



Quarterly Banking Digest

Q2-2025

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 maintain a leverage ratio above 5.0% at all times.

PERFORMANCE HIGHLIGHTS

- The banking sector maintains a solid capital position, evidenced by a Risk Asset Ratio (RAR) of 27.5%, a CET1 ratio of 27.4% and a leverage ratio of 7.5%.
- Total assets reported were \$24.5 billion, representing a slight increase of 0.4% (or \$0.1 billion) over the prior quarter, and growth of 2.9% (\$0.7 billion) compared to the same quarter last year.
- The ratio of Non-Performing Loans (NPLs) to net loans was 4.6%, representing a decrease of 0.5 percentage points from the previous quarter.

SUMMARY INDICATORS

Table I summarises selected financial soundness indicators calculated on a consolidated basis.

Table I: Selected Financial Soundness Indicators

Ratios	2025		2024		
	Jun	Mar	Dec	Sep	Jun
Capital position	%	%	%	%	%
Basel III – RAR	27.5	28.3	26.5	25.6	26.7
Basel III – CET1 ratio (minimum 7.0%)	27.4	26.8	25.1	24.2	25.3
Basel III – Leverage ratio (BMA minimum 5.0%)	7.5	7.6	7.8	7.7	8.1
Liquidity					
Cash and cash equivalents to total deposit liabilities	12.7	17.0	11.9	17.0	17.0
Loan-To-Deposit (LTD) ratio	35.9	36.7	37.6	37.3	37.7
Funding gap*	-57.6	-56.6	-55.5	-55.4	-55.5
Profitability					
Net interest income to interest income	74.6	73.6	72.0	71.2	71.4
Return on Assets (RoA)	0.5	0.5	0.2	0.6	0.6
RoA (annualised)	1.9	1.9	0.8	2.4	2.3
Return on Equity (RoE)	6.1	6.0	2.5	6.7	6.4
RoE (annualised)	26.8	26.0	10.5	29.4	28.1
Loan book					
Provisions to NPLs	25.2	23.8	25.7	24.8	27.2
NPLs to total loans	4.6	5.1	4.9	5.5	5.3
NPLs to regulatory capital	19.1	20.4	19.2	21.5	20.1
Other					
Change in Bermuda Dollar (BD\$) money supply Quarter-over-Quarter (QoQ)	0.3	3.2	-0.9	0.9	1.5
Change in assets (QoQ)	0.4	2.5	-1.7	0.8	-1.2
Change in RWAs (QoQ)	-2.3	-7.5	-3.0	0.3	-1.9
Change in customer deposits (QoQ)	0.9	3.8	-0.9	0.0	-0.9

*The negative funding gap indicates that deposits exceed loans.

Quarter-on-Quarter (QoQ) – percentage change from the prior quarter.

AGGREGATE BALANCE SHEET

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

Table II: Aggregate Balance Sheet

(BD\$ billions)	2025		2024			Change	
	Jun	Mar	Dec	Sep	Jun	QoQ	YoY
Assets						%	%
Cash	0.1	0.1	0.1	0.1	0.1	–	–
Deposits (interbank)	2.7	3.6	2.4	3.5	3.5	-25.0	-22.9
Loans and advances (net)	7.9	8.0	7.9	7.9	8.0	-1.3	-1.3
Investments	12.9	11.9	12.5	11.7	11.4	8.4	13.2
Other assets	0.9	0.8	0.7	0.8	0.8	12.5	12.5
Total assets	24.5	24.4	23.6	24.0	23.8	0.4	2.9
Liabilities							
Savings deposits	6.3	6.2	5.8	6.0	6.4	1.6	-1.6
Demand deposits	10.2	10.2	9.3	9.4	9.2	–	10.9
Time deposits	5.5	5.4	5.9	5.8	5.6	1.9	-1.8
Total deposits	22.0	21.8	21.0	21.2	21.2	0.9	3.8
Other liabilities	0.6	0.6	0.7	0.7	0.6	–	–
Total liabilities	22.6	22.4	21.7	21.9	21.8	0.9	3.7
Equity and subordinated debt	1.9	2.0	1.9	2.1	2.0	-5.0	-5.0
Total liabilities and equity	24.5	24.4	23.6	24.0	23.8	0.4	2.9

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

Quarter-on-Quarter (QoQ) – percentage change from the prior quarter.

Banking sector assets totalled \$24.5 billion, reflecting a 0.4% (or \$0.1 billion) increase over the quarter. This growth was driven by an 8.4% (or \$1.0 billion) increase in investments and a 12.5% (or \$0.1 billion) increase in other assets. These increases were partially offset by declines in interbank deposits, as well as in loans and advances, which fell by 25.0% (or \$0.9 billion) and 1.3% (or \$0.1 billion), respectively.

Total assets rose by 2.9% (or \$0.7 billion) compared to a year ago. This overall growth was attributable to a 13.2% (or \$1.5 billion) increase in investments and a 12.5% (or \$0.1 billion) increase in other assets. These increases were partially offset by a 22.9% (or \$0.8 billion) decline in interbank deposits and a 1.3% (\$0.1 billion) reduction in loans and advances.

Total deposit liabilities rose by 0.9% to \$22.0 billion over the quarter. This growth was attributed to an uptick in time deposits, which increased by 1.9% (or \$0.1 billion), and savings deposits, which increased by 1.6% (or \$0.1 billion).

YoY, total deposit liabilities grew by 3.8% (or \$0.8 billion). This growth was driven by a 10.9% (or \$1.0 billion) increase in demand deposits, which was partially offset by a 1.8% (or \$0.1 billion) decline in time deposits and a 1.6% (or \$0.1 billion) decline in savings deposits.

SUMMARY OF BALANCE SHEET RATIOS

Table III presents ratios providing insight into the relative size and significance of each component of the balance sheet. This table also presents selected capital ratios.

Table III: Summary of Balance Sheet Ratios

	2025		2024		
	Jun	Mar	Dec	Sep	Jun
Asset allocation	%	%	%	%	%
Cash	0.4	0.4	0.4	0.4	0.4
Investments	52.7	48.8	53.0	48.8	47.9
Loans and advances	32.2	32.8	33.5	32.9	33.6
Deposits (interbank)	11.0	14.8	10.1	14.6	14.7
Other assets	3.7	3.3	3.0	3.3	3.4
Deposits allocation					
Savings	28.6	28.4	27.6	28.3	30.2
Demand	46.4	46.8	44.3	44.3	43.4
Time	25.0	24.8	28.1	27.4	26.4
Capital position					
Basel III — CET1 ratio (minimum 7.0%)	27.4	26.8	25.1	24.2	25.3
Basel III — RAR	27.5	28.3	26.5	25.6	26.7
Basel III — Leverage ratio	7.5	7.6	7.8	7.7	8.1

CAPITAL ADEQUACY

Capital adequacy and leverage measures remain above the minimum regulatory requirements. The sector's RAR declined by 0.8 percentage points to 27.5%, while the CET1 ratio increased by 0.6 percentage points to 27.4% compared to the prior quarter. The decline in RAR during the quarter was mainly driven by the redemption of \$0.1 billion of subordinated debt that is classified as Tier 2 capital. Furthermore, the leverage ratio marginally declined to 7.5% from 7.6% in the prior quarter.

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

Chart I: RAR and Leverage Ratio

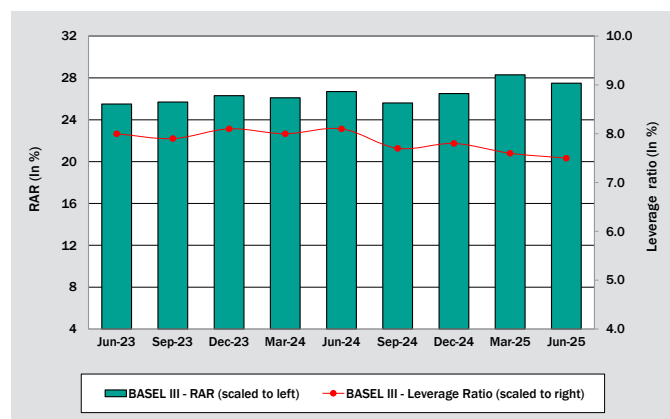
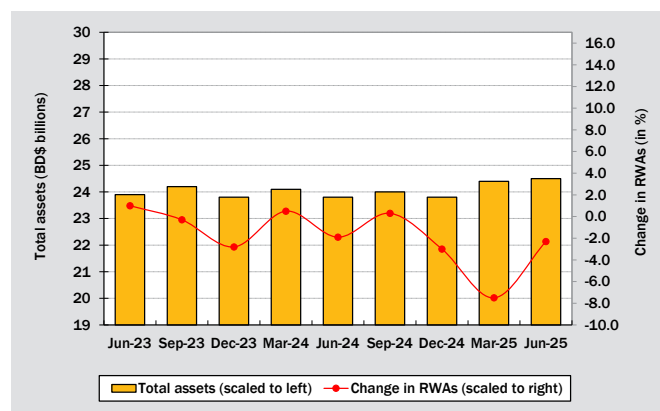


Chart II reflects the movement in total assets and the change in RWAs over the past two years.

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

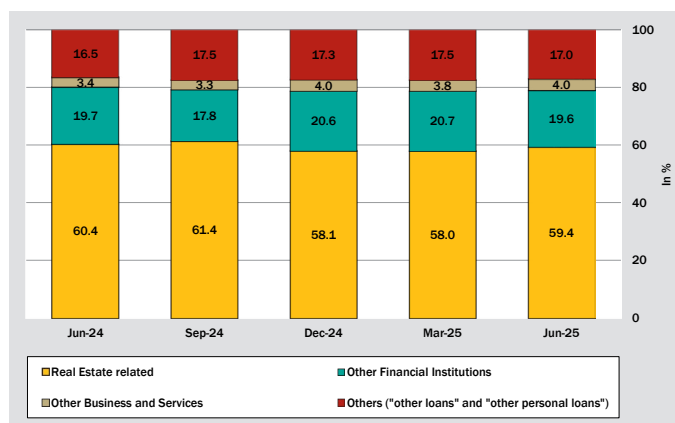
	2025		2024		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
Loans and advances QoQ growth rate	-1.3	1.3	0.0	-1.3	-3.6
Residential mortgages to total loans	56.0	54.0	54.3	56.0	55.8
Loan impairments					
NPLs to net loans	4.6	5.1	4.9	5.5	5.3
NPLs to regulatory capital	19.1	20.4	19.2	21.5	20.1
Net charge-offs to total loans (annualised)	0.1	0.3	0.5	0.4	0.1
Loan provisioning					
Provisions to NPLs	25.2	23.8	25.7	24.8	27.2

The ratio of NPLs to net loans decreased by 0.5 percentage points to 4.6% compared to the previous quarter. The provisions to NPLs ratio rose by 1.4 percentage points during the quarter to 25.2%, but fell by 2.0 percentage points YoY.

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

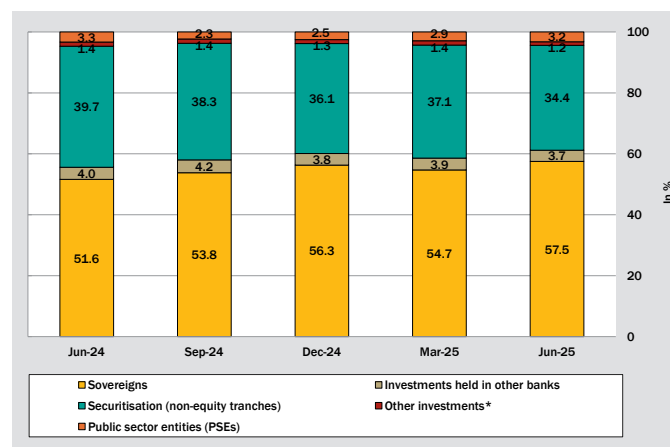


The real estate sector accounted for 59.4% of total outstanding loans, representing an increase of 1.4 percentage points over the quarter. Loans to other financial institutions decreased by 1.1 percentage points to 19.6% over the same period. The distribution of loans across other sectors experienced minimal changes during this 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.

The proportion of investments in sovereign securities increased by 2.8 percentage points to represent 57.5% of the total investment portfolio over the quarter and has grown by 5.9 percentage points over the past four quarters. Investments in securitised instruments (non-equity tranche) decreased by 2.7 percentage points to account for 34.4% of total investments. Other investment categories as a proportion of total investments showed minimal movement over the quarter.

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		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
Cash and cash equivalents to total assets	11.4	15.2	10.6	15.0	15.1
Cash and cash equivalents to total deposit liabilities	12.7	17.0	11.9	17.0	17.0
LTD ratio	35.9	36.7	37.6	37.3	37.7
Loans-to-total assets	32.2	32.8	33.5	32.9	33.6
Funding gap*	-57.6	-56.6	-55.5	-55.4	-55.5

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

Over the quarter, the sector's ratio of cash and cash equivalents to total deposit liabilities fell by 4.3 percentage points to 12.7%. This was mainly driven by the 25.0% (or \$0.9 billion) decline in interbank deposits and partially offset by the increase in deposit liabilities, which was up 0.9% (or \$0.2 billion).

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

Chart V: Total Loans and Deposits

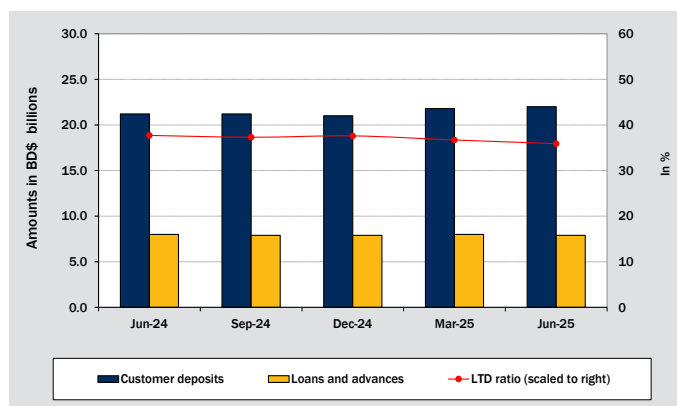


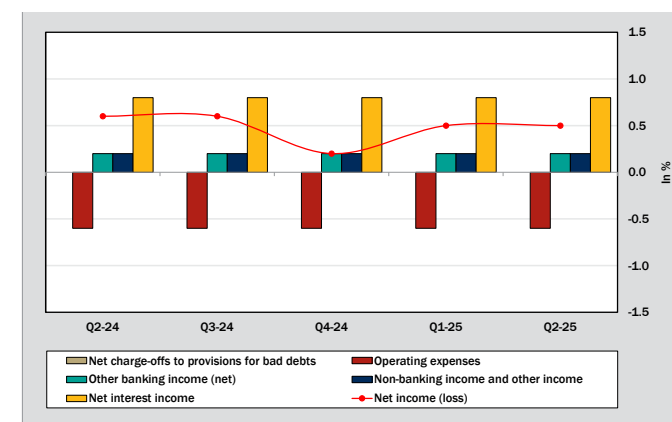
Table VI is a summary of profitability ratios for the sector for the last five quarters.

Table VI: Structure of Income Statement

	2025		2024		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
Net interest income to total income	68.4	67.7	67.1	69.2	68.9
Annualised net interest income to average earning assets	3.2	3.2	3.3	3.4	3.3
Annualised interest income to average earning assets	4.3	4.3	4.5	4.7	4.7
Banking income to total income	84.8	85.6	86.0	85.6	84.9
Non-interest income to total income	31.6	32.3	32.9	30.8	31.1
Non-interest expenses to total income (efficiency ratio)	53.0	53.0	52.2	49.4	52.1
Staff costs to non-interest expenses	50.4	50.6	48.5	52.2	49.8
RoA	0.5	0.5	0.2	0.6	0.6
RoA (annualised)	1.9	1.9	0.8	2.4	2.3
RoE	6.1	6.0	2.5	6.7	6.4
RoE (annualised)	26.8	26.0	10.5	29.4	28.1

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)



BANKING SECTOR PROFITABILITY

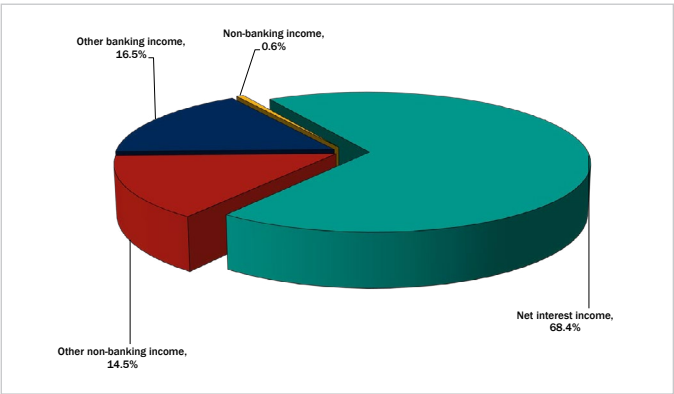
The banking sector reported a net after-tax profit of \$117.1 million for the quarter, representing an increase of 1.7% compared to the previous quarter. Net interest income after provisions increased by 2.7% to \$188.0 million. In contrast, non-interest income declined slightly by 0.6% (or \$0.5 million) to \$87.0 million. Total income for the quarter reached \$275.0 million, up 1.6% (or \$4.5 million) from the prior quarter.

Total expenses for the quarter amounted to \$145.7 million, representing an increase of 1.6% (or \$2.3 million) compared to the previous quarter.

The sector’s efficiency ratio was unchanged at 53.0%.

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

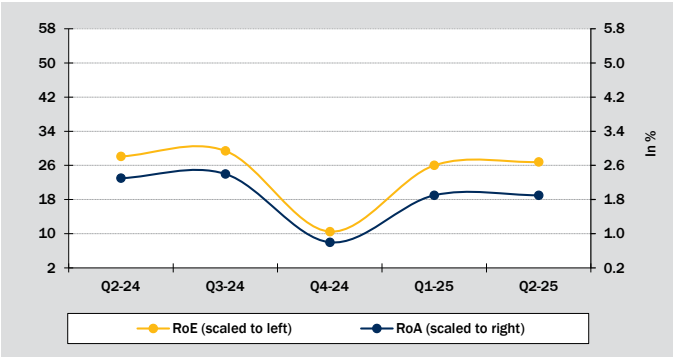


Chart IX: Quarterly RoE and RoA

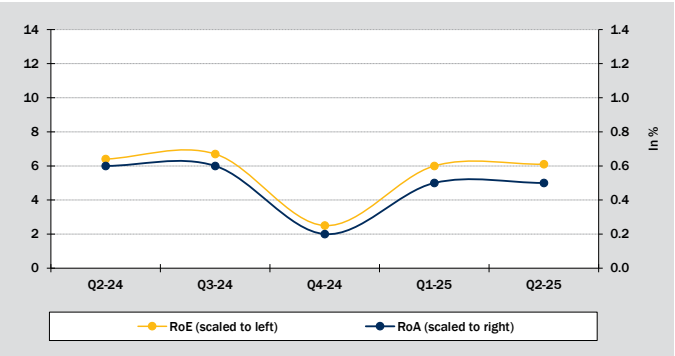
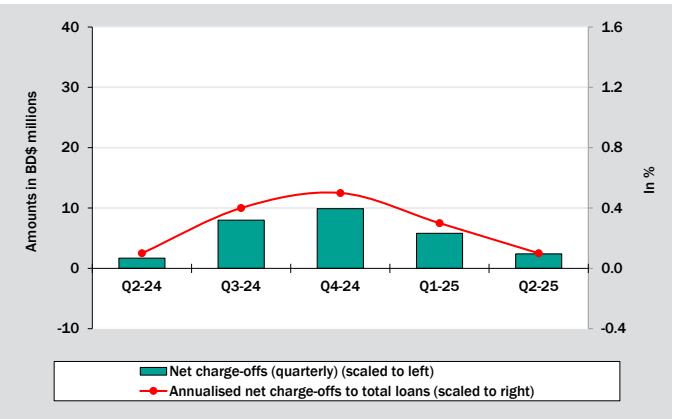


Chart X: Net Charge-offs and Ratio of Annualised Charge-offs to Loans



FOREIGN CURRENCY BALANCE SHEET

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 %)	
	Jun	Mar	Dec	Sep	Jun	QoQ	YoY
Cash	0.1	0.1	0.1	0.1	0.1	-	-
Deposits (interbank)	2.7	3.6	2.4	3.5	3.4	-25.0	-20.6
Loans and advances	5.4	5.4	5.3	5.3	5.3	-	1.9
Investments	12.9	11.9	12.5	11.7	11.4	8.4	13.2
Other assets	0.3	0.3	0.4	0.2	0.4	-	-25.0
Total assets	21.4	21.3	20.7	20.8	20.6	0.5	3.9
Deposit liabilities	17.8	17.7	17.1	17.1	17.2	0.6	3.5

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

Table VIII: FX Positions

	2025		2024		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
FX-denominated assets to total assets	87.3	87.3	87.7	86.7	86.6
FX-denominated loans to total loans	68.4	67.5	67.1	67.1	66.3
FX-denominated deposits to total deposits	80.9	81.2	81.4	80.7	81.1
Changes in FX assets	0.5	2.9	-0.5	1.0	-1.9
Changes in FX loans and advances	0.0	1.9	0.0	0.0	-5.4
Changes in FX customer deposits	0.6	3.5	0.0	-0.6	-1.1

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

Table IX: Net FX Position

(BD\$ billions)	2025		2024		
	Jun	Mar	Dec	Sep	Jun
Total FX assets	21.4	21.3	20.7	20.8	20.6
Less: FX other assets	0.3	0.3	0.4	0.2	0.4
Less: FX loans to residents	1.1	1.2	0.8	0.9	0.9
Adjusted FX assets	20.0	19.8	19.5	19.7	19.3
FX liabilities*	18.0	17.9	17.7	17.6	17.5
Add: BD\$ deposits of non-residents	0.1	0.1	0.1	0.1	0.1
Adjusted FX liabilities	18.1	18.0	17.8	17.7	17.6
Net FX position	1.9	1.8	1.7	2.0	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.

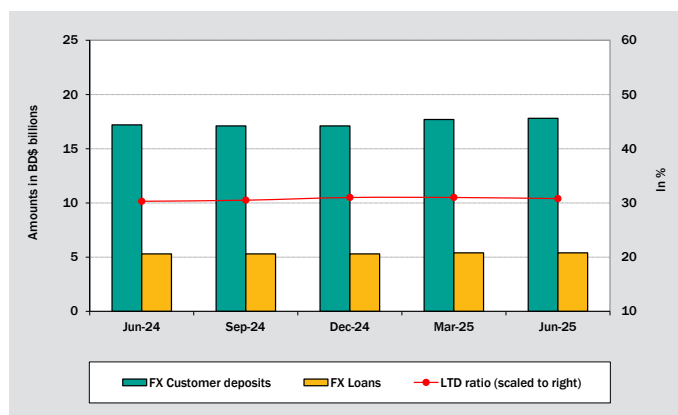
Table X: Liquidity Indicators (FX Positions)

	2025		2024		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
Cash and cash equivalents to total assets	13.1	17.4	12.1	17.3	17.0
Cash and cash equivalents to total deposit liabilities	15.7	20.9	14.6	21.1	20.3
LTD ratio	30.3	30.5	31.0	31.0	30.8
Loans to total assets	25.2	25.4	25.6	25.5	25.7
Funding gap*	-57.9	-57.7	-57.0	-56.7	-57.8

*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 %)	
	Jun	Mar	Dec	Sep	Jun	QoQ	YoY
Loans and advances	2.7	2.7	2.7	2.7	2.8	-	-3.6
Total assets	3.5	3.6	3.5	3.7	3.7	-2.8	-5.4
Deposit liabilities	4.1	4.1	4.0	4.0	4.0	-	2.5

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.

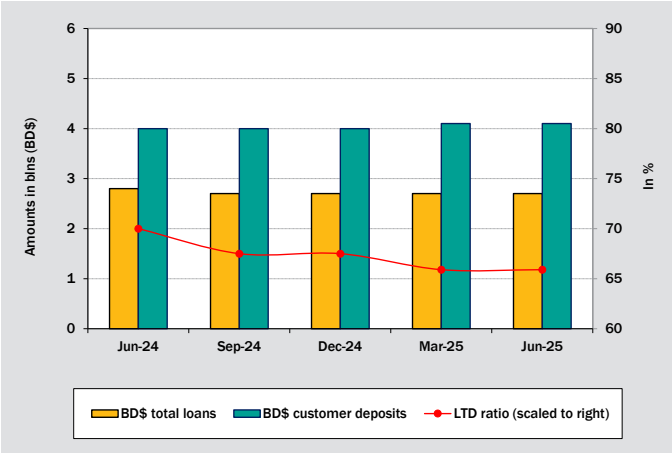
Table XII: Liquidity Indicators (BD\$ Positions)

	2025		2024		
	Jun	Mar	Dec	Sep	Jun
	%	%	%	%	%
Cash and cash equivalents to total assets	2.0	2.0	2.0	1.8	2.2
Cash and cash equivalents to total deposit liabilities	1.7	1.8	1.7	1.7	2.0
LTD ratio	65.9	65.9	67.5	67.5	70.0
Loans to total assets	77.1	75.0	77.1	73.0	75.7
Funding gap to total assets*	-40.0	-38.9	-37.1	-35.1	-32.4

**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: BD\$ Money Supply (Unconsolidated)

(BD\$ millions)	2025		2024		
	Jun	Mar	Dec	Sep	Jun
Notes and coins in circulation	174	173	175	167	175
Deposit liabilities	4,132	4,123	3,989	4,031	3,995
Banks and deposit companies	4,306	4,296	4,164	4,198	4,170
Less: cash at banks and deposit companies	49	53	51	47	55
BD\$ money supply	4,257	4,243	4,113	4,151	4,115
% Growth on previous period	0.3	3.2	-0.9	0.9	1.5
% Growth YoY	3.5	4.6	2.8	3.4	2.6

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

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.

Basel Committee on Banking Supervision (BCBS)

In April, the BCBS revised its [Principles for the management of credit risk](#), following a consultation that the Basel Committee conducted between February and March 2025. As such, the BCBS made a limited set of technical amendments to align the Credit Risk Principles with the current Basel Framework and the latest guidelines issued by the Committee.

European Banking Authority (EBA)

In May, the EBA published its [updated final draft implementing technical standards](#) (ITS) on resolution planning reporting. This comprehensive review of the ITS on the provision of information for resolution plans seeks to achieve full harmonisation of reporting requirements in the European Union and avoid duplication of data requests, thus reducing the cost of compliance with resolution planning reporting obligations by institutions.

Prudential Regulatory Authority (PRA)

In April, the PRA published an [updated note on stress testing](#), which included two stress test scenarios for use by banks and building societies that are not part of the Bank of England's concurrent stress testing exercise.

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 consists of both on-balance sheet exposures (measured in accordance with the accounting measure of exposure) and off-balance sheet exposures converted through the credit conversion factors used in the Standardised Approach for Credit Risk. The Authority has set the requirement for a minimum 5.0% leverage ratio for Bermuda banks.

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 average assets over the same period.

RoA (Annualised) is calculated by dividing the net income over the quarter by the average 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 (RWAs) refers to a concept developed by the BCBS where 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).