

BALANCE OF PAYMENTS & INTERNATIONAL INVESTMENT POSITION

QUARTER 4/2025

BALANCE OF PAYMENTS

Current Account Surplus = \$609 million

The Bermuda current account recorded a surplus of \$609 million in the fourth quarter of 2025 (Figure 1; Table 1). This represented a \$206 million increase year-over-year. The increase in the surplus reflected an increase in receipts from non-residents coinciding with a decrease in payments to non residents. The rise in receipts was largely driven by business services and employee compensation (Figure 2; Table 1).

Contributing factors include:

- The deficit on the goods account widened by \$33 million to \$331 million.
- Service transactions realised a surplus of \$171 million, up \$7 million from a year ago.
- Bermuda’s primary income account surplus expanded by \$209 million year-over-year, climbing to \$830 million in the fourth quarter of 2025.

Figure 1

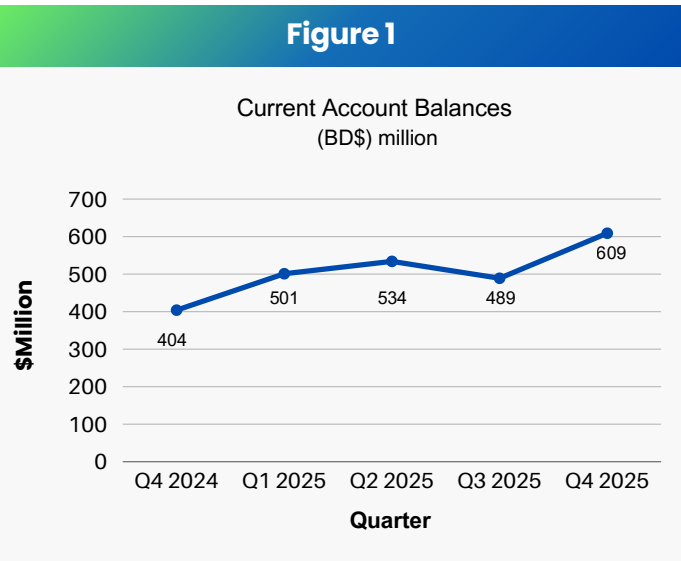
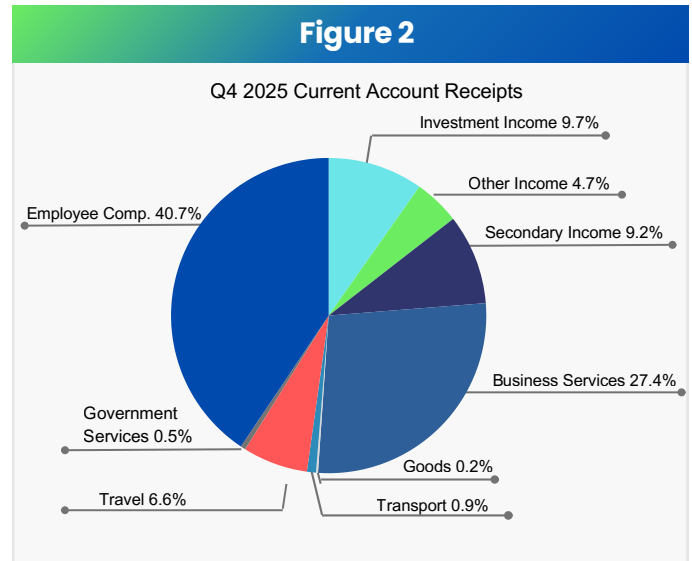


Figure 2



Goods Account Deficit = \$331 million

The goods account deficit widened by \$33 million year-over-year during the fourth quarter of 2025 (Table 1). The value of imported goods increased to \$334 million, reflected in a rise in imported goods from four out of five country groups. The leading contributors were All Other countries and the United States, increasing by \$20.7 million, and \$12.1 million, respectively. By contrast, imports from Canada decreased by \$0.5 million.

Among the commodity groups, the increase in imports was reflected in primarily one commodity group. The increase in imports was driven by transport equipment, which increased by \$21.8 million. Of the remaining eight commodity groups, six also recorded increases, led by finished equipment, food, beverages and tobacco and chemicals, increasing by \$6.6 million, \$2.7 million and \$2.0 million, respectively.

Revenue earned from the exports of goods remained steady at \$3 million.

Services Account Surplus = \$171 million

The surplus on the services account increased by \$7 million from a year ago. The increase in the surplus balance reflected an increase in the export of services that was larger than the increase in imports of services.

The surplus balance on business services grew by \$30 million due primarily to the increase in receipts for financial services received from non-residents.

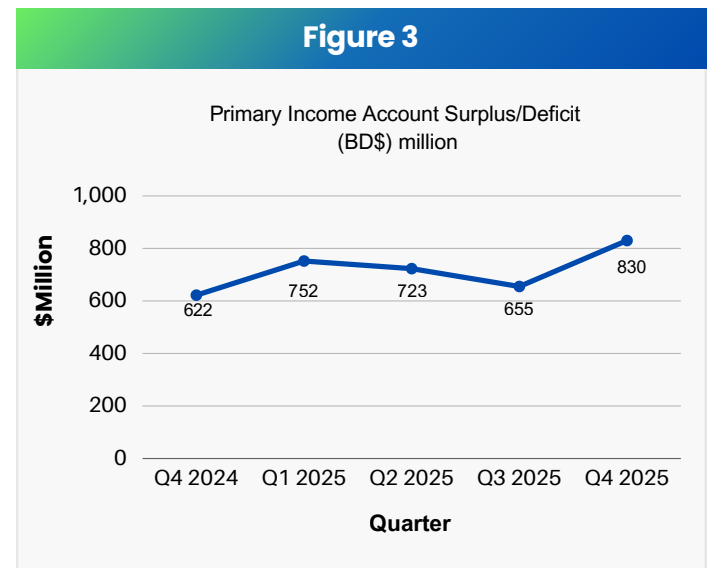
Travel services decreased by \$24 million due to a decrease in receipts for business travel services, amplified by an increase in payments for travel services. The deficit for transportation services widened by \$5 million as payments for transportation services increased by \$6 million and receipts decreased by \$1 million.

Primary Income Account Surplus = \$830 million

The primary income account reflects balances on compensation earned/paid to non-residents, and income from investments and payroll tax paid by non-resident companies to the Government.

Year-over-year, the surplus on the primary income account increased by \$209 million during the fourth quarter of 2025 (Figure 3; Table 1). This rise reflected

increases in investment income and employee compensation of \$175 million and \$31 million, respectively. Other income recorded a year-over-year increase of \$2 million.



Secondary Income Account Deficit = \$61 million

The secondary income account reflects the balances on donations, insurance claims and other transfers between residents and non-residents. The deficit balance on the secondary income account narrowed by \$24 million from a year ago due primarily to increased nonlife insurance premiums received from non-residents.

Financial, Capital, and Reserve Assets Accounts

In the fourth quarter of 2025, transactions within Bermuda's assets accounts resulted in a net lending position of \$550 million (Table 1). They were influenced by:

- Bermuda's net acquisition of financial assets resulted in an increase of \$407 million compared to an increase of \$254 million in 2024.
- Bermuda decreased its net incurrence of financial liabilities by \$143 million this quarter compared to a decrease of \$28 million in 2024.

Table 1: BALANCE OF PAYMENTS (BD\$) MILLIONS

Components	2024 YTD Q4	2025 YTD Q4	2024 Q4	2024 Q1	2025 Q2	2025 ^R Q3	2025 ^P Q4
GOODS IMPORTS	1,306	1,283	301	291	323	336	334
SERVICES	1236	1294	319	306	318	345	325
Transportation	270	281	65	65	71	76	69
Travel	298	313	73	74	75	85	79
Business Services:	668	700	181	167	172	184	177
Insurance Services	96	126	27	21	24	41	39
Financial Services	123	130	27	33	38	29	30
ICT Services	120	103	32	26	22	27	28
Other Services	329	341	94	87	87	88	80
Government Services	-	-	-	-	-	-	-
PRIMARY INCOME	495	259	96	86	122	108	-58
Employee Compensation	37	39	9	10	9	10	10
Investment Income	458	220	87	76	113	98	-68
Other Income	-	-	-	-	-	-	-
SECONDARY INCOME	544	646	155	128	143	184	191
TOTAL PAYMENTS	3,581	3,482	870	812	906	973	791
GOOD EXPORTS	12	11	3	3	3	3	3
SERVICES	1,912	1,950	483	389	511	553	496
Transportation	57	55	14	10	16	16	13
Travel	546	543	111	57	182	210	93
Business Services:	1255	1290	358	271	311	324	384
Insurance Services	118	134	28	30	31	39	34
Financial Services	266	401	120	52	85	115	149
ICT Services	37	35	9	8	9	8	10
Other Services	835	720	200	180	187	162	191
Government Services	54	62	1	52	1	2	7
PRIMARY INCOME	3,078	3,219	717	839	845	764	772
Employee Compensation	2,296	2,424	537	633	647	574	570
Investment Income	465	460	117	77	118	129	136
Other Income	316	336	64	129	80	61	66
SECONDARY INCOME	308	435	70	82	81	142	129
TOTAL RECEIPTS	5,310	5,615	1,273	1,313	1,440	1,462	1,401
GOODS	-1295	-1272	-298	-288	-320	-333	-331
SERVICES	676	655	165	83	193	208	171
Transportation	-213	-226	-51	-55	-56	-59	-56
Travel	248	230	38	-17	108	125	14
Business Services:	587	590	177	103	139	141	207
Insurance Services	21	8	1	8	6	-2	-5
Financial Services	143	271	93	19	47	86	119
ICT Services	-83	-68	-23	-18	-14	-18	-18
Other Services	506	379	106	94	99	75	111
Government Services	54	62	1	52	1	2	7
PRIMARY INCOME	2,583	2,960	622	752	723	655	830
Employee Compensation	2,259	2,385	528	623	638	564	560
Investment Income	7	240	30	1	5	30	204
Other Income	316	336	64	129	80	61	66
SECONDARY INCOME	-236	-211	-85	-46	-62	-42	-61
CURRENT ACCOUNT BALANCE	1,729	2,133	404	501	534	489	609
Direct Investment	34	-55	-4	42	-112	-29	45
Portfolio Investment	391	1157	-19	254	346	250	307
Financial Derivatives	173	189	67	29	70	36	54
Other Investments	585	711	221	277	44	359	31
Reserve Assets	9	1	-11	85	-30	-22	-31
NET ACQUISITION OF FIN. ASSETS	1,192	2,004	254	687	317	593	407
Direct Investment	118	-120	137	-155	30	79	-74
Portfolio Investment	-17	-143	30	10	-114	-48	9
Financial Derivatives	-19	-7	-28	-18	18	-11	4
Other Investments	-596	-27	-168	182	-142	16	-83
NET INCURRENCE OF FIN. LIABILITIES	-515	-297	-28	18	-208	36	-143
TOTAL NET CAPITAL ACCOUNT	-	-	-	-	-	-	-
NET LENDING(+)/NET BORROWING(-)	1,707	2,301	282	668	525	558	550
BALANCING ITEM	-22	168	-121	167	-9	68	-60

INTERNATIONAL INVESTMENT POSITION (IIP)

Bermuda's Net IIP Increased to \$7.4 billion

At the end of the fourth quarter 2025, the stock of foreign assets held by Bermuda residents registered above its stock of foreign liabilities by an estimated \$7.4 billion (Tables 2 and 3). The net IIP increased by \$1.4 billion over the third quarter of 2025.

Foreign Assets rise to \$18.7 billion

Between the third and fourth quarters of 2025, Bermuda residents' stock of foreign financial assets increased by \$1.3 Billion.

Bermuda's Net Liability Position falls to \$11.2 billion

Bermuda residents' stock of foreign liabilities decreased by \$148 million from the third quarter of 2025.

IIP by Resident Institutional Sector

The non-financial corporations held a net liability position of \$2.2 billion with the rest of the world at the end of the fourth quarter 2025 (Table 2). The General government sector's external liabilities exceeded its external assets by \$702 million, influenced primarily by decreases in portfolio investment asset positions. Government's liability position increased by \$90 million from the previous quarter. Financial corporations held a net asset position of \$10.2 billion due mostly to holdings of loans within other investments and portfolio investments in the form of debt securities. Non-profit institutions serving households recorded a net asset position of \$112 million at the end of the fourth quarter.

Table 2 : IIP BY RESIDENT INSTITUTIONAL SECTOR — (BD\$) MILLIONS ¹

2025 Q4	Households and NPISHs ^{2,3}	General government	Financial corporations	Non-financial corporations	Total economy
ASSETS	112	2,682	15,740	124	18,658
Direct investment	43		135	-27	151
Portfolio investment	66	2,681	11,005	16	13,769
Financial derivatives (other than reserves) and ESOs	n.a	1	14	-	14
Other investment	2	-	4,377	136	4,515
Reserve assets		-	209		209
LIABILITIES	-	3,384	5,529	2,317	11,229
Direct investment			854	2,003	2,857
Portfolio investment	-	3,294	808	274	4,376
Financial derivatives (other than reserves) and ESOs	-	-	27	1	28
Other investment	-	90	3,840	39	3,968
NET IIP	112	-702	10,211	-2,192	7,429

¹ Data are estimates only and subject to revision

² Series does not include stock of household foreign assets and liabilities

³ NPISH: Non-profit institutions serving households

Table 3 : INTERNATIONAL INVESTMENT POSITION ^{1,2} (BD\$) MILLIONS

Components	2024 Q4	2024 Q1	2025 Q2	2025 ^R Q3	2025 ^P Q4
ASSETS					
BY FUNCTIONAL CATEGORY					
Direct investment	236	249	138	107	151
Portfolio investment	12,430	12,693	13,365	13,633	13,769
Financial derivatives (other than reserves) and ESOs	44	17	24	12	14
Other investment	2,946	3,307	2,685	3,405	4,515
Reserve assets	208	292	262	240	209
BY INSTRUMENT					
Equity and investment fund share/units	3,378	3,393	3,517	3,599	3,650
Debt instruments:	12,442	13,148	12,934	13,787	14,994
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	875	1,126	1,072	1,245	1,418
Debt securities	9,495	9,841	10,248	10,381	10,479
Loans	1,762	1,848	1,337	1,903	2,787
Insurance, pension, standardized guarantee schemes	1	2	1	1	1
Other accounts receivable/payable	308	331	275	256	309
Other financial assets and liabilities	44	17	24	12	14
TOTAL ASSETS	15,864	16,558	16,474	17,398	18,658
LIABILITIES					
BY FUNCTIONAL CATEGORY					
Direct investment	2,954	2,835	2,862	2,933	2,857
Portfolio investment	4,485	4,513	4,394	4,355	4,376
Financial derivatives (other than reserves) and ESOs	40	22	34	27	28
Other investment	4,003	4,267	4,065	4,063	3,968
BY INSTRUMENT					
Equity and investment fund share/units	3,661	3,536	3,565	3,574	3,496
Debt instruments:	7,781	8,078	7,756	7,776	7,705
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,505	3,805	3,693	3,786	3,609
Debt securities	3,778	3,811	3,691	3,713	3,736
Loans	273	233	172	106	195
Insurance, pension, standardized guarantee schemes	39	39	39	38	43
Other accounts receivable/payable	186	190	160	133	122
Other financial assets and liabilities	40	22	34	27	28
TOTAL LIABILITIES	11,483	11,637	11,355	11,377	11,229
NET IIP	4,381	4,922	5,120	6,021	7,429

Table 4 : INTEGRATED INTERNATIONAL INVESTMENT POSITION, 2025 (BD\$) MILLIONS ¹

Components	Fourth quarter 2025			
	Opening Position ^R	Financial Transactions ²	Other Changes in Position ³	Closing Position ^P
ASSETS				
BY FUNCTIONAL CATEGORY				
Direct investment	107	46	-2	151
Portfolio investment	13,633	297	-162	13,769
Financial Derivatives (other than reserves) and ESOs	12	5	-2	14
Other investment	3,405	1,087	22	4,515
Reserve Assets	240	-31	-	209
BY INSTRUMENT				
Equity and investment fund share/units	3,599	30	21	3,650
Debt instruments:	13,787	1,370	-163	14,994
Special drawing rights	n.a.	n.a.	n.a.	n.a.
Currency and deposits	1,245	172	-	1,418
Debt securities	10,381	283	-185	10,479
Loans	1,903	860	25	2,787
Insurance, pension, standardized guarantee schemes	1	-	-	1
Other accounts receivable/payable	256	56	-3	309
Other financial assets and liabilities	12	5	-2	14
TOTAL ASSETS	17,398	1405	-144	18,658
LIABILITIES				
BY FUNCTIONAL CATEGORY				
Direct investment	2,933	-86	10	2,857
Portfolio investment	4,355	21	-	4,376
Financial Derivatives (other than reserves) and ESOs	27	4	-2	28
Other investment	4,063	-98	4	3,968
BY INSTRUMENT				
Equity and investment fund share/units	3,574	-87	9	3,496
Debt instruments:	7,776	-76	4	7,705
Special drawing rights	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,786	-181	4	3,609
Debt securities	3,713	22	1	3,736
Loans	106	90	-	195
Insurance, pension, standardized guarantee schemes	38	5	-	43
Other accounts receivable/payable	133	-11	-	122
Other financial assets and liabilities	27	4	-2	28
TOTAL LIABILITIES	11,377	-159	11	11,229
NET IIP	6,021	1563	-155	7,429

¹ Data displayed represents the changes between the previous and current quarters.

² Transactions refer to any business dealings that occurred during the quarter that lead to an increase or decrease (shown as a negative) in the investment position.

³ Other changes include price changes, exchange rate changes, and any other adjustments to the investment position, not otherwise reflected in transactions.

WHAT IS THE BALANCE OF PAYMENTS?

The balance of payments (BOP) is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy (resident) with the rest of the world (non-resident). Quite simply, the balance of payments covers all economic transactions between Bermuda and the rest of the world. It includes the **current account, the capital account and financial account.**

In principle, the current account, capital account and financial account should balance each other. If Bermuda sells more goods and services than it buys (i.e., if it has a current account surplus), it has to lend money abroad to finance its exports (i.e., run a capital and financial account deficit). In theory, therefore, the balance of payments is always zero.

Example: Every dollar spent by a tourist in Bermuda earns the economy \$1 in foreign currency which can be used to purchase goods and services from overseas.



BOP DEFINITIONS AND NOTES

Balancing Item (Net Errors & Omissions)

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the balancing item is the net unobserved inflow or outflow needed to balance the accounts.

Capital Account

The capital account details transactions that involve the receipt or payment of capital transfers and acquisitions and disposal of non-produced, non-financial assets.

Current Account

Transactions on goods, services, income, and current transfers are allocated to the current account. Transactions in exports and interest income are examples of receipts, while imports and interest expenses are payments. The difference between payments and receipts determines if Bermuda's current account is in surplus or deficit.

Financial Account

All transactions associated with changes of ownership in foreign financial assets and liabilities of the economy are included in the financial account. Such changes include the creation and liquidation of claims on, or by, the rest of the world.

Payments

All monies that are paid by residents to non-residents are considered payments.

Receipts

All monies that are received by residents from nonresidents are considered receipts.

Reserve Assets

Reserve Assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).

Resident

The concept of residency is very important in the BOP because the BOP is in fact a statement of transactions between residents and non-residents. A unit must have a centre of predominant economic interest within an economic territory for at least one year or more to be considered resident of that territory.

Seasonal Workers

Workers from overseas who come to Bermuda to work for a few months in the year or every year are considered seasonal workers. Their expenditure on living expenses in Bermuda is included as travel receipts. Similarly, their income received from employers in Bermuda is a BOP outflow under compensation of employees.

WHAT IS THE INTERNATIONAL INVESTMENT POSITION?

The international investment position (IIP) is a record of Bermuda residents' investment abroad and nonresidents' investment in Bermuda. The IIP shows the balance sheet position of financial claims on nonresidents as assets and non-residents' claims on Bermuda as liabilities. The balance between these two positions represents the IIP; that is, an excess of assets over liabilities indicates a positive contribution to the nation's net wealth and the reverse signifies a negative contribution.

WHY IS THE IIP IMPORTANT TO MEASURE?

The composition of the IIP allows financial analysts to assess the vulnerability of the economy to changes in external market conditions. Details from the IIP can highlight mismatches in maturity of instruments and currency that can affect an economy's ability to service debt in the face of shock; financial structure problems; solvency problems and dependency problems where overreliance on another economy can present contagion concerns. Therefore, the IIP allows for a more in depth analysis behind balance sheet weaknesses that can lead to a modern-day financial crisis.

IIP DEFINITIONS

Currency and Deposits

Currency consists of notes and coins that are of fixed nominal values and are issued or authorized by central banks, monetary authorities such as the Bermuda Monetary Authority or governments.

Deposits include all claims that are (a) on the central bank and other deposit-taking corporations; and (b) represented by evidence of deposit.

Debt Securities

Debt securities are negotiable instruments serving as evidence of a debt.

Notes

n.a. – Not Available

Numbers may not add due to rounding

P – Provisional

R – Revised

Source: IMF Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)

Direct Investment

Direct investment represents the value of long-term capital owned in subsidiaries, affiliates and branches by investors in a position to exercise control or a significant degree of influence on the management of the enterprise. A measure of total investment controlled in Bermuda by foreign direct investors, or abroad by Bermudian direct investors, indicates the leverage type impact of ownership.

Financial Derivatives

A financial derivative contract is a financial instrument whose value is based on the value of an underlying security such as a stock or bond, commodity or other financial instrument.

Insurance, Pension, Standardized Guarantee Schemes

Insurance, pension, and standardized guarantee schemes all function as a form of redistribution of income and wealth mediated by financial institutions.

Loans

Loans represent the extension of money from Bermuda residents to non-residents and vice versa, with an agreement that the money will be repaid.

Other Accounts Receivable/Payable

Other accounts receivable/payable consists of trade credit and advances between Bermuda and non-residents and, other miscellaneous receivables/payables.

Other Investment

Other investment is a residual category that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options (ESO), and reserve assets.

Portfolio Investment

Portfolio investment abroad by Bermuda residents and in Bermuda by non-residents is defined as the holding of debt or equity securities other than those included in direct investment or reserve assets.

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Department of Statistics, Cedar Park Centre, 48 Cedar Avenue, Hamilton HM 11
P.O. Box HM 3015, Hamilton HM MX, Bermuda



Tel:

(441) 297-7761



Fax:

(441) 295-8390



Email:

statistics@gov.bm



Webpage:

www.gov.bm/department/statistics