



BALANCE OF PAYMENTS & INTERNATIONAL INVESTMENT POSITION

QUARTER 3/2025

BALANCE OF PAYMENTS

Current Account Surplus = \$489 million

The Bermuda current account recorded a surplus of \$489 million in the third quarter of 2025 (Figure 1; Table 1). This represented a \$221 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 (Figure 2; Table 1).

Contributing factors include:

- The deficit on the goods account narrowed by \$47 million to \$333 million.
- Service transactions realised a surplus of \$208 million, up \$100 million from a year ago.
- Bermuda's primary income account surplus expanded by \$53 million year-over-year, climbing to \$655 million in the third quarter of 2025.

Figure 1

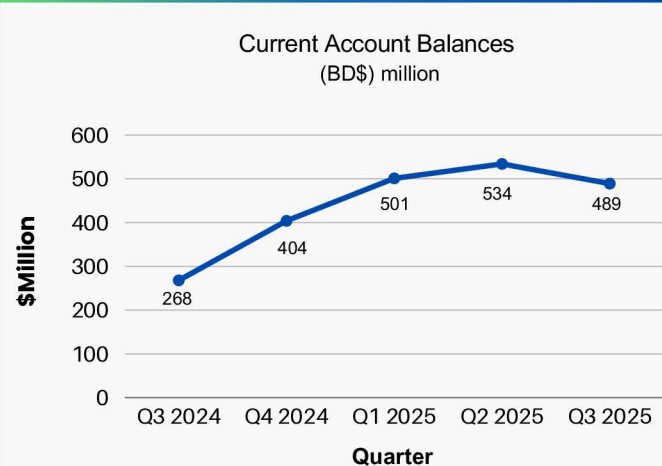
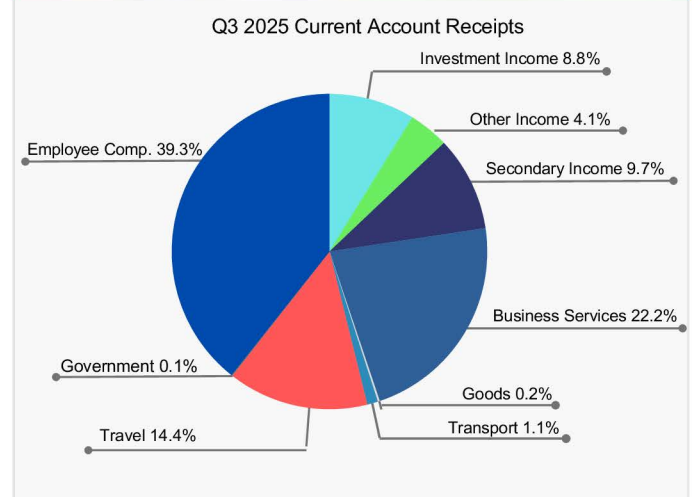


Figure 2



Goods Account Deficit = \$333 million

The goods account deficit narrowed by \$47 million year-over-year during the third quarter of 2025 (Table 1). The value of imported goods decreased to \$336 million, reflected in a drop in imported goods from the United States and the Caribbean, decreasing by \$47 million, and \$6 million, respectively. By contrast, imports from All Other countries and the United Kingdom increased by \$3 million, and \$2 million, respectively.

Among the commodity groups, the decrease in imports was reflected in primarily one commodity group. The decrease in imports was driven by fuels, which decreased by \$73 million. Five of nine remaining commodity groups recorded increases, led by finished equipment and transport equipment, increasing by \$13 million and \$8 million, respectively.

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

Services Account Surplus = \$208 million

The surplus on the services account increased by \$100 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 \$80 million due primarily to the increase in receipts for financial services received from non-residents.

Travel services increased by \$15 million due to an increase in receipts for business travel services, offset by an increase in payments for travel services. The deficit for transportation services narrowed by \$4 million as payments for transportation services decreased by \$2 million and receipts increased by \$2 million.

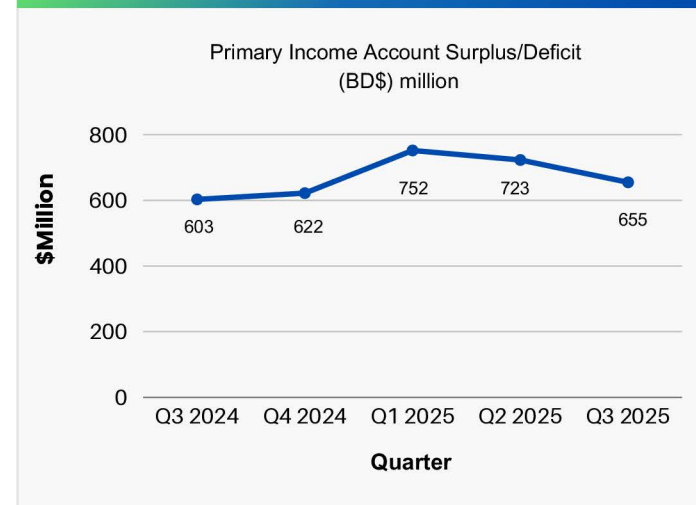
Primary Income Account Surplus = \$655 million

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 \$53 million during the third quarter of 2025 (Figure 3; Table 1). This rise reflected

increases in employee compensation and investment income of \$14 million and \$39 million, respectively. Other income recorded a year-over-year decrease of \$1 million.

Figure 3



Secondary Income Account Deficit = \$42 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 \$21 million from a year ago due primarily to increased nonlife insurance premiums received from non-residents.

Financial, Capital, and Reserve Assets Accounts

In the third quarter of 2025, transactions within Bermuda's assets accounts resulted in a net lending position of \$549 million (Table 1). They were influenced by:

- Bermuda's net acquisition of financial assets resulted in an increase of \$584 million compared to an increase of \$299 million in 2024.
- Bermuda increased its net incurrence of financial liabilities by \$36 million this quarter compared to a decrease of \$60 million in 2024.

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

Components		2024 YTD Q3	2025 YTD Q3	2024 Q3	2024 Q4	2025 ^R Q1	2025 ^R Q2	2025 ^P Q3
CURRENT ACCOUNT PAYMENTS	GOODS IMPORTS	1,006	949	383	301	291	323	336
	SERVICES	917	969	320	319	306	318	345
	Transportation	205	212	77	65	65	71	76
	Travel	225	234	83	73	74	75	85
	Business Services:	487	523	160	181	167	172	184
	Insurance Services	69	87	24	27	21	24	41
	Financial Services	96	100	28	27	33	38	29
	ICT Services	87	75	27	32	26	22	27
	Other Services	235	261	81	94	87	87	88
	Government Services	-	-	-	-	-	-	-
	PRIMARY INCOME	399	317	162	96	86	122	108
	Employee Compensation	28	29	9	9	10	9	10
	Investment Income	371	288	153	87	76	113	98
	Other Income	-	-	-	-	-	-	-
	SECONDARY INCOME	389	455	140	155	128	143	184
	TOTAL PAYMENTS	2,711	2,691	1,005	870	812	906	973
CURRENT ACCOUNT RECEIPTS	GOOD EXPORTS	9	9	3	3	3	3	3
	SERVICES	1,429	1,453	428	483	389	511	553
	Transportation	43	42	14	14	10	16	16
	Travel	435	450	192	111	57	182	210
	Business Services:	897	906	221	358	271	311	324
	Insurance Services	89	100	31	28	30	31	39
	Financial Services	145	252	21	120	52	85	115
	ICT Services	28	25	9	9	8	9	8
	Other Services	634	530	160	200	180	187	162
	Government Services	54	55	1	1	52	1	2
	PRIMARY INCOME	2,361	2,447	765	717	839	845	764
	Employee Compensation	1,760	1,854	559	537	633	647	574
	Investment Income	349	323	144	117	77	118	129
	Other Income	253	270	62	64	129	80	61
	SECONDARY INCOME	238	306	76	70	82	81	142
	TOTAL RECEIPTS	4,036	4,215	1,272	1,273	1,313	1,440	1,462
CURRENT ACCOUNT BALANCES	GOODS	-997	-941	-380	-298	-288	-320	-333
	SERVICES	511	484	108	165	83	193	208
	Transportation	-162	-170	-63	-51	-55	-56	-59
	Travel	210	216	110	38	-17	108	125
	Business Services:	410	383	61	177	103	139	141
	Insurance Services	20	13	7	1	8	6	-2
	Financial Services	50	152	-7	93	19	47	86
	ICT Services	-59	-50	-18	-23	-18	-14	-18
	Other Services	400	268	79	106	94	99	75
	Government Services	54	55	1	1	52	1	2
	PRIMARY INCOME	1,962	2,130	603	622	752	723	655
	Employee Compensation	1,731	1,825	550	528	623	638	564
	Investment Income	-22	35	-9	30	1	5	30
	Other Income	253	270	62	64	129	80	61
	SECONDARY INCOME	-151	-149	-63	-85	-46	-62	-42
	CURRENT ACCOUNT BALANCE	1,325	1,524	268	404	501	534	489
FINANCIAL ACCOUNT	Direct Investment	38	-100	16	-4	42	-112	-29
	Portfolio Investment	411	841	415	-19	254	346	241
	Financial Derivatives	106	135	53	67	29	70	36
	Other Investments	364	680	-162	221	277	44	359
	Reserve Assets	20	32	-24	-11	85	-30	-22
	NET ACQUISITION OF FIN. ASSETS	938	1,588	299	254	687	317	584
	Direct Investment	-19	-46	-36	137	-155	30	79
	Portfolio Investment	-48	-152	-12	30	10	-114	-48
	Financial Derivatives	9	-11	49	-28	-18	18	-11
	Other Investments	-428	55	-60	-168	182	-142	16
	NET INCURRENCE OF FIN. LIABILITIES	-487	-154	-60	-28	18	-208	36
	TOTAL NET CAPITAL ACCOUNT	-	-	-	-	-	-	-
	NET LENDING(+)/NET BORROWING(-)	1,424	1,742	358	282	668	525	549
	BALANCING ITEM	99	218	91	-121	167	-9	59

INTERNATIONAL INVESTMENT POSITION (IIP)

Bermuda's Net IIP Increased to \$6.0 billion

At the end of the third quarter 2025, the stock of foreign assets held by Bermuda residents registered above its stock of foreign liabilities by an estimated \$6.0 billion (Tables 2 and 3). The net IIP increased by \$893 million over the second quarter of 2025.

Foreign Assets rise to \$17.4 billion

Between the second and third quarters of 2025, Bermuda residents' stock of foreign financial assets increased by \$914 million.

Bermuda's Net Liability Position remains at \$11.4 billion

Bermuda residents' stock of foreign liabilities remained relatively unchanged from the second 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 third quarter 2025 (Table 2). The General government sector's external liabilities exceeded its external assets by \$401 million, influenced primarily by changes in portfolio investment asset positions. Government's liability position remained unchanged from the previous quarter. Financial corporations held a net asset position of \$8.5 billion due mostly to holdings of portfolio investments in the form of debt securities. Non-profit institutions serving households recorded a net asset position of \$108 million at the end of the third quarter.

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

2025 Q3	Households and NPISHs ^{2,3}	General government	Financial corporations	Non-financial corporations	Total economy
ASSETS	108	2,893	14,242	145	17,388
Direct investment	42	-	91	-27	107
Portfolio investment	65	2,893	10,645	24	13,627
Financial derivatives (other than reserves) and ESOs	n.a	-	12	-	12
Other investment	1	1	3,253	148	3,403
Reserve assets	-	-	240		240
LIABILITIES	-	3,294	5,776	2,306	11,376
Direct investment	-	-	957	1,975	2,932
Portfolio investment	-	3,294	780	281	4,355
Financial derivatives (other than reserves) and ESOs	-	-	26	1	27
Other investment	-	-	4,013	49	4,062
NET IIP	108	-401	8,466	-2,161	6,013

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 Q3	2024 Q4	2025 Q1	2025 ^R Q2	2025 ^P Q3
ASSETS					
BY FUNCTIONAL CATEGORY					
Direct investment	242	236	249	138	107
Portfolio investment	12,289	12,430	12,693	13,365	13,627
Financial derivatives (other than reserves) and ESOs	24	44	17	24	12
Other investment	3,156	2,946	3,307	2,685	3,403
Reserve assets	231	208	292	262	240
BY INSTRUMENT					
Equity and investment fund share/units	3,497	3,378	3,393	3,517	3,592
Debt instruments:	12,422	12,442	13,148	12,934	13,784
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	1,094	875	1,126	1,072	1,245
Debt securities	9,266	9,495	9,841	10,248	10,381
Loans	1,822	1,762	1,848	1,337	1,903
Insurance, pension, standardized guarantee schemes	1	1	2	1	1
Other accounts receivable/payable	239	308	331	275	254
Other financial assets and liabilities	24	44	17	24	12
TOTAL ASSETS	15,943	15,864	16,558	16,474	17,388
LIABILITIES					
BY FUNCTIONAL CATEGORY					
Direct investment	2,835	2,954	2,835	2,862	2,932
Portfolio investment	4,461	4,485	4,513	4,394	4,355
Financial derivatives (other than reserves) and ESOs	50	40	22	34	27
Other investment	4,131	4,003	4,267	4,065	4,062
BY INSTRUMENT					
Equity and investment fund share/units	3,517	3,661	3,536	3,565	3,574
Debt instruments:	7,910	7,781	8,078	7,756	7,775
Special drawing rights	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,708	3,505	3,805	3,693	3,786
Debt securities	3,779	3,778	3,811	3,691	3,713
Loans	192	273	233	172	106
Insurance, pension, standardized guarantee schemes	37	39	39	39	38
Other accounts receivable/payable	194	186	190	160	133
Other financial assets and liabilities	50	40	22	34	27
TOTAL LIABILITIES	11,478	11,483	11,637	11,355	11,376
NET IIP	4,465	4,381	4,922	5,120	6,013

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

Components	Third quarter 2025			
	Opening Position ^R	Financial Transactions ²	Other Changes in Position ³	Closing Position ^P
ASSETS				
BY FUNCTIONAL CATEGORY				
Direct investment	138	-30	-1	107
Portfolio investment	13,365	233	29	13,627
Financial Derivatives (other than reserves) and ESOs	24	-15	4	12
Other investment	2,685	711	6	3,403
Reserve Assets	262	-22	-	240
BY INSTRUMENT				
Equity and investment fund share/units	3,517	18	57	3,592
Debt instruments:	12,934	874	-23	13,784
Special drawing rights	n.a.	n.a.	n.a.	n.a.
Currency and deposits	1,072	173	-	1,245
Debt securities	10,248	163	-30	10,381
Loans	1,337	561	5	1,903
Insurance, pension, standardized guarantee schemes	1	-	-	1
Other accounts receivable/payable	275	-23	2	254
Other financial assets and liabilities	24	-15	4	12
TOTAL ASSETS	16,474	876	38	17,388
LIABILITIES				
BY FUNCTIONAL CATEGORY				
Direct investment	2,862	68	2	2,932
Portfolio investment	4,394	-40	1	4,355
Financial Derivatives (other than reserves) and ESOs	34	-11	4	27
Other investment	4,065	-7	4	4,062
BY INSTRUMENT				
Equity and investment fund share/units	3,565	6	3	3,574
Debt instruments:	7,756	15	4	7,775
Special drawing rights	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,693	86	7	3,786
Debt securities	3,691	22	-	3,713
Loans	172	-64	-3	106
Insurance, pension, standardized guarantee schemes	39	-1	-	38
Other accounts receivable/payable	160	-28	-	133
Other financial assets and liabilities	34	-11	4	27
TOTAL LIABILITIES	11,355	10	11	11,376
NET IIP	5,120	866	27	6,013

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.

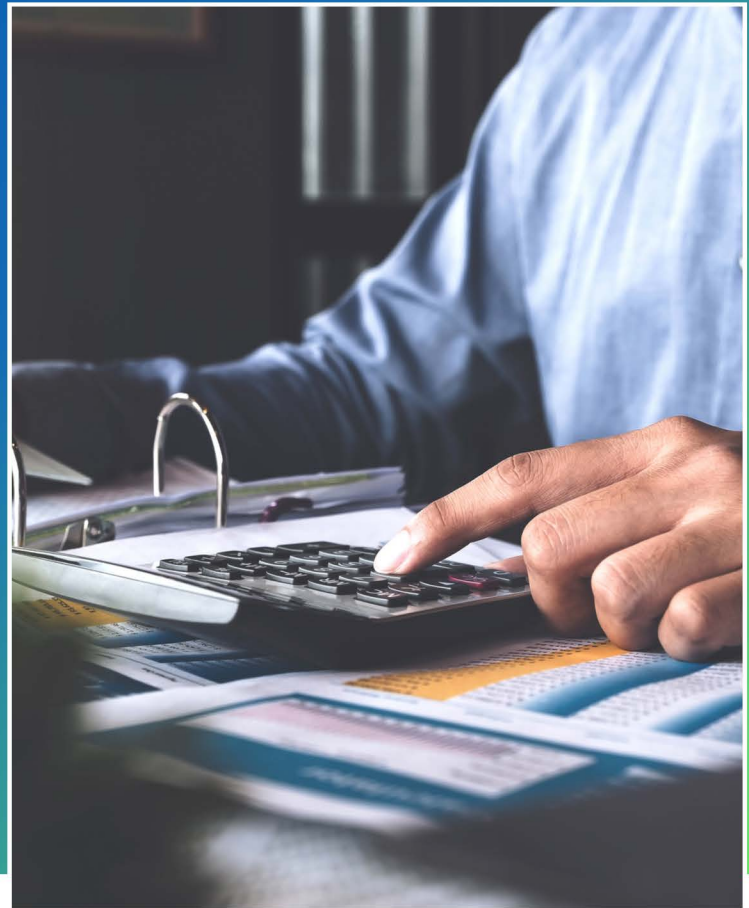
³ Other changes include price changes, exchange rate changes, and any other adjustments to the investment position, not otherwise reflected in transactions.

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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