



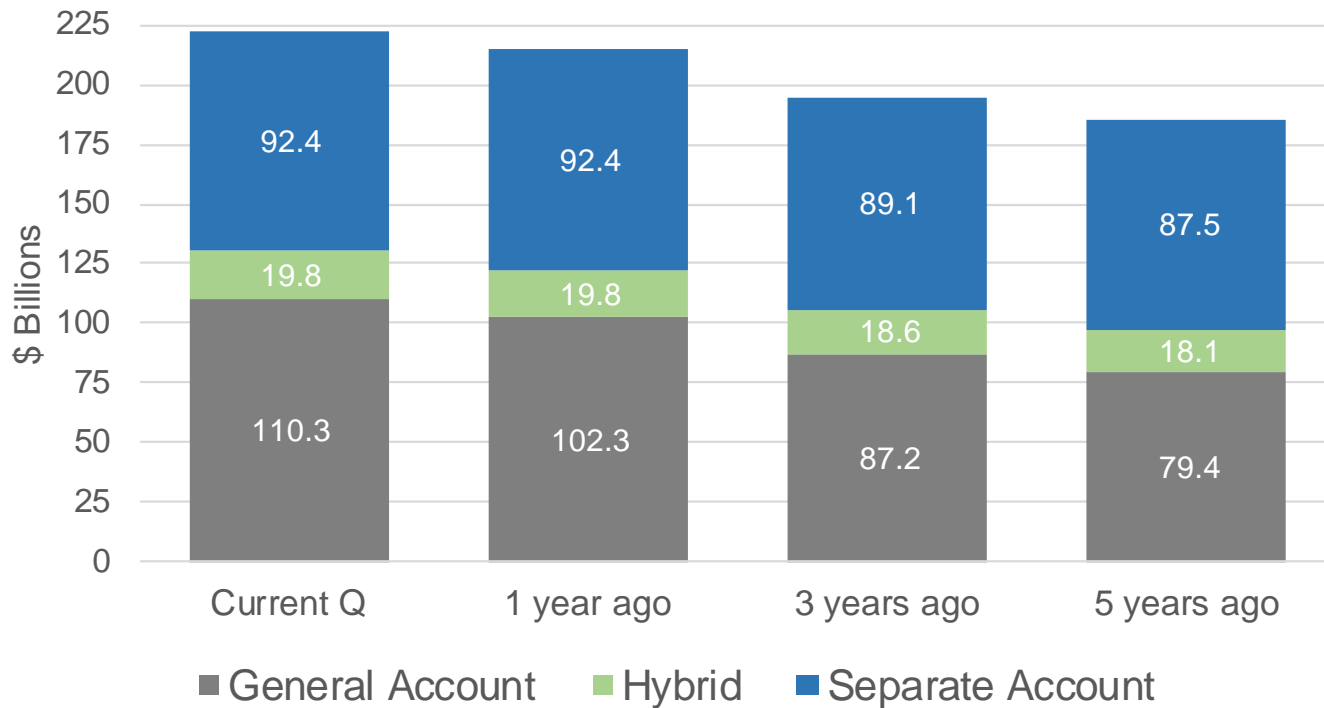
# BOLI INDUSTRY ANALYTICS & ALLOCATIONS

**Proprietary and Confidential – For Discussion Purposes Only**

2022-Q1

# BANK CALL REPORT BOLI BREAKDOWN

Banks reported \$222.5 billion of BOLI in 2022-Q1, of which \$92.4 billion was SA



# STUDY PURPOSE AND BACKGROUND

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

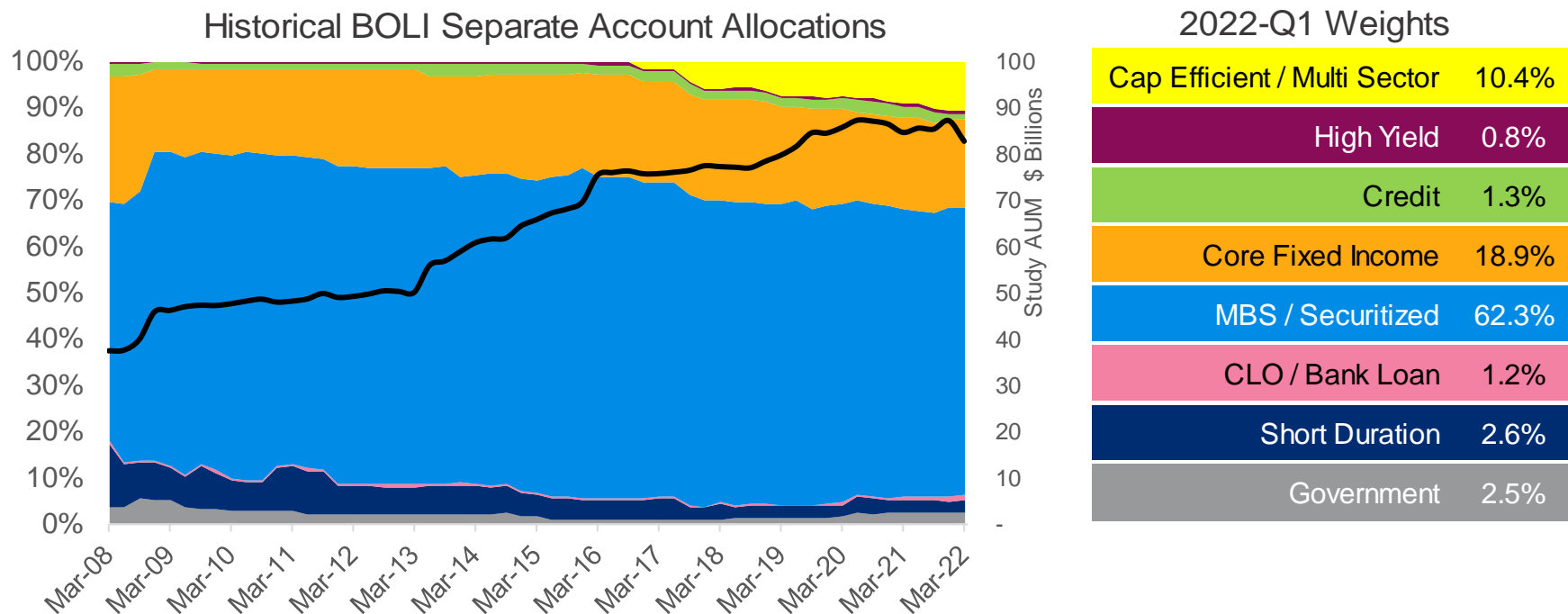
- Gathered SA BOLI AUM data is categorized into portfolio types
  - Capital Efficient / Multi-Sector / Target RW
  - High Yield
  - Credit
  - Core Fixed Income
  - MBS / Securitized (ABS / CMBS)
  - CLO / Bank Loan
  - Short Duration
  - Government
- Portfolio types represent full portfolio MVs and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

Currently comprises \$83 billion – a massive share of the industry<sup>1</sup>

# HISTORICAL BOLI/COLI SEPARATE ACCOUNT ALLOCATIONS

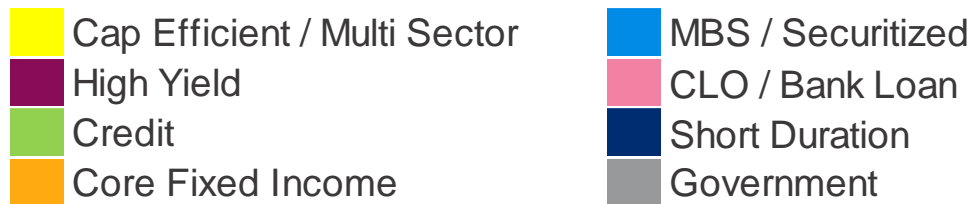
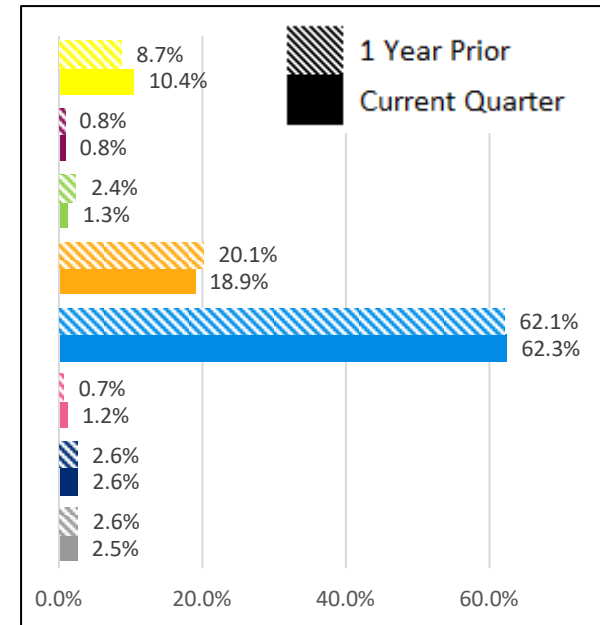
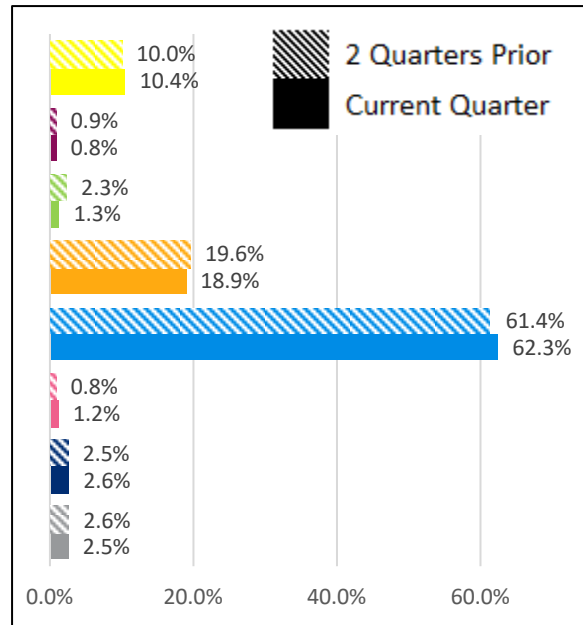
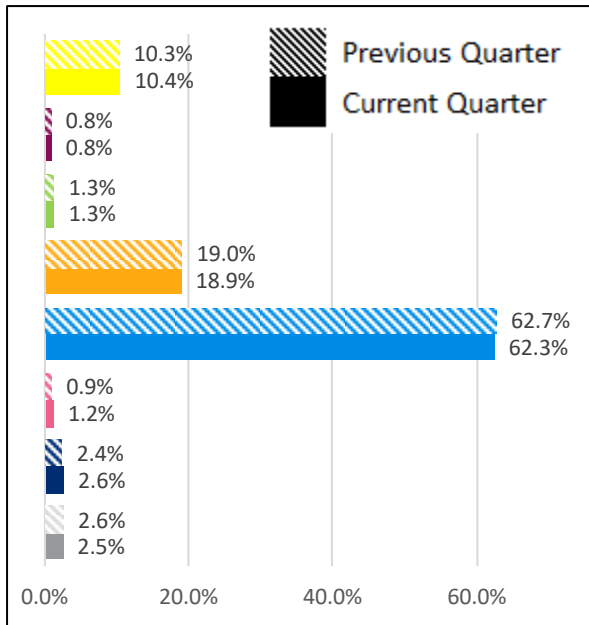
For the last decade, allocations have been dominated by MBS / Securitized portfolios. More recently, capital efficient / multi-sector type portfolios have gained a solid share.

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



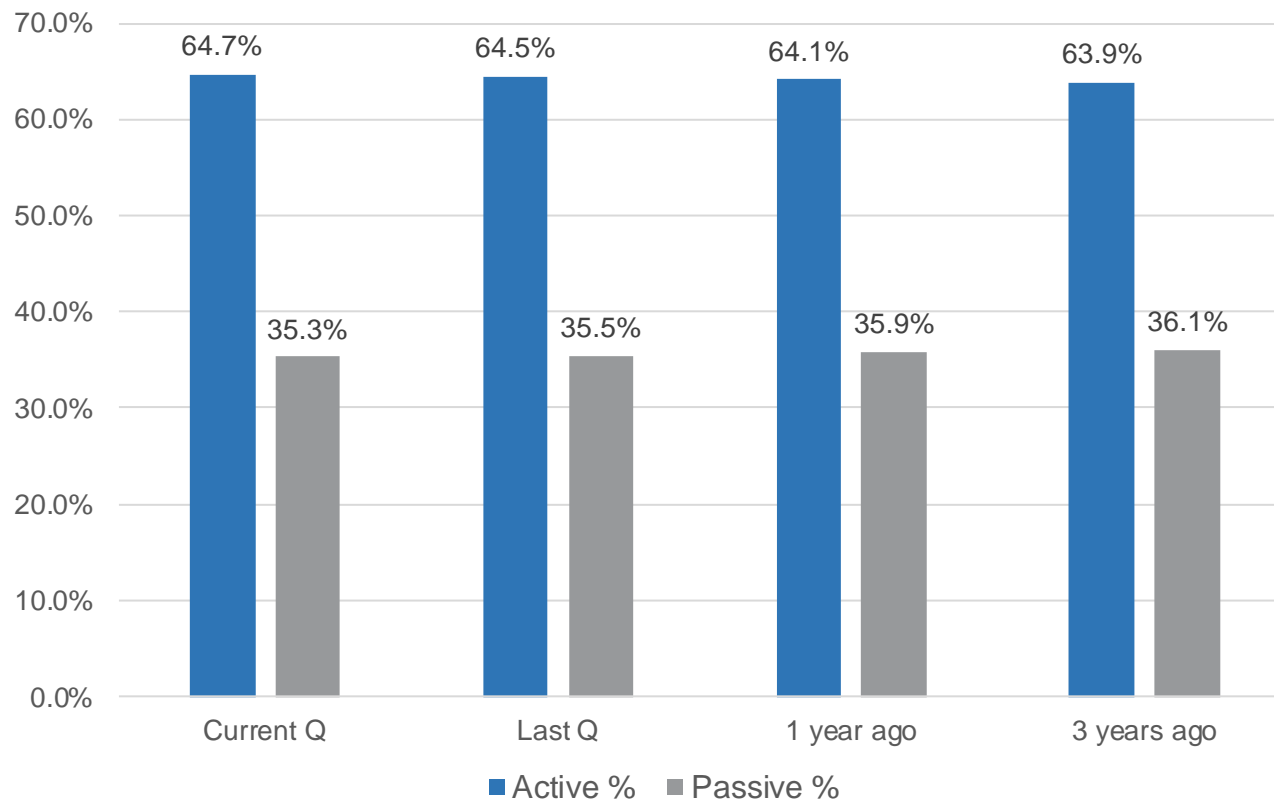
# SEPARATE ACCOUNT ALLOCATION CHANGES

While some changes can be attributed to asset growth, periodic comparisons can indicate potential reallocations<sup>2</sup>



# BREAKDOWN OF PORTFOLIOS (ACTIVE VS PASSIVE)

Of the \$83 billion in the study, 65% of the allocations are actively managed



# ALLOCATION COMMON BENCHMARK PERFORMANCE

Using common benchmarks for the categories, a proxy for the industry's SA Q1 MV performance is estimated at -4.90% while the stable value proxy was 0.50%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied By Blend of Below]	-4.27%	-2.84%	2.01%	2.49%	10.42%
High Yield	<i>Bloomberg High Yield</i>	-4.86%	-2.37%	4.12%	4.36%	0.84%
Credit	<i>Bloomberg US Credit</i>	-7.42%	-4.32%	2.76%	3.15%	1.26%
Core Fixed Income	<i>Bloomberg US Agg</i>	-5.93%	-4.15%	1.69%	2.14%	18.88%
MBS / Securitized	<i>Bloomberg US Securitized</i>	-5.00%	-4.86%	0.66%	1.44%	62.35%
CLO / Bank Loan	<i>Palmer CLOSE Index</i>	-0.26%	0.72%	2.28%	2.53%	1.16%
Short Duration	<i>ICE BofA USD 3M DOR</i>	-0.06%	0.05%	1.01%	1.34%	2.59%
Government	<i>BofA / ML 1-3Y Treasury</i>	-2.34%	-2.84%	0.88%	1.07%	2.49%
Industry Proxy MV Performance using rolling weights:		<b>-4.90%</b>	<b>-4.22%</b>	<b>1.13%</b>	<b>1.74%</b>	
Industry Proxy Stable Value Performance:		<b>0.50%</b>	<b>2.08%</b>	<b>2.40%</b>	<b>2.42%</b>	

# CALL REPORT BOLI ANALYTICS

The overall effective RW for SA BOLI was ~39%; however, many banks default to 100%

- Using the Q1 category weights and proxy portfolios, **MBSA estimates a ~26%** effective risk-weight for SA BOLI in our Study using the Basel III Standardized Approach

## All Banks

	# of Banks	GA BOLI (\$B)	Hybrid BOLI (\$B)	SA BOLI (\$B)	SA Exposure (\$B)	SA RWA (\$B)	Total RWA / Total Exposure	Average Bank RW%
<b>Current Q</b>	<b>3,238</b>	<b>110.3</b>	<b>19.8</b>	<b>92.4</b>	<b>101.5</b>	<b>39.5</b>	<b>38.9%</b>	<b>85.7%</b>
Last Q	3,249	108.4	19.7	92.5	104.7	41.9	40.0%	90.0%
1 year ago	3,277	102.3	19.8	92.4	103.4	42.5	41.1%	90.2%
3 years ago	3,447	87.2	18.6	89.1	101.4	40.2	39.7%	91.2%

Bank RW% median and mode were 100% for all periods

## \$25B+ Banks

	# of Banks	GA BOLI (\$B)	Hybrid BOLI (\$B)	SA BOLI (\$B)	SA Exposure (\$B)	SA RWA (\$B)	Total RWA / Total Exposure	Average Bank RW%
<b>Current Q</b>	<b>90</b>	<b>66.9</b>	<b>13.8</b>	<b>88.9</b>	<b>96.3</b>	<b>35.5</b>	<b>36.8%</b>	<b>59.1%</b>
Last Q	91	65.2	13.6	88.5	96.5	35.4	36.7%	60.4%
1 year ago	90	61.5	13.6	88.3	95.4	36.2	37.9%	60.7%
3 years ago	77	51.3	11.7	84.3	90.6	31.9	35.2%	55.8%

For larger banks, the mode Bank RW% is still 100%, but median drops to ~47%



# 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
2. “Reallocations” assumed by significant changes in categorical weights without a parallel change in total assets. May or may not reflect any actual reallocation activity.

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

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