for the 2022 fiscal year.

Contacts

Anti-money laundering

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Authorisations

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Billing

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Corporate service providers

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Insurance managers

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Insurance queries

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Investment queries

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Investment funds

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

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Notes and coins information

currency@bma.bm

Public access to information requests

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Regulator-to-regulator (insurance) requests

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Regulatory-to-regulator (all other) requests

mou@bma.bm

Regulatory sandbox and innovation hub

IWG@bma.bm

Special purpose insurers

SPInsurer@bma.bm

Trust companies

trust@bma.bm

Glossary

AI: Artificial Intelligence	GIICS: Group of International Insurance Centre Supervisors
AML: Anti-Money Laundering	Government: Bermuda Government
ATF: Anti-Terrorist Financing	GTP: Graduate Training Programme
Authority or BMA: Bermuda Monetary Authority	IAIG: Internationally Active Insurance Groups
AUA: Assets Under Administration	IAIS: International Association of Insurance Supervisors
AUM: Assets Under Management	IBA: Investment Business Act 2003
BDCA: Banks and Deposit Companies Act 1999	IFA: Investment Funds Act 2006
BIS: Bank of International Settlements	IFRS: International Financial Reporting Standards
BMA Act: Bermuda Monetary Authority Act 1969	IGB: Innovative General Business
Board: Board of Directors	ILS: Insurance-Linked Securities
BPS: Bermuda Police Service	IMF: International Monetary Fund
BSCR: Bermuda Solvency Capital Requirement	Insurance Act: Insurance Act 1978
BSX: Bermuda Stock Exchange	Insurance Code: Insurance Code of Conduct
BTCSI: Banking, Trust, Corporate Services and Investment	Insurance: Insurance or reinsurance
CAIR: Caribbean Association of Insurance Regulators	Insurer: Insurer or reinsurer
CARP: Capital Assessment and Risk Profile	IOSCO: International Organisation of Securities Commissions
CEO: Chief Executive Officer	ISD: Supervision (Insurance) Department
CET1: Common Equity Tier 1	IT: Information Technology
CFATF: Caribbean Financial Action Task Force	LEED: Leadership in Energy and Environmental Design
ComFrame: Common Framework (for the International Association of Insurance Supervisors' Supervision of Internationally Active Insurance Groups)	MER: Mutual Evaluation Report
CP: Consultation Paper	MSB: Money Service Business
CSP: Corporate Service Provider	NAMLC: National Anti-Money Laundering Committee
CSP Act: Corporate Service Provider Business Act 2012	NLP: Non-Licensed Person
DAB: Digital Asset Business	NPL: Non-Performing Loan
DABA: Digital Asset Business Act 2018	OECD: Organisation for Economic Co-operation and Development
DAB Cyber Code: Digital Asset Business Operational Cyber Risk Management Code of Practice	PE: Private Equity
DAI: Digital Asset Issuance	PIPA: Personal Information Protection Act
EIOPA: European Insurance and Occupational Pensions Authority	PPP: Prudent Person Principle
ERM: Enterprise Risk Management	RAR: Risk Asset Ratio
FIA: Financial Intelligence Agency	RCGA: Financial Stability Board Regional Consultative Group Americas
FinTech: Financial Technology	SCPS: Single-Currency Pegged Stablecoin Issuers
FSB: Financial Stability Board	SPI: Special Purpose Insurer
FUR: Follow-Up Report	SREP: Supervisory Review and Evaluation Process
GAAP: Generally Accepted Accounting Principles	TJA: IAIS Targeted Jurisdictional Assessment
GFIN: Global Financial Innovation Network	Trusts Act: Trusts (Regulation of Trust Business) Act 2001



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