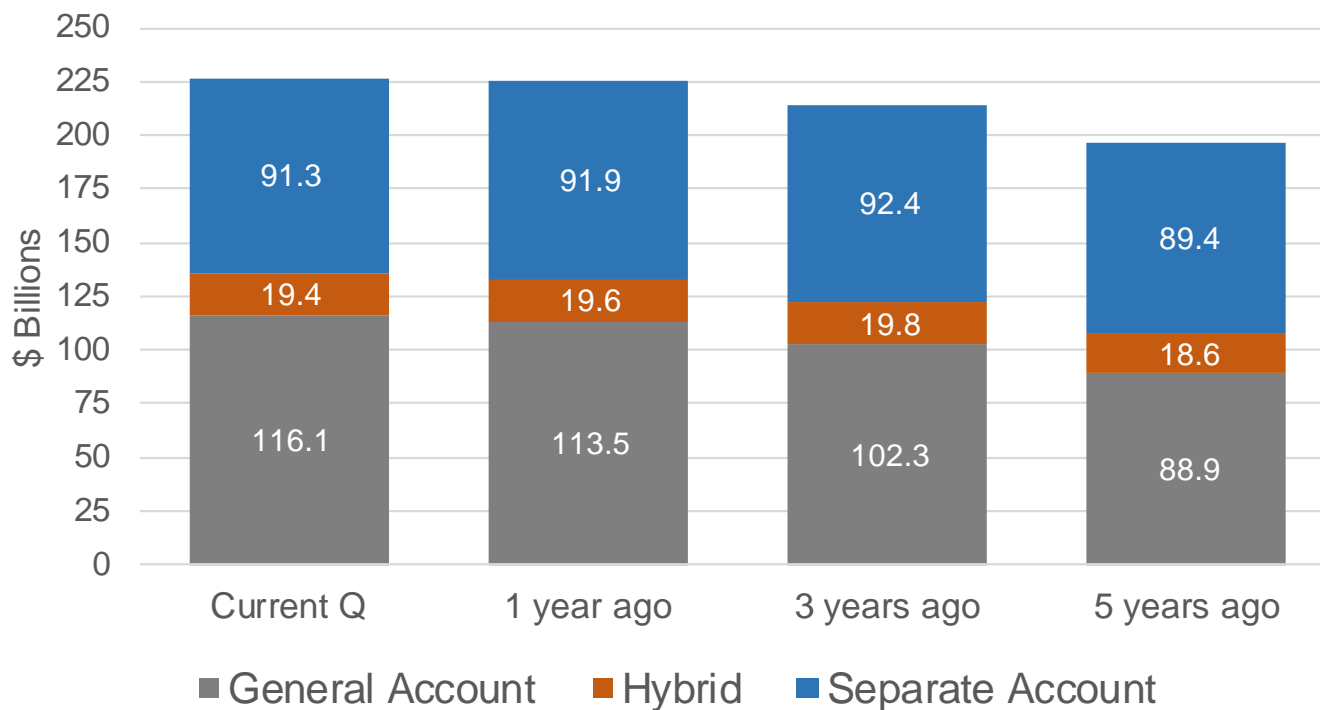


# BOLI INDUSTRY ALLOCATIONS & ANALYTICS

# BANK CALL REPORT BOLI BREAKDOWN

Banks reported \$226.8 billion of BOLI in 2024-Q2, of which \$91.3 billion was SA



# STUDY PURPOSE AND BACKGROUND

Our study attempts to track how SA BOLI is allocated over time

- Gathered SA BOLI AUM data is categorized into portfolio types
  - Capital Efficient / Multi-Sector / Target RW
  - High Yield
  - Credit
  - Core Fixed Income
  - MBS / Securitized (ABS / CMBS)
  - CLO / Bank Loan
  - Short Duration
  - Government
- Portfolio types represent full portfolio MVs and do not look through to the holdings sector weights

**The Study currently comprises \$80 billion** – a massive share of the industry<sup>1</sup>

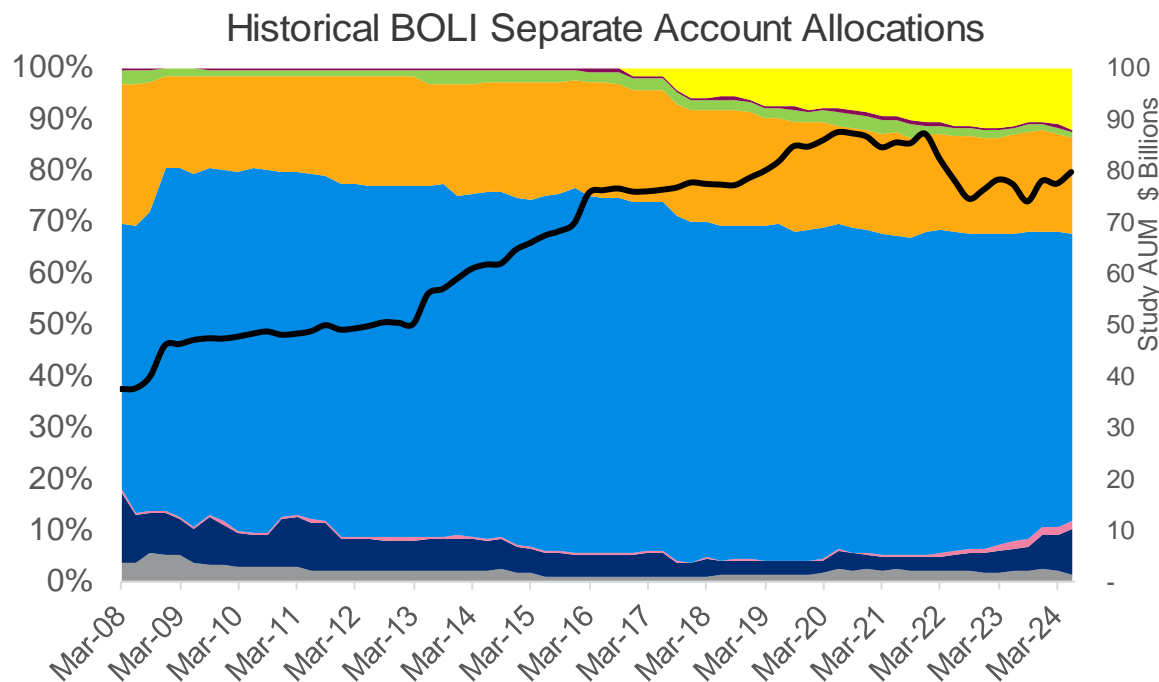
- \$53 billion (66%) of the assets are actively managed

# HISTORICAL BOLI/COLI SEPARATE ACCOUNT ALLOCATIONS

Allocations have been dominated by MBS / Securitized portfolios. Recently, multi-sector type portfolios have gained a solid share, but seemed to have leveled off.

In 2023, MV declines from rising rates saw short-duration increases from both reallocations (forced and voluntary), as well as resilience to the rate increases.

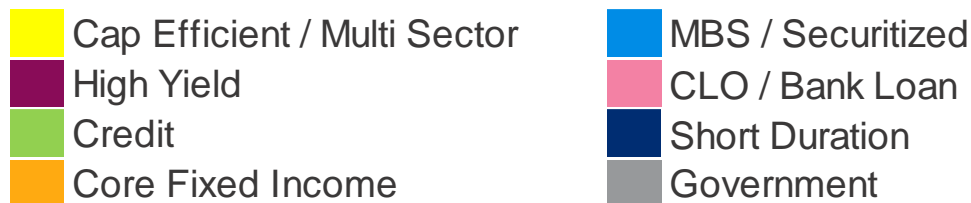
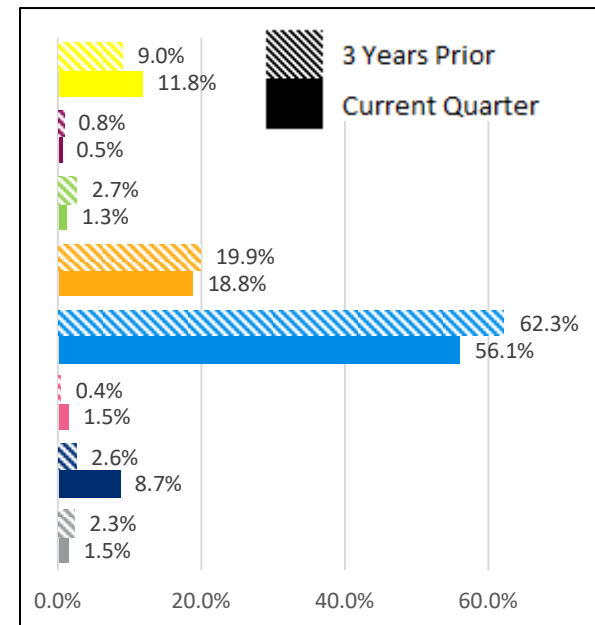
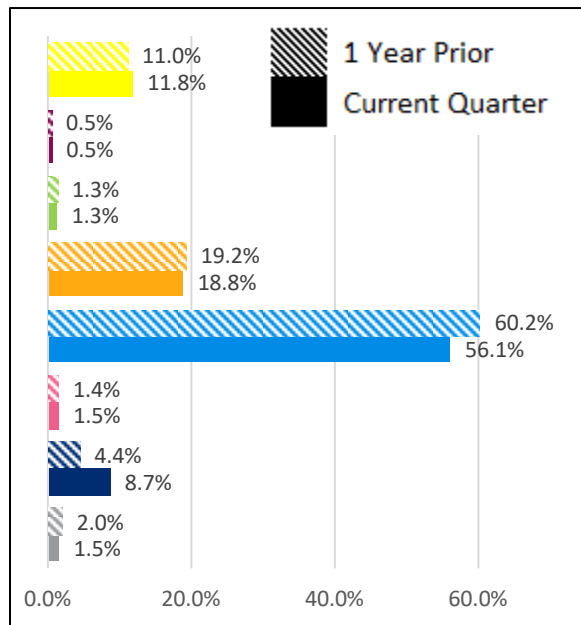
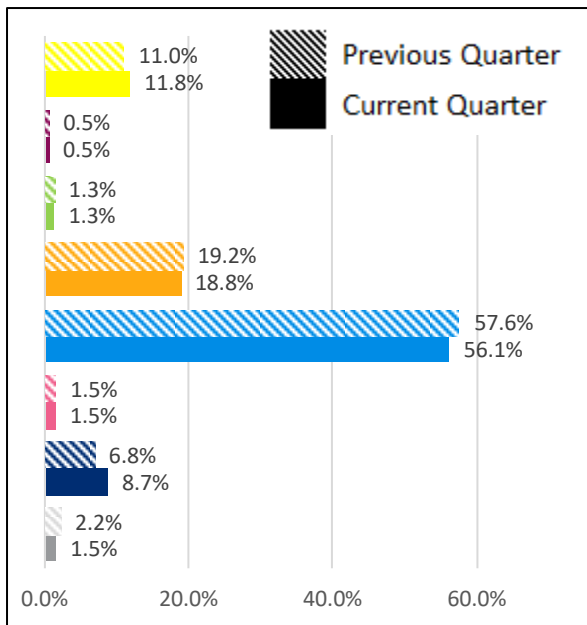
- The chart below shows the study's total AUM (black line), and portfolio type breakdown (colored areas) over time.



2024-Q2 Weights	
Cap Efficient / Multi Sector	11.8%
High Yield	0.5%
Credit	1.3%
Core Fixed Income	18.8%
MBS / Securitized	56.1%
CLO / Bank Loan	1.5%
Short Duration	8.7%
Government	1.5%

# SEPARATE ACCOUNT ALLOCATION CHANGES

While some changes can be attributed to asset growth, periodic comparisons can indicate potential reallocations or new purchases



# ALLOCATION COMMON BENCHMARK PERFORMANCE

Using common benchmarks for the categories, a proxy for the industry's SA Q2 MV performance is estimated at 0.28% while the stable value proxy was 0.59%

- 1-Year MV performance is estimated at 3.03%, while the stable value proxy was 2.13%

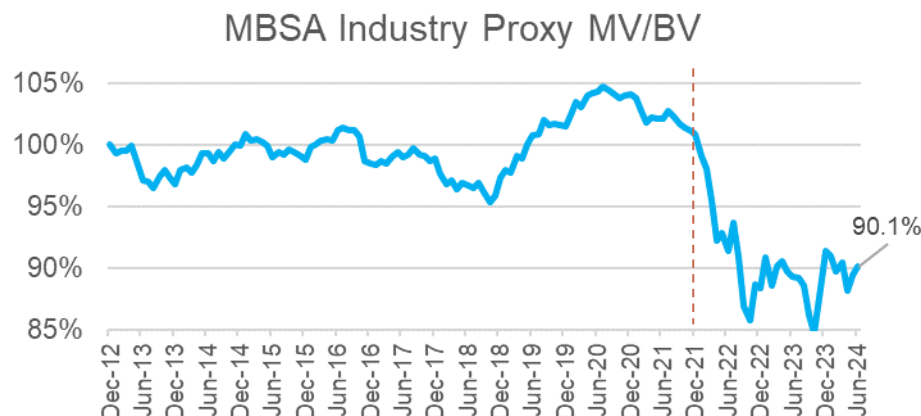
	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied By Blend of Below]	0.54%	4.88%	-0.22%	1.43%	11.77%
High Yield	<i>Bloomberg High Yield</i>	1.16%	9.38%	1.39%	3.44%	0.50%
Credit	<i>Bloomberg US Credit</i>	-0.05%	4.42%	-2.94%	0.54%	1.25%
Core Fixed Income	<i>Bloomberg US Agg</i>	0.07%	2.63%	-3.02%	-0.23%	18.77%
MBS / Securitized	<i>Bloomberg US Securitized</i>	0.12%	2.38%	-2.81%	-0.63%	56.06%
CLO / Bank Loan	<i>JPM AAA CLOIE</i>	1.77%	8.48%	4.63%	3.78%	1.47%
Short Duration	<i>ICE BofA USD 3M DOR</i>	1.30%	5.44%	3.01%	2.27%	8.66%
Government	<i>BofA / ML 1-3Y Treasury</i>	0.94%	4.53%	0.40%	1.06%	1.52%
Industry Proxy MV Performance using rolling weights:		<b>0.28%</b>	<b>3.03%</b>	<b>-2.21%</b>	<b>-0.08%</b>	
Industry Proxy Stable Value Performance:		<b>0.59%</b>	<b>2.13%</b>	<b>1.96%</b>	<b>2.17%</b>	

# INDUSTRY MV/BV RATIO DEVELOPMENTS

Ratios decreased sharply in April and a May through June rebound wasn't enough to bring the QoQ change positive. Overall, ratios decreased ~0.4% from Q1 to Q2.

- MBSA requested and compiled market value and book value data from carriers (each provided in the aggregate) to begin monitoring the overall MV/BV ratios of BOLI allocations
- Additionally, using our proxy MV and BV performance monitoring from the prior page, we calculate a proxy overall MV/BV ratio for the industry

	Carrier Aggregate MV/BV	MBSA Industry Proxy MV/BV
12/31/2021	100.9%	100.9%
3/31/2022	95.1%	95.5%
6/30/2022	91.1%	91.2%
9/30/2022	86.5%	86.7%
12/31/2022	88.2%	88.2%
3/31/2023	89.9%	90.2%
6/30/2023	89.1%	89.3%
9/30/2023	85.9%	86.2%
12/31/2023	91.2%	91.4%
3/31/2024	90.2%	90.4%
6/30/2024	89.7%	90.1%



- As of 2024-Q2, the total MV in the carrier aggregate values above was ~51 billion
- The aggregate carrier ratios compare closely to our industry proxy MV and stable value performance values

# SA BOLI RISK-WEIGHT

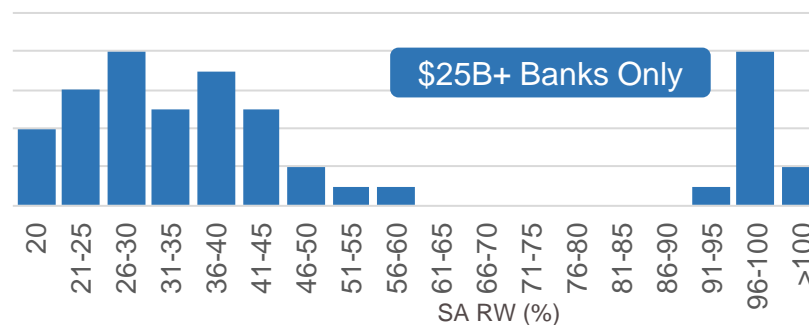
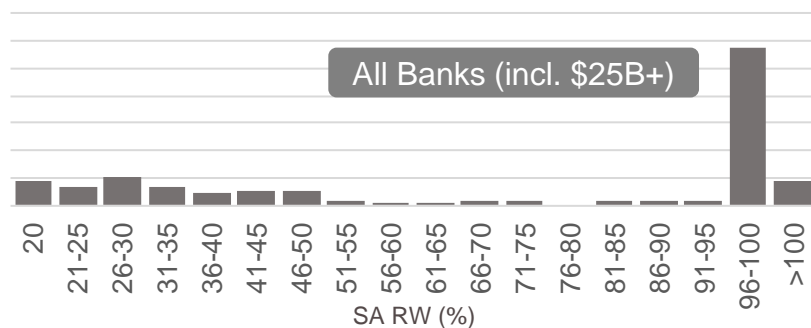
Large banks (\$25B+ Assets) own over 95% of SA BOLI, and achieve an average SA RWA% of ~32.1%. Meanwhile, many smaller banks default to 100%.

- Exposure and RWA data from call reports includes Hybrid BOLI. MBSA's process below attempts to calculate the value for SA BOLI only. Based on available parameters<sup>2</sup>, some banks are excluded.

	Total Banks	Own BOLI	Own SA BOLI	Parameters Available	SA BOLI (\$B)	SA BOLI Only RW %			
						Weighted Average	Average	Mode	Median
All Banks	4,527	3,079	352	266	\$ 90.0	33.2%	83.7%	100%	94%
\$25B+	85	71	57	53	\$ 86.4	32.1%	48.4%	100%	36%

- Using the Q1 category weights and proxy portfolios, MBSA estimates the industry average could be ~30% using the Basel III Standardized Approach.
- The histograms below demonstrate the large banks do mostly achieve RW% between 20%-45%

Frequency of Bank SA RW%





# FOOTNOTES / DISCLAIMERS

1. Regarding industry coverage:
  - Some of the data included in the study may include portfolios that are comingled with corporations or non-banking entities
  - Some of the missing assets may include equity portfolios, which are excluded from this study
  - Data included in the study is Market Value. In bank call reports, wrapped BOLI is reported at Book value.
2. MBSA's SA RW% process excludes banks that report SA BOLI on Schedule RC-F line 5, but not on Schedule RC-R Part II line 8a.

\*Call Report Data may include BHC data from Y-9C Reports

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