



BASEL III REQUIREMENTS

- In 2024, the Bermuda Monetary Authority (Authority or BMA) finalised updates to the regulatory framework for Bermuda banks as part of the implementation of the Basel III reforms. The revised standardised approach for calculating Risk-Weighted Assets (RWAs) for credit risk became effective on 1 January 2024, with a 12-month transition period that ended on 31 December 2024.
- All banks are required to hold a minimum Common Equity Tier 1 (CET1) capital of 7.0% of RWAs. This comprises a minimum CET1 capital requirement of 4.5% and a Capital Conservation Buffer (CCB) at 2.5% of RWAs.
- All banks are required to meet the 100% minimum requirement for the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).
- Banks deemed systemically important to the island's economy are required to maintain a Domestic Systemically Important Bank (D-SIB) buffer. The D-SIB buffer can be up to a maximum of 3.0% of RWAs, depending on the bank's balance sheet size, unique risk profile and the extent of systemic risk posed by the bank.
- All banks are required to always maintain a leverage ratio above 5.0%.

PERFORMANCE HIGHLIGHTS

- The banking sector maintains a sound capital position, with the Risk Asset Ratio (RAR) at 28.3%, CET1 ratio at 26.8% and leverage ratio at 7.6%. The 1.8 percentage point Quarter-on-Quarter (QoQ) increase in RAR is mainly due to the decline in RWAs following the adoption of the revised standardised approach for calculating credit RWAs.
- The total assets reported were \$24.4 billion, a 3.4% or \$0.8 billion increase over the quarter, which is consistent with the growth in customer deposits. The growth in total assets is mainly due to the \$1.2 billion (or 50.0%) increase in interbank deposits, \$0.1 billion (or 1.3%) growth in loans and advances and \$0.1 billion (or 14.3%) growth in other assets and partially offset by the \$0.6 billion (or 4.8%) decline in investments.
- The ratio of Non-Performing Loans (NPLs) to total loans climbed to 5.1%, marking an increase of 0.2 percentage points over the prior quarter.

SUMMARY INDICATORS

Table I summarises selected indicators calculated on a consolidated basis, including capital, liquidity, earnings and asset quality.

Table I: Selected Financial Soundness Indicators

Ratios	2025	2024			
	Mar	Dec	Sep	Jun	Mar
Capital position	%	%	%	%	%
Basel III – RAR	28.3	26.5	25.6	26.7	26.1
Basel III – CET1 ratio (minimum 7.0%)	26.8	25.1	24.2	25.3	24.7
Basel III – Leverage ratio (BMA minimum 5.0%)	7.6	7.8	7.7	8.1	8.0
Liquidity					
Cash and cash equivalents to total deposit liabilities	17.0	11.9	17.0	17.0	17.3
Loan-To-Deposit (LTD) ratio	36.7	37.6	37.3	37.7	38.8
Funding gap*	-56.6	-55.5	-55.4	-55.5	-54.4
Profitability					
Net interest income to interest income	73.6	72.0	71.2	71.4	72.9
Return on Assets (RoA)	0.5	0.2	0.6	0.6	0.6
RoA (annualised)	1.9	0.8	2.4	2.3	2.3
Return on Equity (RoE)	6.0	2.5	6.7	6.4	6.6
RoE (annualised)	26.0	10.5	29.4	28.1	29.1
Loan book					
Provisions to NPLs	23.8	25.7	24.8	27.2	25.4
NPLs to total loans	5.1	4.9	5.5	5.3	5.7
NPLs to regulatory capital	20.4	19.2	21.5	20.1	22.5
Other					
Change in Bermuda Dollar (BD\$) money supply Quarter-over-Quarter (QoQ)	3.2	-0.9	0.9	1.5	1.4
Change in assets (QoQ)	2.5	-1.7	0.8	-1.2	1.3
Change in RWAs (QoQ)	-7.5	-3.0	0.3	-1.9	0.5
Change in customer deposits (QoQ)	3.8	-0.9	0.0	-0.9	2.4

*The negative funding gap indicates that deposits exceed loans.

Net profit after-tax is the profit after all taxes and expenses have been deducted.

AGGREGATE BALANCE SHEET

Table II summarises key balance sheet trends in the banking sector.

Table II: Aggregate Balance Sheet

(BD\$ billions)	2025	2024				Change	
	Mar	Dec	Sep	Jun	Mar	QoQ	YoY
Assets						%	%
Cash	0.1	0.1	0.1	0.1	0.1	-	-
Deposits (interbank)	3.6	2.4	3.5	3.5	3.6	50.0	-
Loans and advances (net)	8.0	7.9	7.9	8.0	8.3	1.3	-3.6
Investments	11.9	12.5	11.7	11.4	11.3	-4.8	5.3
Other assets	0.8	0.7	0.8	0.8	0.8	-14.3	-
Total assets	24.4	23.6	24.0	23.8	24.1	3.4	1.2
Liabilities							
Savings deposits	6.2	5.8	6.0	6.4	6.5	6.9	-4.6
Demand deposits	10.2	9.3	9.4	9.2	9.5	9.7	7.4
Time deposits	5.4	5.9	5.8	5.6	5.4	-8.5	-
Total deposits	21.8	21.0	21.2	21.2	21.4	3.8	1.9
Other liabilities	0.6	0.7	0.7	0.6	0.7	-14.3	-14.3
Total liabilities	22.4	21.7	21.9	21.8	22.1	3.2	1.4
Equity and subordinated debt	2.0	1.9	2.1	2.0	2.0	5.3	-
Total liabilities and equity	24.4	23.6	24.0	23.8	24.1	3.4	1.2

Year-on-Year (YoY) – percentage change from the prior year.

Net profit after-tax is the profit after all taxes and expenses have been deducted.

Banking sector assets rose by 3.4% (or \$0.8 billion) to \$24.4 billion over the quarter. The increase was due to a 50.0% (or \$1.2 billion) rise in interbank deposits, a 1.3% (or \$0.1 billion) rise in loans and advances, and a \$0.1 billion (or 14.3%) rise in other assets. These increases were partially offset by a 4.8% (or \$0.6 billion) decline in investments.

YoY, total assets increased by 1.2% (or \$0.3 billion). This net growth was primarily driven by a 5.3% (or \$0.6 billion) rise in investments, which was partially offset by a 3.6% (or \$0.3 billion) reduction in loans and advances.

Total deposit liabilities rose by 3.8% (or \$0.8 billion) from the previous quarter. This increase was due to a 9.7% (or \$0.9 billion) rise in demand deposits and a 6.9% (or \$0.4 billion) increase in savings deposits, which were partially offset by an 8.5% (or \$0.5 billion) decline in time deposits.

YoY, total deposit liabilities increased by 1.9% (or \$0.4 billion). The net increase was due to a 7.4% (or \$0.7 billion) rise in demand deposits, which was partially offset by a 4.6% (or \$0.3 billion) decline in savings deposits.

SUMMARY OF BALANCE SHEET RATIOS

Table III presents the asset and deposit allocation ratios, providing insight into the relative size and significance of each component. This table also presents selected capital ratios.

Table III: Summary of Balance Sheet Ratios

	2025	2024			
	Mar	Dec	Sep	Jun	Mar
Asset allocation	%	%	%	%	%
Cash	0.4	0.4	0.4	0.4	0.4
Investments	48.8	53.0	48.8	47.9	46.9
Loans and advances	32.8	33.5	32.9	33.6	34.4
Deposits (interbank)	14.8	10.1	14.6	14.7	15.0
Other assets	3.3	3.0	3.3	3.4	3.3
Deposits allocation					
Savings	28.4	27.6	28.3	30.2	30.4
Demand	46.8	44.3	44.3	43.4	44.4
Time	24.8	28.1	27.4	26.4	25.2
Capital position					
Basel III – CET1 ratio (minimum 7.0%)	26.8	25.1	24.2	25.3	24.7
Basel III – RAR	28.3	26.5	25.6	26.7	26.1
Basel III – Leverage ratio	7.6	7.8	7.7	8.1	8.0

CAPITAL ADEQUACY

Capital adequacy and leverage metrics remain well above the minimum regulatory standards. The banking sector's RAR and CET1 ratio increased by 1.8 percentage points to 28.3%, while the CET1 ratio rose by 1.7 percentage points to 26.8% from the previous quarter. This increase is mainly attributed to the decline in RWAs following the adoption of the revised standardised approach for calculating credit RWAs. The leverage ratio experienced a modest decline, falling by 0.2 percentage points to 7.6%.

Chart I shows the RAR and leverage ratio movement over the past two years.

Chart I: RAR and Leverage Ratio

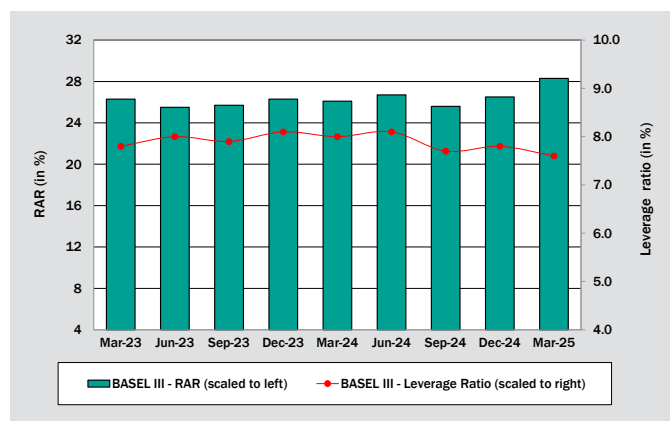
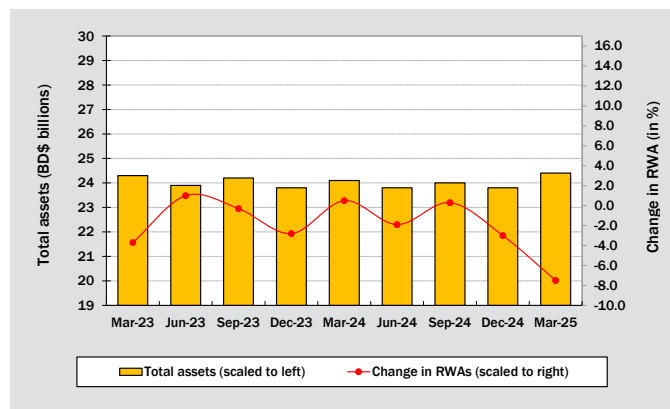


Chart II reflects the movement in total assets and the change in RWAs over the past two years.

Chart II: Total Assets and Change in RWAs



ASSET QUALITY

Loan Book

Table IV summarises ratios measuring the composition and quality of the loan book for the last five quarters.

Table IV: Quality of the Loan Book

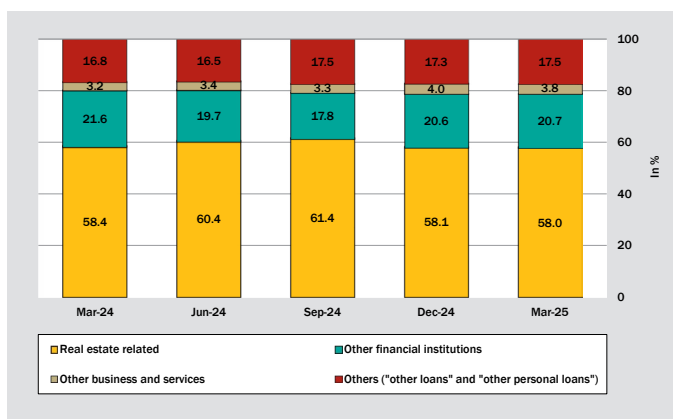
	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
Loans and advances QoQ growth rate	1.3	0.0	-1.3	-3.6	-2.4
Residential mortgages to total loans	54.0	54.3	56.0	55.8	54.1
Loan impairments					
NPLs to net loans	5.1	4.9	5.5	5.3	5.7
NPLs to regulatory capital	20.4	19.2	21.5	20.1	22.5
Net charge-offs to total loans (annualised)	0.3	0.5	0.4	0.1	0.1
Loan provisioning					
Provisions to NPLs	23.8	25.7	24.8	27.2	25.4

Provisions for NPLs have decreased by 1.9 percentage points to 23.8%, and the ratio of NPLs to net loans has also decreased by 0.2 percentage points to 5.1% from the prior quarter.

SECTORAL DISTRIBUTION OF LOANS

Chart III shows the distribution of lending to different sectors over the last five quarters.

Chart III: Sectoral Distribution of Loans and Advances

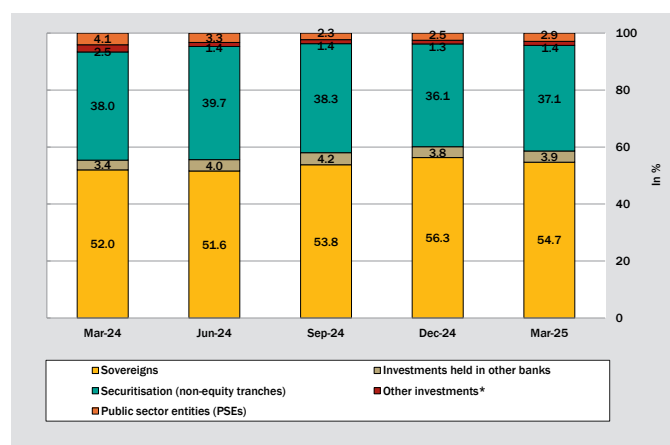


During the quarter, the real estate sector continued to represent the largest share of total outstanding loans accounting for 58.0%. The remaining sectors exhibited minimal change over the same period.

INVESTMENT BOOK

Chart IV shows the structure of the aggregate investment book for the last five quarters.

Chart IV: Sectoral Structure of the Investment Book



*Includes other investments and investments in subsidiaries and associated companies.

During the quarter, investments in sovereign securities fell by 1.6 percentage points to 54.7% of the total investment portfolio. Investments in securitised instruments (non-equity tranche) grew by 1.0 percentage point to 37.1% of total investments. The distribution to all other investment categories showed minimal changes.

LIQUIDITY POSITION

Table V shows selected liquidity indicators for the banking sector over the last five quarters.

All the banks met the minimum regulatory requirements for LCR and NSFR.

Table V: Liquidity Indicators

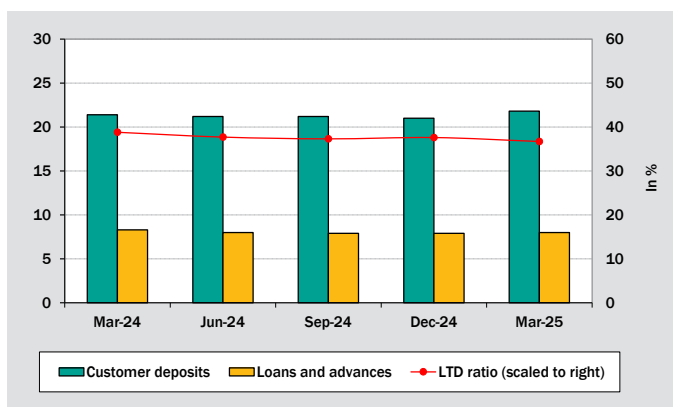
	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
Cash and cash equivalents to total assets	15.2	10.6	15.0	15.1	15.4
Cash and cash equivalents to total deposit liabilities	17.0	11.9	17.0	17.0	17.3
LTD ratio	36.7	37.6	37.3	37.7	38.8
Loans-to-total assets	32.8	33.5	32.9	33.6	34.4
Funding gap*	-56.6	-55.5	-55.4	-55.5	-54.4

*The difference between total loans and total deposits divided by total assets. The negative funding gap indicates a deposit surplus.

The sector's ratio of cash and cash equivalents to total deposits rose 5.1 percentage points to 17.0%, while interbank deposits grew by 50.0% (\$1.2 billion) to \$3.6 billion and deposit liabilities increased by 3.8% (\$0.8 billion) to \$21.8 billion.

Chart V shows the change in total loans and advances, customer deposits and the consolidated LTD ratio over the last five quarters.

Chart V: Total Loans and Deposits



The LTD ratio decreased by 0.9 points to 36.7%, as customer deposits increased by 3.8% (\$0.8 billion), while loans marginally increased from \$7.9 billion to \$8.0 billion.

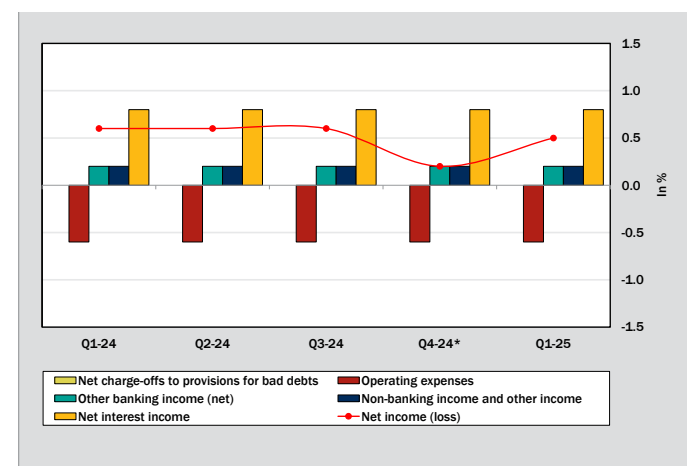
Table VI is a summary of profitability ratios for the sector for the last five quarters.

Table VI: Structure of Income Statement

	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
Net interest income to total income	67.7	67.1	69.2	68.9	68.2
Annualised net interest income to average earning assets	3.2	3.3	3.4	3.3	3.3
Annualised interest income to average earning assets	4.3	4.5	4.7	4.7	4.5
Banking income to total income	85.6	86.0	85.6	84.9	85.8
Non-interest income to total income	32.3	32.9	30.8	31.1	31.8
Non-interest expenses to total income (efficiency ratio)	53.0	52.2	49.4	52.1	50.7
Staff costs to non-interest expenses	50.6	48.5	52.2	49.8	49.7
RoA	0.5	0.2	0.6	0.6	0.6
RoA (annualised)	1.9	0.8	2.4	2.3	2.3
RoE	6.0	2.5	6.7	6.4	6.6
RoE (annualised)	26.0	10.5	29.4	28.1	29.1

Chart VI shows the trend of income statement items over the last five quarters as a percentage of average earning assets.

Chart VI: Income and Expenses
(As an average of earning assets)



*Revised

BANKING SECTOR PROFITABILITY

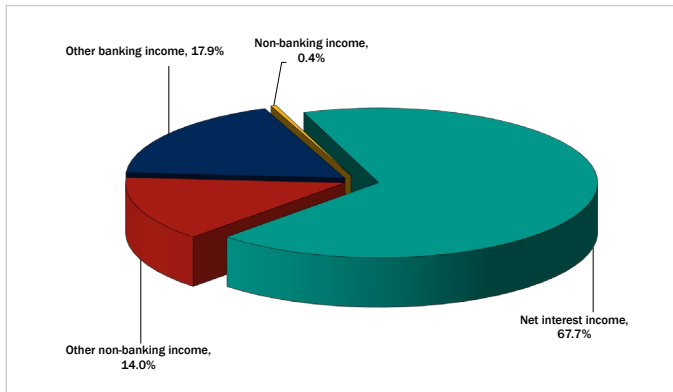
The banking sector reported a net profit after-tax of \$115.1 million for the quarter, reflecting an increase of 138.9% (or \$66.9 million) compared to the previous quarter. Net interest income after total provisions for the quarter was \$183.1 million, representing a decrease of 1.8% (or \$3.3 million). Non-interest income fell by 4.1% (or \$3.7 million) to \$87.5 million from the prior quarter. The total income for the quarter was \$270.6 million, representing a 2.5% decline (or \$6.9 million) from the previous quarter.

Total expenses for the quarter amounted to \$143.4 million, a decrease of 1.0% (or \$1.4 million) compared to the previous quarter.

The sector's efficiency was up 0.8 percentage points to 53.0% compared to the previous quarter.

Chart VII shows the distribution of income sources during the quarter.

Chart VII: Distribution of Income Sources



Charts VIII and IX show the trend in RoE and RoA over the last five quarters.

Chart VIII: Annualised RoE and RoA

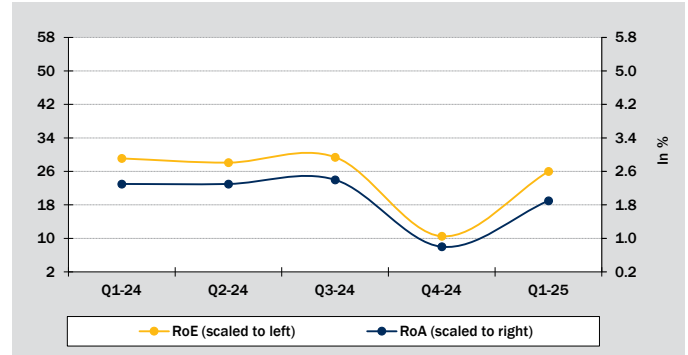
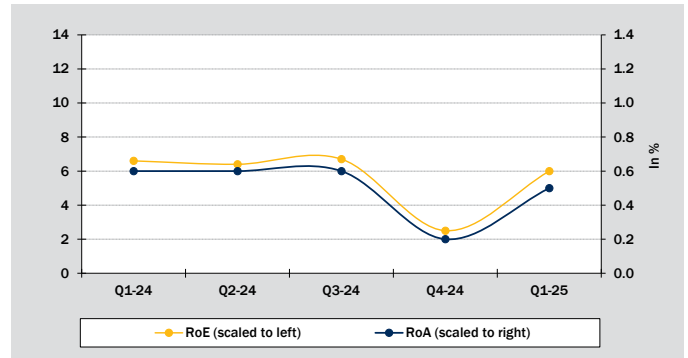


Chart IX: Quarterly RoE and RoA



During the quarter, RoE improved by 3.6 percentage points to reach 6.0%, and RoA increased by 0.3 percentage points to 0.5%, primarily resulting from higher reported net income after tax.

Chart X: Net Charge-off and Proportion of Annualised Charge-offs to Total Loans

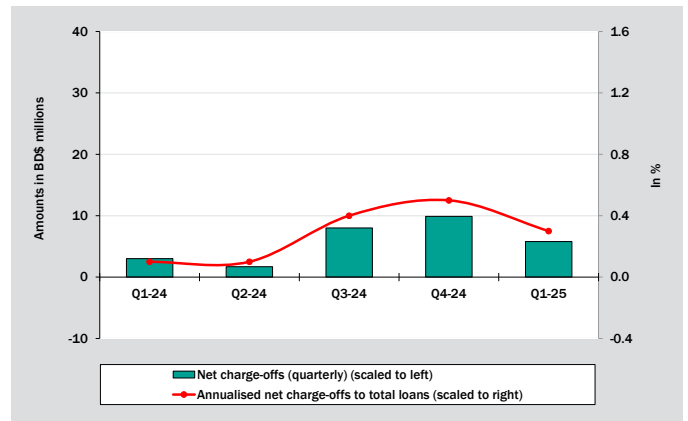


Table VII shows an extract of the banking sector's aggregate foreign currency (FX) balance sheet for the last five quarters.

Table VII: FX Balance Sheet Extract

(BD\$ billions)	2025	2024				Change (in %)	
	Mar	Dec	Sep	Jun	Mar	QoQ	YoY
Cash	0.1	0.1	0.1	0.1	0.1	-	-
Deposits (interbank)	3.6	2.4	3.5	3.4	3.5	50.0	2.9
Loans and advances	5.4	5.3	5.3	5.3	5.6	1.9	-3.6
Investments	11.9	12.5	11.7	11.4	11.3	-4.8	5.3
Other assets	0.3	0.4	0.2	0.4	0.5	-25.0	-40.0
Total assets	21.3	20.7	20.8	20.6	21.0	2.9	1.4
Deposit liabilities	17.7	17.1	17.1	17.2	17.4	3.5	1.7

Table VIII shows the FX position for the sector for the last five quarters.

Table VIII: FX Positions

	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
FX-denominated assets to total assets	87.3	87.7	86.7	86.6	87.1
FX-denominated loans to total loans	67.5	67.1	67.1	66.3	67.5
FX-denominated deposits to total deposits	81.2	81.4	80.7	81.1	81.3
Changes in FX assets	2.9	-0.5	1.0	-1.9	1.9
Changes in FX loans and advances	1.9	0.0	0.0	-5.4	-1.8
Changes in FX customer deposits	3.5	0.0	-0.6	-1.1	2.4

Table IX shows the sector's net FX position for the last five quarters.

Table IX: Net FX Position

(BD\$ billions)	2025	2024			
	Mar	Dec	Sep	Jun	Mar
Total FX assets	21.3	20.7	20.8	20.6	21.0
Less: other assets	0.3	0.4	0.2	0.4	0.5
Less: FX loans to residents	1.2	0.8	0.9	0.9	0.9
Adjusted FX assets	19.8	19.5	19.7	19.3	19.6
FX liabilities*	17.9	17.7	17.6	17.5	17.8
Add: BD\$ deposits of non-residents	0.1	0.1	0.1	0.1	0.1
Adjusted FX liabilities	18.0	17.8	17.7	17.6	17.9
Net FX position	1.8	1.7	2.0	1.7	1.7

*FX liabilities include FX customer deposits and other FX liabilities.

Table X summarises ratios measuring the liquidity of the FX balance sheets for the last five quarters.

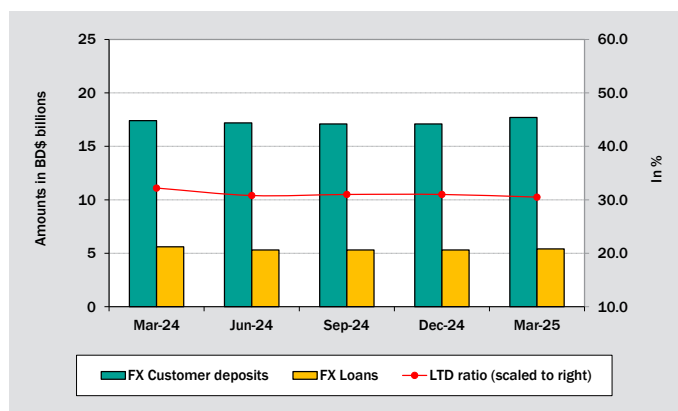
Table X: Liquidity Indicators (FX Positions)

	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
Cash and cash equivalents to total assets	17.4	12.1	17.3	17.0	17.1
Cash and cash equivalents to total deposit liabilities	20.9	14.6	21.1	20.3	20.7
LTD ratio	30.5	31.0	31.0	30.8	32.2
Loans to total assets	25.4	25.6	25.5	25.7	26.7
Funding gap*	-57.7	-57.0	-56.7	-57.8	-56.2

*A negative funding gap indicates a deposit surplus.

Chart XI shows the trends in FX-denominated loans and customer deposits and the ratio of FX-denominated loans to customer deposits for the last five quarters.

Chart XI: FX Loans and Customer Deposits



BD\$ BALANCE SHEET

Table XI shows an extract of the aggregate BD\$ balance sheet of the sector over the last five quarters.

Table XI: BD\$ Balance Sheet Extract (Unconsolidated)

(BD\$ billions)	2025	2024				Change (in %)	
	Mar	Dec	Sep	Jun	Mar	QoQ	YoY
Loans and advances	2.7	2.7	2.7	2.8	2.8	-	-3.6
Total assets	3.6	3.5	3.7	3.7	3.6	2.9	-
Deposit liabilities	4.1	4.0	4.0	4.0	3.9	2.5	5.1

Note: The BD\$-denominated balance sheet of the sector aggregates the data submitted by legal entities.

Table XII summarises ratios measuring the liquidity of the BD\$-denominated balance sheet over the last five quarters.

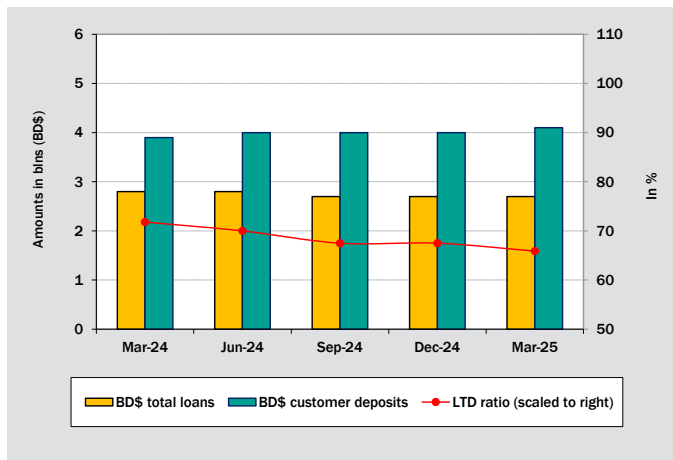
Table XII: Liquidity Indicators (BD\$ Positions)

	2025	2024			
	Mar	Dec	Sep	Jun	Mar
	%	%	%	%	%
Cash and cash equivalents to total assets	2.0	2.0	1.8	2.2	2.5
Cash and cash equivalents to total deposit liabilities	1.8	1.7	1.7	2.0	2.3
LTD ratio	65.9	67.5	67.5	70.0	71.8
Loans to total assets	75.0	77.1	73.0	75.7	77.8
Funding gap to total assets*	-38.9	-37.1	-35.1	-32.4	-30.6

*A negative funding gap indicates a deposit surplus.

Chart XII shows the trends of BD\$-denominated loans and customer deposits, along with the ratio of BD\$-denominated loans to customer deposits over the last five quarters.

Chart XII: BD\$ Loans and Customer Deposits



MONETARY AGGREGATES

Table XIII shows the trend in domestic money supply over the last five quarters.

Table XIII: Bermuda Money Supply (Unconsolidated)

(BD\$ millions)	2025	2024			
	Mar	Dec	Sep	Jun	Mar
Notes and coins in circulation	173	175	167	175	185
Deposit liabilities	4,123	3,989	4,031	3,995	3,936
Banks and deposit companies	4,296	4,164	4,198	4,170	4,121
Less: cash at banks and deposit companies	53	51	47	55	66
BD\$ money supply	4,243	4,113	4,151	4,115	4,055
% Growth on previous period	3.2	-0.9	0.9	1.5	1.4
% Growth YoY	4.6	2.8	3.4	2.6	0.9

Table XIII includes only the BD\$ money supply data (excludes all other currencies).

The domestic money supply increased by 3.2% to \$4.2 billion for the quarter. This growth was primarily attributed to the increase in domestic deposit liabilities, which rose by 3.4% to \$4.1 billion for the quarter.

SELECTED INTERNATIONAL BANKING DEVELOPMENTS

This section lists important publications issued by international organisations and national supervisory authorities during the quarter. The listing of a publication does not reflect an endorsement by the BMA.

Bank of England (BoE)

In March, the BoE published a document entitled [Stress testing the UK banking system: Key elements of the 2025 Bank Capital stress test](#). This document outlines the key components and objectives of the 2025 Bank Capital Stress Test. The 2025 stress test aims to assess the resilience of the UK banking system to severe economic and financial shocks, including deep simultaneous recessions in the UK and global economies, significant drops in asset prices, higher international interest rates and a stressed level of misconduct costs.

In January, the BoE published a document entitled [Progress update: The digital pound and the payments landscape](#), and another entitled [Design note – Blueprint framework](#) for the digital pound. The BoE and HM Treasury are exploring the possibility of introducing a digital pound as a digital complement to banknotes.

Basel Committee on Banking Supervision (BCBS)

In February, the BCBS issued a public consultation on a limited update of the [Principles for the management of credit risk](#). It provides guidelines for banking supervisory authorities to evaluate banks' credit risk management processes in four key areas: (i) establishing a suitable credit risk environment; (ii) operating under a sound credit-granting process; (iii) maintaining an appropriate credit administration, measurement, and monitoring process; and (iv) ensuring adequate controls over credit risk.

In March, the BCBS released its [Basel III Monitoring Report](#). The report outlines the impact of the final reform of the Basel III framework on banks. This report summarises the aggregate results using data as of 30 June 2024.

International Association of Depositor Insurers (IADI)

In March, the IADI released a report entitled Testing of [Crisis Preparedness and Management Overview, Practices and Experiences](#), showing the progress of testing programmes and their importance in enhancing deposit insurance systems.

GLOSSARY

Annualised expresses a quantity (such as an interest rate, profit or expenditure) as if it applied or was measured over one year.

Additional Tier 1 (AT1) capital is regulatory capital that provides loss absorption on a going concern basis but without meeting all the criteria for CET1 as set out in the Basel Framework.

Basel Committee on Banking Supervision (BCBS) is the primary global standard-setter for the prudential regulation of banks and provides a forum for regular cooperation on banking supervisory matters.

Capital Conservation Buffer (CCoB) is set at the full 2.5% of Risk-Weighted Assets (RWA) and is composed of Common Equity Tier 1 (CET1) eligible capital. The CCoB is designed to ensure that banks build up and retain capital buffers outside of periods of stress that can be drawn down in exceptional circumstances if severe losses are incurred.

Common Equity Tier 1 (CET1) capital is the primary and predominant form of regulatory capital and is used as the primary capital adequacy measure for all Bermuda banks under Basel III. CET1 is intended to absorb losses on a going-concern basis.

CET1 ratio measures a bank's primary core equity capital compared with its total RWAs. The measurement is used to determine the financial strength of a bank. CET1 ratio must be at least 4.5% of Risk-Weighted Assets (RWA) at all times.

Domestic Systemically Important Banks (D-SIB) are banks (collectively and individually) that pose a degree of material systemic risk to the economy of Bermuda due to their roles in deposit taking, corporate lending, payment systems and other core functions.

Earning assets include deposits with other financial institutions, loans, advances, leases and investments.

Efficiency ratio measures the ability of banks to convert resources into revenue. The metric is expressed as a ratio of non-interest expenses to total income.

Equity refers to shareholder equity.

Fees and commissions consist of net income from banking fees, charges and commissions, investment management fees, trust and company administration fees, trustee and custodian fees and fund management fees.

Foreign Currency (FX) is any currency other than the Bermuda Dollar.

Funding gap is defined as the difference between total loans and total deposits divided by total assets.

Interest income to earning assets is computed by dividing the annualised interest income by the average total earning assets.

Interest income is interest earned consisting of interest from deposits with financial institutions, government securities, loans and other interest-earning assets.

Leverage ratio is calculated as the ratio of Tier 1 Capital (including AT1) to Total Exposure as set out in the Basel Framework. Total exposure will consist of both on-balance sheet exposures (generally measured following the accounting measure of exposure) and off-balance sheet exposures, and subject to the credit conversion factors used in the Standardised Approach for Credit Risk. The Authority has adopted the requirement for a minimum 5.0% leverage ratio.

Liquidity Coverage Ratio (LCR) is designed to ensure that banks hold a sufficient reserve of High-Quality Liquid Assets (HQLA) to survive a period of significant liquidity stress lasting 30 calendar days. HQLA is the proportion of a bank's stock of unencumbered high-quality liquid assets that can be converted easily and quickly into cash to meet its short-term obligations over a 30-calendar-day liquidity stress scenario period.

Mortgages refer to financing to purchase real estate/residential property.

Net charge-offs for loan losses and impaired loans are the sum of bad debts written off and recovered during the period.

Net Stable Funding Ratio (NSFR) is the amount of available stable funding relative to the amount of required stable funding. The Authority has set the minimum NSFR at 100%, which means that on an ongoing basis, a bank must retain stable funding sources at least equal to that of its assets that require funding.

Net profit after-tax is the profit after all taxes and expenses have been deducted.

Net interest income is calculated as interest earned less interest expense.

Non-interest income is income derived primarily from fees, including fees and commissions from the provision of services, gains and losses on financial instruments and other income.

Non-interest expenses cover all expenses other than interest expenses, including fees and commissions.

Non-Performing Loans (NPLs) are loans classified as 'substandard', 'doubtful' and 'loss'. A loan is classified as 'substandard' when the delay in repayment is between 31 and 90 days, as 'doubtful' when the delay is between 91 and 180 days and as 'loss' when the delay exceeds 180 days.

Other income consists of changes in the book value of investments, other non-banking services income, profit or loss on fixed assets and any other income that cannot be classified into any other specific income line item.

Provisions include stage 1, 2 and 3 provisions as defined under the applicable accounting standards.

Provisions to NPLs is the ratio that shows the extent to which NPLs are already covered by provisions.

Real estate lending refers to lending to real estate operators and owners and lessors of real property, as well as buyers, sellers, developers, agents and brokers.

Regulatory capital is the sum of CET1, AT1 and Tier 2 capital net of applicable regulatory adjustments.

Return on Assets (RoA) is calculated by dividing the net income over the quarter by the value of average interest-earning assets over the same period.

RoA (Annualised) is calculated by dividing the net income over the quarter by the value of average interest-earning assets over the same period converted into an annual rate.

Return on Equity (RoE) is calculated by dividing the net income over the quarter by the value of average shareholder equity over the same period.

RoE (Annualised) is calculated by dividing the net income over the quarter by the value of average shareholder equity over the same period converted into an annual rate.

Risk Asset Ratio (RAR) is calculated as total regulatory capital divided by total RWAs.

Risk-Weighted Assets (RWA) refer to a concept developed by the BCBS for the capital adequacy ratio. Assets are weighted by factors representing their riskiness and potential for default.

Tier 1 capital consists of CET1 plus AT1 net of regulatory adjustments.

Tier 2 (T2) Capital or supplementary capital is a form of regulatory capital that provides loss absorption on a gone concern basis of impending insolvency and potential liquidation.

Total income is the sum of net interest income and non-interest income.

Total loans include loans, advances, bills and finance leases.

Note: Please refer to the [Guidance on Completion of the Prudential Information Return for Banks](#) for a detailed description of the individual components of specific line items. A copy of the document is available for download on the Authority's website (www.bma.bm).