BDIC

BERMUDA DEPOSIT
INSURANCE CORPORATION

2026 ANNUAL REPORT


Confidence grows strongest when roots are deep and foundations are secure.

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CHAIRMAN'S & CEO'S REPORT

On behalf of the Board of Directors, we are pleased to present the tenth Annual Report of the Bermuda Deposit Insurance Corporation (BDIC) for the year ended March 31, 2026.

This year marks an important milestone in the evolution of the BDIC. While continuing to fulfill our core mandate of protecting insured depositors, we have evolved our role within Bermuda's Financial Safety Net and continue to align our operations with the revised International Association of Deposit Insurers (IADI) Core Principles.

The 2026 fiscal year was a significant one for deposit insurance frameworks globally. In September 2025, IADI issued revised Core Principles and subsequently its Global Trends Report, highlighting the growing international shift toward broader deposit insurance mandates and enhanced participation of deposit insurers in financial stability frameworks. In response, we continued to align our strategic direction with international best practices, focusing on governance enhancements, operational readiness, and collaboration with fellow safety net participants.
Internationally, more than 80% of deposit insurers now support resolution planning and authorities, reflecting a growing emphasis on developing tools that extend beyond pure depositor reimbursement. Against this backdrop and to build on work completed in prior years, BDIC continues to transition from a "paybox" to a "paybox-plus" model, thereby enabling a more active role in crisis management and financial stability planning while maintaining our core depositor protection mandate. To further strengthen the financial stability framework, the passage of the Bermuda Monetary Authority Amendment Act 2025 together with the establishment of a Memorandum of Understanding between the BMA and the BDIC, now enables real-time supervisory data sharing thereby significantly enhancing early warning capabilities and supporting more timely intervention where necessary.

Progress was also made in strengthening the Corporation's governance and operational readiness. The Corporate Governance and Ethics Committee continued its work to modernize internal governance frameworks, while the BDIC invested in key organizational resources. We are pleased to announce the appointments of James Davis as Chief Financial Officer and Sheridan Smith as Director of Information Technology. During the year, we also launched a Data Transformation Project to develop a fit-for-purpose technology and data infrastructure.

While this work remains ongoing, it will improve the efficient collection, management, and analysis of critical information and help position the Corporation to securely receive and manage depositor data should future requirements arise. Together, these initiatives represent important steps in building the institutional capacity needed to support the BDIC's future role within Bermuda's financial safety net.

Bermuda's continued economic resilience has contributed positively to the growth of the Deposit Insurance Fund. As at March 31, 2026, the Fund stood at $65.64 million, compared with $57.11 million a year earlier. The Fund remains conservatively invested in a laddered portfolio of U.S. Treasury Notes with maturities ranging from one to five years.

Premium income increased to $7.56 million from $7.29 million in 2025, reflecting growth in insurable Bermuda dollar deposits to approximately $3.04 billion, compared with $2.92 billion in the prior year. Despite ongoing investments in people, systems, and operational capabilities, the Corporation continues to operate efficiently, with approximately 88 cents of every revenue dollar flowing directly into the Deposit Insurance Fund.

Looking ahead, Bermuda's banking sector remains well-capitalized and highly liquid, with institutions continuing to meet or exceed Basel III capital and liquidity requirements. The BDIC is well positioned to continue strengthening its capabilities while supporting depositor confidence and financial stability.

The BDIC is no longer only a safeguard against bank failure; it is positioning itself to become a more proactive contributor to Bermuda's financial stability framework. Through strengthened collaboration, investment in operational readiness and technology, prudent fund management, and adherence to international best practices, we remain committed to protecting depositors, promoting confidence in the banking system, and supporting the stability of Bermuda's financial sector.

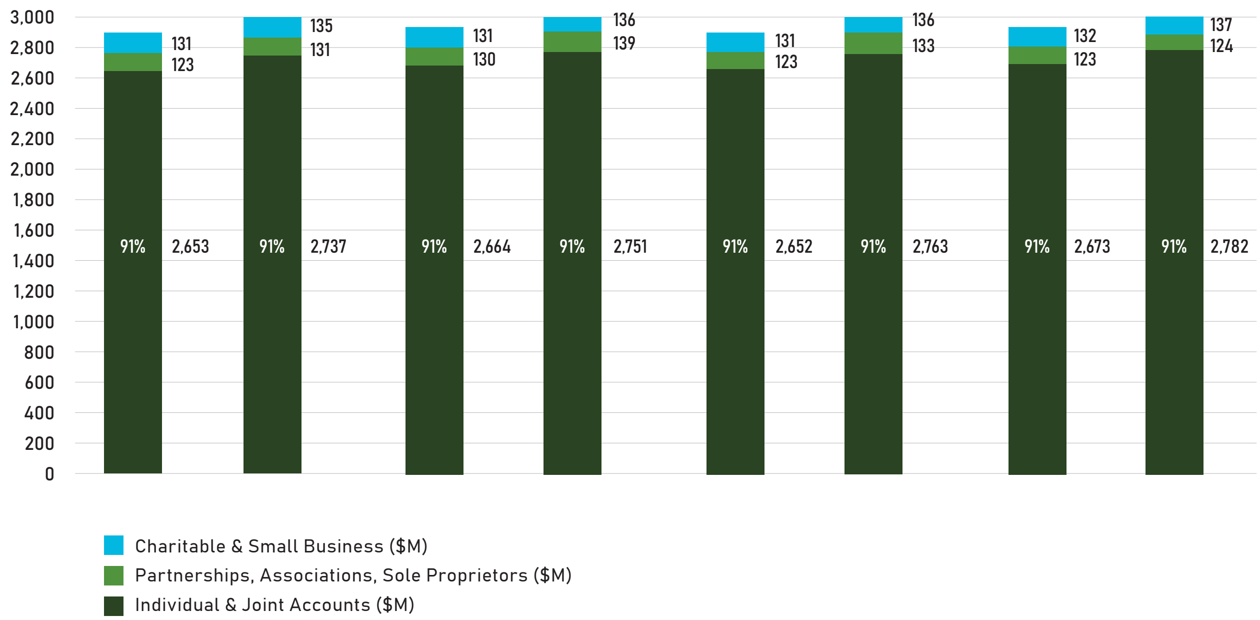
Stephen W. G. Todd, JP
Chairman

Alan Richardson, CPA, CA
CEO

DATA & ANALYSIS

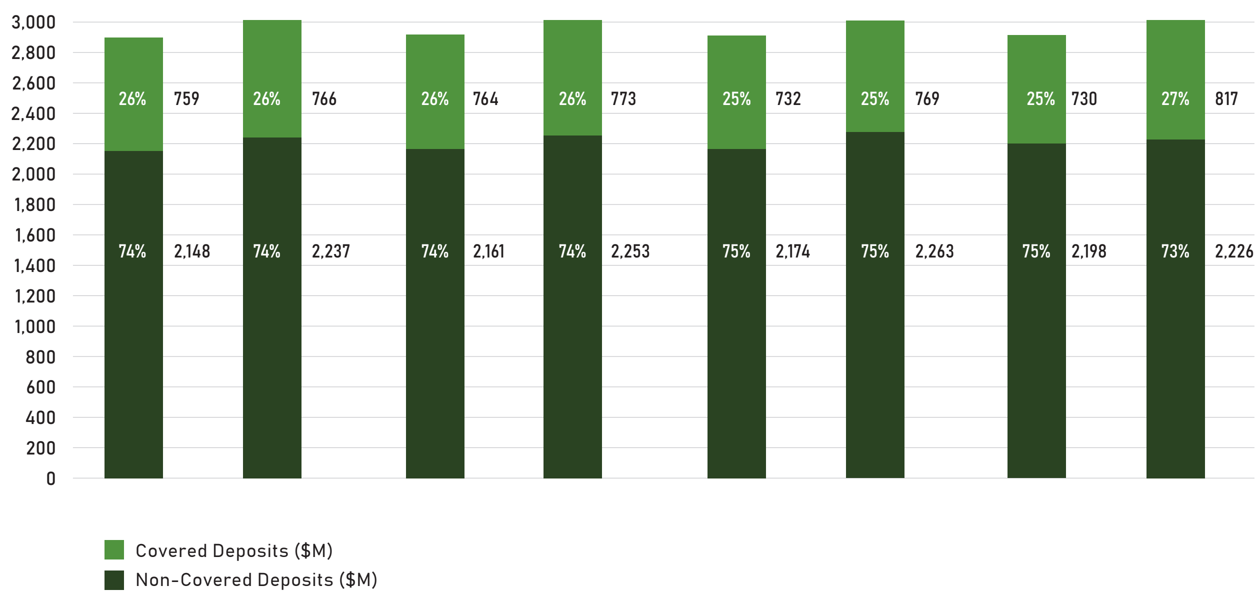
Insurable Deposits by Category ($M)

	Jun 2024	Jun 2025	Sep 2024	Sep 2025	Dec 2024	Dec 2025	Mar 2025	Mar 2026
TOTALS	2,907	3,003	2,925	3,026	2,906	3,032	2,928	3,043



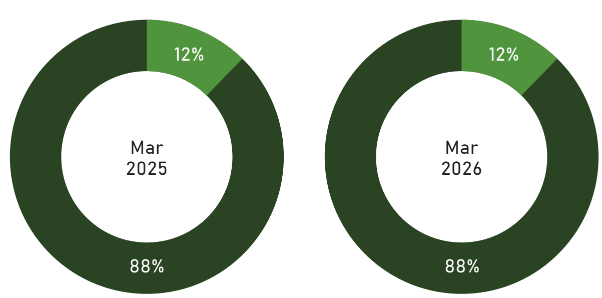
Covered Deposits & Insurable Deposits ($M)

	Jun 2024	Jun 2025	Sep 2024	Sep 2025	Dec 2024	Dec 2025	Mar 2025	Mar 2026
TOTALS	2,907	3,003	2,925	3,026	2,906	3,032	2,928	3,043



Retained Revenue

Retained Revenue
Expenses



Swan Building
26 Victoria Street
Hamilton HM 12
Bermuda

tel: 441-292-2342
www.bdic.bm

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

July 27, 2026

Dear Premier,

In accordance with section 35(1) of the Deposit Insurance Act 2011, I have the privilege to submit to you a report of the operations of the Bermuda Deposit Insurance Corporation for the year ended March 31, 2026 together with the statement of accounts and the opinion of the Auditor General.

Stephen W. G. Todd, JP
Chairman

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Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of financial management and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislation, assets are safeguarded, and reliable financial records are properly maintained and available on a timely basis.

The Bermuda Deposit Insurance Corporation's Board of Directors through the Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit Committee also reviews the financial statements before recommending approval by the Board of Directors.

The financial statements have been approved by the Board of Directors and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.

Mr. Nathan Kowalski, CPA, CA, CFA, CIM
Board Director

Alan Richardson, CPA, CA
CEO

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3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148
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Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Bermuda Deposit Insurance Corporation

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Bermuda Deposit Insurance Corporation, which comprise the statement of financial position as at March 31, 2026, and the statements of comprehensive income and changes in equity and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Deposit Insurance Corporation as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Deposit Insurance Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and my auditor's report thereon, included in the Annual Report. The Annual Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there is a material inconsistency therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bermuda Deposit Insurance Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bermuda Deposit Insurance Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Deposit Insurance Corporation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bermuda Deposit Insurance Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bermuda Deposit Insurance Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Deposit Insurance Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by Schedule 2 of the Deposit Insurance Act 2011, I also report that, in my opinion, the financial statements show fairly the financial transactions and the state of affairs of the Bermuda Deposit Insurance Corporation, proper accounting and other records have been kept, including records of all assets of the Bermuda Deposit Insurance Corporation, and the receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Bermuda Deposit Insurance Corporation during the year ended March 31, 2026, were in accordance with the provisions of the Deposit Insurance Act 2011.

Heather M.

Hamilton, Bermuda
July 23, 2026

Heather Thomas, CPA, CFE, CGMA
Auditor General

FINANCIAL STATEMENTS

For the year ended March 31, 2026

BERMUDA DEPOSIT INSURANCE CORPORATION

Statement of Financial Position

As at March 31, 2026
(Expressed in Bermuda Dollars)

	2026	2025
Assets		
Current assets		
Cash and cash equivalents (Note 4)	$ 918,065	$ 663,313
Accrued interest (Note 9)	633,224	286,825
Investments, amortised cost (Note 9)	10,960,449	10,910,005
Accrued income (Note 9)	1,905,676	1,823,147
Prepayments	58,135	34,294
Total current assets	14,475,549	13,717,584
Non-current assets		
Investments, amortised cost (Note 9)	50,975,184	43,481,754
Property and equipment (Notes 5 and 6)	1,743,425	231,160
Intangible asset (Note 7)	309,871	87,529
Total non-current assets	53,028,480	43,800,443
Total assets	$ 67,504,029	$ 57,518,027
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 275,900	$ 185,651
Lease liabilities (Notes 6 and 9)	120,528	55,562
Total current liabilities	396,428	241,213
Non-current liabilities		
Lease liabilities (Notes 6 and 9)	1,465,660	168,132
Total non-current liabilities	1,465,660	168,132
Equity and fund balance		
Deposit Insurance Fund (Note 10)	65,641,941	57,108,682
Total equity and fund balance	65,641,941	57,108,682
Total liabilities, equity and fund balance	$ 67,504,029	$ 57,518,027

Signed on behalf of Bermuda Deposit Insurance Corporation:

Director

Director

The accompanying notes are an integral part of the financial statements

BERMUDA DEPOSIT INSURANCE CORPORATION

Statement of Comprehensive Income

For the year ended March 31, 2026
(Expressed in Bermuda Dollars)

	2026	2025
Revenue		
Premiums (Note 8)	$ 7,557,709	$ 7,291,347
Interest income (Note 9)	1,779,168	1,150,238
Accretion of discounts on investments, net (Note 9)	355,032	249,447
Total revenue	9,691,909	8,691,032
Expenses		
Professional fees (Note 12)	413,578	296,074
Administrative	300,440	269,912
Payroll costs (Note 12)	295,631	315,123
Depreciation (Note 5)	136,597	75,740
Finance costs (Note 6)	37,930	13,084
Occupancy	31,742	26,237
Change in allowances for expected credit losses (Note 9)	(57,268)	20,589
Total expenses	1,158,650	1,016,759
Total comprehensive income for the year	$ 8,533,259	$ 7,674,273

The accompanying notes are an integral part of the financial statements

BERMUDA DEPOSIT INSURANCE CORPORATION

Statement of Changes in Equity and Fund Balance

For the year ended March 31, 2026
(Expressed in Bermuda Dollars)

	2026	2025
Retained earnings		
Balance, beginning of year	$ –	$ –
Total comprehensive income for the year	8,533,259	7,674,273
Transfer to Deposit Insurance Fund (Note 10)	(8,533,259)	(7,674,273)
Balance, end of year	$ –	$ –
Deposit Insurance Fund		
Balance, beginning of year	$ 57,108,682	$ 49,434,409
Transfer from retained earnings (Note 10)	8,533,259	7,674,273
Balance, end of year	$ 65,641,941	$ 57,108,682

The accompanying notes are an integral part of the financial statements

BERMUDA DEPOSIT INSURANCE CORPORATION

Statement of Cash Flows

For the year ended March 31, 2026
(Expressed in Bermuda Dollars)

	2026	2025
Cash flows provided by operating activities		
Total comprehensive income for the year	$ 8,533,259	$ 7,674,273
Adjustments for**:**		
Depreciation	136,597	75,740
Finance costs	37,930	13,084
Accretion of discounts on investments, net	(355,032)	(249,447)
Change in allowances for expected credit losses	(57,268)	20,589
Changes in working capital**:**		
(Increase)/decrease in accrued interest	(346,469)	5,394
Increase in accrued income	(87,028)	(52,293)
(Increase)/decrease in prepayments	(23,841)	15,957
Increase in accounts payable and accrued liabilities	90,249	1,819
Net cash provided by operating activities	7,928,397	7,505,116
Cash flows used in investing activities		
Proceeds from maturity of investments	11,100,000	12,319,000
Purchase of investments	(18,227,216)	(19,570,964)
Purchase of property and equipment	(228,813)	(8,031)
Purchase of intangible assets	(222,342)	(87,529)
Net cash used in investing activities	(7,578,371)	(7,347,524)
Cash flows used in financing activity		
Payment of lease liabilities	(95,485)	(64,842)
Net cash used in financing activity	(95,485)	(64,842)
Net increase in cash and cash equivalents	254,541	92,750
Cash and cash equivalents, beginning of year	663,313	571,103
Effect of loss allowance for expected credit losses	211	(540)
Cash and cash equivalents, end of year	$ 918,065	$ 663,313
Interest received	$ 1,432,699	$ 1,156,218

The accompanying notes are an integral part of the financial statements

1. General

The Bermuda Deposit Insurance Corporation (the "Corporation") was incorporated in Bermuda in 2011 as an independent body to administer and enforce the Deposit Insurance Scheme ("DIS" or "Scheme") in Bermuda, as well as to manage the Deposit Insurance Fund (the "Fund"). These financial statements reflect the financial position, results of operations, changes in equity and fund balance and cash flows of the Corporation. The address of its registered and business office is 26 Victoria Street, Hamilton HM 12, Bermuda.

The functions, powers and operational practices of the Corporation are set out in Section 5 of the Bermuda Deposit Insurance Act 2011 (the "Act") and the Bermuda Deposit Insurance Rules 2016 and its amendments (the "Rules"). The primary functions of the Corporation are to collect premiums from all members of the DIS, that is Bermuda's licensed banks and credit unions, and investing them, issuing the prompt payment of compensation to insured depositors from the Fund, up to a current maximum limit of $25,000, educating the public on the DIS and its purpose and ensuring institutions adhere to the DIS.

2. Basis of preparation and material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for the period presented, unless otherwise stated.

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board.

These financial statements were authorised for issue by the Board of Directors on July 23, 2026.

(b) Frequency of reporting

These financial statements were prepared for the year ended March 31, 2026 to comply with the reporting requirements of the Act.

(c) Basis of measurement

These financial statements have been prepared under the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for assets or liabilities.

(d) Functional and presentation currency

These financial statements are presented in Bermuda dollars, which is the Corporation's functional and presentation currency.

(e) Going concern basis of accounting

The Corporation has prepared the financial statements for the financial year ended March 31, 2026 on a going concern basis which assumes continuity of current business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

BERMUDA DEPOSIT INSURANCE CORPORATION

Notes to the Financial Statements

March 31, 2026
(Expressed in Bermuda Dollars)

2. Basis of preparation and material accounting policies (continued)

(f) Use of estimates and judgements

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates and assumptions include accrued expenses, evaluating the useful lives of property and equipment and estimating the expected credit loss for accrued income, accrued interest, cash and cash equivalents and investments. Actual results could differ from those estimates.

(g) Revenue from premium contributions

The Corporation collects premium contributions from the Scheme members in line with the DIS rules. Revenue from premium contributions is recognised at a point in time when premiums calculated are issued. Premiums are determined at the end of each premium period ending in March, June, September and December, based on the amount of insured deposits held by the Scheme members. Premium rates are fixed annually.

(h) Expenses

Expenses are recorded on the accrual basis in the year in which the goods or services are acquired or a liability is incurred.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost, which approximates fair value, on the statement of financial position.

(j) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. The following useful lives are used in the calculation of depreciation:

Assets	Useful life
Furniture and equipment	3 years
Computer hardware	3 years
Right-of-use assets	5 - 7.5 years

Depreciation expense is included in expenses on the statement of comprehensive income. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2. **Basis of preparation and material accounting policies** (continued)

(j) Property and equipment (continued)

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive income. The reversal of an impairment loss is recognised in the statement of comprehensive income to the extent that an impairment loss was previously recognised.

(k) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Costs that are directly associated with the development of identifiable and unique processes and systems controlled by the Corporation and that will generate future economic benefit are recognised as intangibles. Development costs that are directly attributable to the establishment of identifiable and unique processes and systems controlled by the Corporation are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the unique process and system so that it will be available for use;
- management intends to complete the unique process and system and use or sell it;
- there is an ability to use or sell the unique process and system;
- it can be demonstrated how the unique process and system will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the unique process and system are available; and
- the expenditure attributable to the unique process and system during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(l) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accrued interest, investments in US Government Treasury Notes, accrued income, accounts payable and accrued liabilities, and lease liabilities.

The classification of financial assets at initial recognition depends on the purpose and management's intention for which the financial assets were acquired.

(i) Financial assets

Classification of financial assets

The Corporation classifies its financial assets at amortised cost. The Corporation's financial assets classified at amortised cost consist of cash and cash equivalents, accrued interest, accrued income and investments. The Corporation determines the classification at initial recognition and re-evaluates this designation at every reporting date. Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the day of the first reporting period following the change in the business model.

BERMUDA DEPOSIT INSURANCE CORPORATION

Notes to the Financial Statements

March 31, 2026
(Expressed in Bermuda Dollars)

2. Basis of preparation and material accounting policies (continued)

(l) Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss, or fair value through other comprehensive income:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Business model assessment</u>

The Corporation makes an assessment of the objective of the business model in which the financial asset is held at a portfolio level because this best reflects how the Corporation is managed and the information is provided to management. The information considered includes the stated policies and objectives of the portfolio and the operation of those policies in practice.

<u>Assessment whether contractual cash flows are solely payments of principal and interest</u>

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Corporation considers the contractual terms of the instrument. These include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Corporation considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Corporation’s claim to cash flows.

A prepayment feature is consistent with solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest in the principal amount outstanding.

<u>*Financial assets – Subsequent measurement and gains and losses*</u>

The Corporation’s financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2. Basis of preparation and material accounting policies (continued)

(l) Financial instruments (continued)

(ii) Financial liabilities

The Corporation classifies accounts payable and accrued liabilities and lease liabilities as financial liabilities. These are initially classified and subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; and
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows and either:

  (i) the Corporation has transferred substantially all the risks and rewards of the asset; or
  (ii) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of comprehensive income, if any.

(m) Impairment of financial assets

The Corporation recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost. The Corporation measures loss allowances at an amount equal to 12-month ECLs for all investments and cash and cash equivalents that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and including forward-looking information.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and is in default when the financial asset is more than 90 days past due. The Corporation considers an investment to have a low credit risk when the credit risk rating is equivalent to the globally understood definition of "investment grade". The Corporation considers this to be BBB- or higher per S&P Global.

BERMUDA DEPOSIT INSURANCE CORPORATION

Notes to the Financial Statements

March 31, 2026
(Expressed in Bermuda Dollars)

2. Basis of preparation and material accounting policies (continued)

(m) Impairment of financial assets (continued)

Lifetime ECLs are the ECLs that result from possible default events over the expected life of a financial asset. 12-month ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the report date (or shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Premium has not been received 90 days after the statutory due date;
- Evidence of impairment on accrued income include that the insured entity is experiencing significant financial difficulty, there is a probability that they will liquidate or deregister or there has been a long-term delinquency in payments;
- Significant financial difficulty of the issuer or obligor;
- The disappearance of an active market for that financial asset;
- It becomes probable that the issuer or obligor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of the assets. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating or an improvement in the ECLs), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Financial assets, other than accrued interest and accrued income, are only derecognised when contractual rights to cash flow expire. For accrued income, the gross carrying amount is written off when the Corporation has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

2. Basis of preparation and material accounting policies (continued)

(n) Provision for losses and Deposit Insurance Fund

A provision for losses is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Given no claim has been made on the Corporation to date, management has determined that a provision for losses is not required.

Effective March 31, 2022, the Corporation established a Deposit Insurance Fund (Note 10) in order to meet its obligation to provide the prompt payment of compensation to insured depositors from the Fund, up to a current maximum limit of $25,000 per depositor, in the event that a Scheme member becomes insolvent.

(o) Leases

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract has an identifiable asset from which the Corporation obtains substantially all the economic benefits and conveys to the Corporation the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition of a lease in IFRS 16, *Leases*.

As a lessee

At commencement of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation’s incremental borrowing rate. The Corporation has used its incremental borrowing rate of 4.75% as the discount rate.

The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

BERMUDA DEPOSIT INSURANCE CORPORATION

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2. **Basis of preparation and material accounting policies** (continued)

(o) Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets in property and equipment and lease liabilities separately in the statement of financial position.

During the years ended March 31, 2026 and 2025, the Corporation did not enter into any contract as a lessor.

Short-term leases and leases of low-value assets

The Corporation has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including cancellable leases. The Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. **New standards and interpretations not yet adopted**

A number of new or amended standards are effective for the Corporation's annual period beginning after April 1, 2025 and early adoption is permitted; however, the Corporation has not early adopted the following new or amended standards in preparing its financial statements.

a) Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new accounting standard introduces the following key new requirements.

(i) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

(ii) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

(Expressed in Bermuda Dollars)

3. New standards and interpretations not yet adopted (continued)

a) Presentation and Disclosure in Financial Statements (IFRS 18) (continued)

(iii) Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's statement of comprehensive income, the statement of cash flows, and the additional disclosures required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

b) Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Corporation financial statements:

- *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*
- *Annual Improvements to IFRS Accounting Standards (IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7)*
- *Subsidiaries without Public Accountability: Disclosures (IFRS 19)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*
- *The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)*

The following new amendment requires adoption by the Corporation for the first time for the financial year beginning on April 1, 2025.

- *Amendment to IAS 21 – Lack of Exchangeability*

This amendment did not have a significant impact on the Corporation's financial statements.

4. Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	2026	2025
Cash at bank	$ 131,724	$ 339,287
Short term investments	786,341	324,026
	$ 918,065	$ 663,313

The effective interest rate earned on the Corporation's short-term investments is 2.53% at March 31, 2026 (2025 – 2.84%).

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March 31, 2026
(Expressed in Bermuda Dollars)

5. Property and equipment

As at March 31, 2026	Office building and car park space	Leasehold improvements	Computer hardware	Furniture and equipment	Total
Opening cost at March 31, 2025	$ 453,928	$ 5,000	$ 28,759	$ 32,801	$ 520,488
Additions	1,448,982	147,812	79,486	1,515	1,677,795
Impact of rent-free period	(28,933)	-	-	-	(28,933)
Closing cost at March 31, 2026	1,873,977	152,812	108,245	34,316	2,169,350
Opening accumulated depreciation at March 31, 2025	253,162	-	23,574	12,592	289,328
Depreciation expense	117,402	-	9,768	9,427	136,597
Closing accumulated depreciation at March 31, 2026	370,564	-	33,342	22,019	425,925
Net book value at end of year	**$ 1,503,413**	**$ 152,812**	**$ 74,903**	**$ 12,297**	**$ 1,743,425**

As at March 31, 2025	Office building and car park space	Leasehold improvements	Computer hardware	Furniture and equipment	Total
Opening cost at March 31, 2024	$ 444,266	$ -	$ 25,728	$ 32,801	$ 502,795
Additions	9,662	5,000	3,031	-	17,693
Closing cost at March 31, 2025	453,928	5,000	28,759	32,801	520,488
Opening accumulated depreciation at March 31, 2024	192,769	-	12,063	8,756	213,588
Depreciation expense	60,393	-	11,511	3,836	75,740
Closing accumulated depreciation at March 31, 2025	253,162	-	23,574	12,592	289,328
Net book value at end of year	**$ 200,766**	**$ 5,000**	**$ 5,185**	**$ 20,209**	**$ 231,160**

Property and equipment include right-of use assets of $1,503,413 (2025 - $200,766) related to leased properties that do not meet the definition of investment property (see Note 6).

Leasehold improvements are not yet available for use.

(Expressed in Bermuda Dollars)

6. Leases

The Corporation leases office space and parking space. The office space lease was entered into on March 1, 2024 for five years. During the year, the Company was granted a rent-free period for six months in respect of this lease. The rent-free period did not result in any change to the lease term or other substantive lease conditions. On November 1, 2025, the Corporation entered into a new office space lease for a period of five years with an option to renew for a further term of 5 years. The Corporation has recognised a right-of-use asset and lease liability for these leases.

The parking space lease was entered into on July 29, 2019 without a term limit and it can be cancelled by either party by giving one month's notice. On January 1, 2025, the consideration paid for the parking lease increased from $300 to $330 per month.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

Balance at April 1, 2024	$ 251,497
Additions to right-of-use assets (Note 5)	9,662
Depreciation charge for the year (Note 5)	(60,393)
Balance at March 31, 2025	$ **200,766**
Additions to right-of-use assets (Note 5)	1,448,982
Impact of rent-free period (Note 5)	(28,933)
Depreciation charge for the year (Note 5)	(117,402)
Balance at March 31, 2026	**$ 1,503,413**

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period.

Balance at April 1, 2024	$ 265,790
Additions to lease liabilities	9,662
Accretion of interest	13,084
Payment of lease liabilities	(64,842)
Balance at March 31, 2025	**223,694**
Additions to lease liabilities	1,448,982
Impact of rent-free period	(28,933)
Accretion of interest	37,930
Payment of lease liabilities	(95,485)
Balance at March 31, 2026	**$ 1,586,188**

BERMUDA DEPOSIT INSURANCE CORPORATION

Notes to the Financial Statements

March 31, 2026
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6. Leases (continued)

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

	2026	2025
Depreciation expense on right-of-use assets (Note 5)	$ 117,402	$ 60,393
Interest on lease liabilities	37,930	13,084
Total amount recognised in the statement of comprehensive income	$ 155,332	$ 73,477

The following are the amounts recognised in the statement of cash flows:

	2026	2025
Total cash outflow for leases	$ 95,485	$ 64,842

Maturity analysis of lease liability on an undiscounted basis:

	2026	2025
Less than one year	$ 195,738	$ 66,288
One to four years	868,946	183,770
Five to ten years	953,205	-
Total undiscounted leases liabilities as at March 31	$ 2,017,889	$ 250,058

7. Intangible assets

	2026	2025
Consultant development fee	$ 202,437	$ 52,515
Allocated executive management salaries, and other short-term employee benefits	107,434	35,014
	$ 309,871	$ 87,529

In 2024, the Corporation commenced a project to evolve its mandate to enhance Bermuda's resolution framework. The Corporation has incurred research and consultancy fees which are included in administrative expenses in the statement of comprehensive income amounting to $24,677 (2025 - $35,600). As at March 31, 2026, an additional cost of $222,342 (2025 - $87,529) was capitalised as intangible assets for further development. These amounts are made up of consultant development fee of $149,922 (2025 - $52,515) and executive management salaries charges of $72,420 (2025 - $35,014). This asset has not been amortised, as it remains in the development phase.

8. Premium revenue

	2026	2025
Individuals and joint accounts	$ 6,888,058	$ 6,650,721
Partnerships and other organisations	329,355	311,848
Charitable organisations	340,296	328,778
Total premiums	$ 7,557,709	$ 7,291,347

(Expressed in Bermuda Dollars)

8. Premium revenue (continued)

Jewel Bancorp Limited ("Jewel") became a participating member in the Scheme by virtue of their being granted a full bank license and digital asset business license by the Bermuda Monetary Authority on June 6, 2022. Jewel has not commenced its retail operations and accordingly no premium revenue is reflected in the financial statements.

9. Financial instruments

(a) Carrying amount and fair value of financial instruments

	2026		2025	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets				
Cash and cash equivalents	$ 918,065	$ 918,065	$ 663,313	$ 663,313
Accrued income	1,905,676	1,905,676	1,823,147	1,823,147
Investments, amortised cost	61,935,633	61,935,633	54,391,759	54,391,759
Accrued interest	633,224	633,224	286,825	286,825
	$ 65,392,598	$ 65,392,598	$ 57,165,044	$ 57,165,044

	2026		2025	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial liabilities				
Accounts payable and accrued liabilities	$ 275,900	$ 275,900	$ 185,651	$ 185,651
Lease liabilities	1,586,188	1,586,188	223,694	223,694
	$ 1,862,088	$ 1,862,088	$ 409,345	$ 409,345

The fair values of cash and cash equivalents, accrued income, accrued interest and accounts payable and accrued liabilities approximate their carrying values as they are short-term in nature.

The fair value of investments, at amortised cost are classified using a fair-value hierarchy that reflects the significance of the inputs disclosed in making the measurements:

Level 1 – quoted prices in active markets
Level 2 – inputs are observable either directly or derived from quoted prices
Level 3 – no observable inputs

BERMUDA DEPOSIT INSURANCE CORPORATION

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March 31, 2026
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9. Financial instruments (continued)

(a) Carrying amount and fair value of financial instruments (continued)

The fair-value hierarchy requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

	Level 1	Level 2	Level 3	Total
Financial instruments at fair value as at March 31, 2026				
Investments, current	$ 10,960,449	$ –	$ –	$ 10,960,449
Investments, non-current	50,975,184	–	–	50,975,184
Total financial instruments	$ 61,935,633	$ –	$ –	$ 61,935,633

	Level 1	Level 2	Level 3	Total
Financial instruments at fair value as at March 31, 2025				
Investments, current	$ 10,910,005	$ –	$ –	$ 10,910,005
Investments, non-current	43,481,754	–	–	43,481,754
Total financial instruments	$ 54,391,759	$ –	$ –	$ 54,391,759

(b) Other risks

The Corporation is exposed to credit risk, liquidity risk, market risk and operational risk as a result of holding financial instruments. The following is a description of those risks and how the Corporation manages its exposure to them.

(i) Credit risk

Credit risk is the risk of loss of principal or interest due to uncertainty in counterparty's ability to meet its obligations. The maximum exposure to credit risk is represented by the carrying values of these financial assets on the statement of financial position. Cash and cash equivalents are held by two reputable financial institutions. Accrued income is due from Bermuda's banks which are regulated by the Bermuda Monetary Authority. Management actively monitors accrued income and the credit performance of the banks.

(Expressed in Bermuda Dollars)

9. Financial instruments (continued)

(b) Other risks (continued)

(i) Credit risk (continued)

The credit quality of financial assets can be assessed by reference to the external credit rating and default rates published by S&P Global:

		2026		2025
Investments				
AA+ **	$	61,935,633	$	54,391,759
**Moody's equivalent grade is Aa1				
Cash and cash equivalents				
BBB+	$	131,724	$	339,287
AA-		786,341		324,026
	$	918,065	$	663,313

Impairment on cash and cash equivalents and investments held at amortised cost were measured on a 12-month ECL basis. This conclusion was based on the fact that:

- the Corporation considers that its cash and cash equivalents and investments have a low credit risk based on the external credit ratings of the counterparties;
- there was no significant change in the credit rating of any of the counterparties over the last 12 months.

Impairment on cash and cash equivalents has been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The ECL for cash and cash equivalents as at March 31, 2026 was $329 (2025 – $540).

The Corporation uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for investments.

The following table presents an analysis of the credit quality of the investments at amortised cost. It indicates whether assets measured at amortised cost were subject to a lifetime ECL allowance:

		2026		2025
Investments				
AA+	$	61,948,138	$	54,465,890
Gross carrying amount		61,948,138		54,465,890
Less: loss allowance for ECL's		(12,505)		(74,131)
	$	61,935,633	$	54,391,759

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9. Financial instruments (continued)

(b) Other risks (continued)

(i) Credit risk (continued)

The movement in the loss allowance for ECL's for investments at amortised cost was as follows:

		2026 12-month ECL credit impaired		2025 12-month ECL credit impaired
Balance at April 1	$	74,131	$	60,525
Adjustment on loss allowance for ECL's		(61,626)		13,606
Balance at March 31	$	12,505		74,131

Impairment on accrued income was measured on an ECL basis. There exists a scope exception from the general ECL model for trade receivables that do not contain a significant financing component. The Corporation's accrued income satisfies this criterion and hence the standard allows for a provision matrix to be used for recognizing ECL.

Accrued income and accrued interest consist of:

		2026		2025
Accrued income – gross	$	1,917,204	$	1,830,176
Less: loss allowance for ECL's		(11,528)		(7,029)
Accrued income – net		1,905,676		1,823,147
Accrued interest – gross		633,351		286,882
Less: loss allowance for ECL's		(127)		(57)
Accrued interest – net		633,224		286,825
Total	**$**	**2,538,900**	**$**	**2,109,972**

Amortisation or accretion of the premiums/discounts on investments of $355,032 (2025 - $249,447) is included in "accretion of discounts on investments, net" in the statement of comprehensive income.

The movement in the loss allowance for ECL's for accrued income was as follows:

		2026		2025
Balance at April 1	$	7,029	$	6,756
Adjustment on loss allowance for ECL's		4,499		273
Balance at March 31	**$**	**11,528**	**$**	**7,029**

(Expressed in Bermuda Dollars)

9. Financial instruments (continued)

(b) Other risks (continued)

(ii) Liquidity risk

The aging of accrued income and accrued interest at the reporting date was:

	March 31, 2026		March 31, 2025	
	Current to past 30 days	Past 60 days	Current to past 30 days	Past 60 days
Accrued income	$ 1,905,676	$ –	$ 1,823,147	$ –
Accrued interest	633,224	–	286,825	–
	$ 2,538,900	$ –	$ 2,109,972	$ –

Liquidity risk is the risk that the Corporation will encounter difficulties meeting its financial obligations as they become due. Balances due within twelve months are met within the Corporation's normal 30-day cycle of disbursements.

		March 31, 2026		
	Total	0 - 3 months	4 - 12 months	Greater than 1 year
As at March 31, 2026				
Accounts payable and accrued liabilities	$ 275,900	$ 275,900	$ –	$ –
Lease liabilities	1,586,188	30,132	90,396	1,465,660
Total financial liabilities	$ 1,862,088	$ 306,032	$ 90,396	$ 1,465,660

		March 31, 2025		
	Total	0 - 3 months	4 - 12 months	Greater than 1 year
As at March 31, 2025				
Accounts payable and accrued liabilities	$ 185,651	$ 185,651	$ –	$ –
Lease liabilities	223,694	13,916	41,646	168,132
Total financial liabilities	$ 409,345	$ 199,567	$ 41,646	$ 168,132

The Corporation receives sufficient revenue from premiums to meet its funding requirements for at least the next 12 months.

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9. Financial instruments (continued)

(b) Other risks (continued)

(iii) Market risk

Price risk

Price risk is the risk that the future changes in the market prices may render financial instruments less valuable or increase the liability associated with such instruments. The Corporation is not exposed to significant price risk.

Interest rate risk

Interest rate risk arises from changes in prevailing levels of market interest rates. The Corporation is not exposed to significant interest rate risk.

(iv) Operational risk

The Corporation's main exposure is to the potential loss from the non-viability or insolvency of the members of the DIS that is considered to be a loss event. The Corporation's objective is to hold a Deposit Insurance Fund (Note 10) which is sufficient to withstand such a scenario. As at the year end, the Fund may not be sufficient to cover the Corporation's current exposure to a loss event and it is likely that the Fund will remain underfunded for the foreseeable future. The Fund is funded through the accumulation and transfer of retained earnings. In relation to its insurance obligations, the Corporation's main exposure is to unexpected loss from the non-viability or insolvency of a Scheme member that is not readily estimated due to the unavailability of data on specific loss experience. The key mechanisms used to manage the level of capital are premium assessments. If a Scheme member's future viability or solvency is deemed to be at risk by the Bermuda Monetary Authority, or the Scheme member becomes insolvent and the Corporation is required to resolve by providing financial assistance or pay out depositors in accordance with the Act, and the Fund is insufficient to meet the obligation, the Corporation has the power to borrow, as well as, with the approval of the Ministry of Finance, prescribe the levying of additional premiums payable by Scheme members.

10. Deposit Insurance Fund

Effective from March 31, 2022, the Corporation established a Deposit Insurance Fund for the protection of deposits up to a prescribed limit, and for the payment of expenses incurred by the Corporation in the exercise of its functions under the Act. The cumulative balance on the Corporation's retained earnings of $65,641,941 as at March 31, 2026 (2025 - $57,108,682) has been transferred to the Deposit Insurance Fund.

The Corporation's principal objective is to establish and manage a scheme for the insurance of deposits, or part thereof, held by Scheme member financial institutions against the risk of loss of deposits up to a maximum of $25,000 per depositor per Scheme member. The Corporation will review the size of its Deposit Insurance Fund at least annually having regard to its liabilities and potential liabilities and taking into account the advice of duly qualified professionals. The Corporation actively monitors the distribution of covered deposits of its Scheme members to determine the estimated covered deposits of the Bermuda banking system as at a point in time, the level of deposit insurance coverage and the potential coverage under various scenarios. Effective March 31, 2022, the Corporation has used this data as a basis for determining the adequacy of the Fund with regards to the Corporation's potential liabilities.

(Expressed in Bermuda Dollars)

10. Deposit Insurance Fund (continued)

As at March 31, 2026, there were six (6) (2025 – six (6)) Scheme member institutions with total covered deposits estimated at $816.7 million (2025 - $729.6 million), of which the DIF covers 8.0% (2025 - 7.8%). The adequacy of the DIF will be based primarily on the assessed risk posed by Scheme members. As at March 31, 2026, $8,533,259 was transferred to the Deposit Insurance Fund (2025 - $7,674,273).

Proposals are being developed for the Special Resolution Regime ("SRR") in Bermuda to enhance the current framework for the resolution of non-viable or insolvent financial institutions that may also be members of the DIS. The Corporation is taking an active position in the formation of these proposals. As these proposals are in progress, the Corporation will continue to assess the target level of the Fund that is required to achieve the Corporation's objective. The Corporation established a minimum target fund level of 5% and has set a long-term target fund level of approximately 15% of covered deposits, which currently represents a target fund level of approximately $122.5 million.

11. Capital management

The Corporation's capital consists of equity and fund balance, which comprises retained earnings and the Deposit Insurance Fund (Note 10). The Corporation is not subject to any externally imposed capital requirements.

12. Related party transactions

The Corporation is related to all Government of Bermuda (the "Government") departments, ministries, agencies, funds and quasi-autonomous non-governmental organisations under the common control of the Government. Also, the Corporation is related to organisations that the Government jointly controls or significantly influences. Additionally, the Minister appoints all members of the Corporation's Board of Directors and approves the Corporation's annual expenditure Budget.

The Corporation maintains a position of financial and operational autonomy from the Government through its ability to fund its own operations without government assistance and through its management and corporate governance structures.

In the ordinary course of business, the Corporation has transactions with the Government which are settled at the prevailing market prices and consist of the following:

	2026	2025
Staff expenses:		
Payroll tax	$ 1,720	$ 304
Health insurance	2,256	2,863
Social insurance	1,540	1,681
Premises expense – land tax	5,809	3,183
Professional fees	38,500	35,000

Board and key management compensation

The Directors of the Board of the Corporation are appointed by the Minister to serve for fixed periods of time. The Board oversees the appointment, performance and compensation of the Chief Executive Officer ("CEO"). The CEO was appointed with effect from April 1, 2020 and is paid an annual salary of $288,400 (2025 - $280,000).

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12. Related party transactions (continued)

Director fees are determined by the Minister and are reviewed periodically. Effective April 1, 2024, the Minister determined that the Chairman and the Deputy Chairman would be paid flat annual fees of $27,500 and $20,500 respectively. Ordinary board members are paid an annual fee of $12,000 (2025 - $12,000) and received $150 (2025 - $150) per meeting for subcommittee work.

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

	2026	2025
Directors' fees	$ 93,600	$ 90,300
Executive management salaries, and other short-term employee benefits* (Note 7)	387,232	350,137

*The amount includes $72,420 (2025 - $35,014) relating to Intangible Assets.

13. Events after the reporting period

No other matter or circumstance has arisen since March 31, 2026 that has materially affected, or may materially affect the Corporation's state of affairs in future financial years.

BOARD OF DIRECTORS

Stephen Todd, JP,
CHAIRMAN,
CEO, The Bermuda Hotel Association /
Hotel Employers of Bermuda

Nathan Kowalski, CPA, CA, CFA, CIM, FCSI,
DEPUTY CHAIRMAN
CFO, Anchor Investment Management Ltd.

Alan Richardson, CPA, CA,
CEO, Bermuda Deposit
Insurance Corporation

The Hon Maxwell Burgess, JP,
Retired Member of Parliament
of Bermuda

Mark Crockwell, CFA,
Treasurer, Said Holdings Ltd.

Ashley Kibblewhite,
Director, Banking, Trust, Corporate
Services & Investment,
Bermuda Monetary Authority

Chidozie Ofoego,
Financial Secretary,
Ministry of Finance,
Government of Bermuda

Tammy Richardson-Augustus, JP,
Retired Partner, Appleby (Bermuda) Limited

Craig Swan,
CEO and Executive Director,
Bermuda Monetary Authority

BOARD COMMITTEES

	Audit, Risk and Remuneration	Corporate Governance and Ethics	Investment	Premiums	Claims
Stephen Todd	●				
Nathan Kowalski	●	●	●		
Alan Richardson	●	●	●	●	●
Maxwell Burgess				●	●
Mark Crockwell			●		
Ashley Kibblewhite		●		●	
Chidozie Ofoego					●
Tammy Richardson-Augustus	●	●			
Craig Swan	●				

Standing like the cedar, we remain steady and resilient while providing steadfast shelter for depositor confidence.

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