

# BOLI Market Update Q4-2025:

## Bank Owned Life Insurance Activity Remains Consistent

### Q4-2025 BOLI Activity

Our analysis of Q4-2025 FDIC call report data shows the estimated number of purchases of Bank Owned Life Insurance, [BOLI](#), decreased slightly compared to the prior quarter. However, total premium purchased increased compared to the prior quarter due to a large purchase during the quarter. There were an estimated 79 BOLI purchases of \$1 million or greater in Q4-2025. These 79 purchases totaled approximately \$978.28 million of estimated premium written. Table 1 below provides a breakdown of the BOLI purchases of \$1 million or greater.

**Table 1. Q3-2025 Estimated BOLI Purchases of \$1 Million or Greater**

Purchase Type	Estimated # of Purchases	Estimated Total Premium
New Purchase	4	\$24.00 Million
Additional Purchase	75	\$954.28 Million
<b>Total</b>	<b>79</b>	<b>\$978.28 Million</b>

**High purchase: \$580M | Average purchase: \$12.72M | Median purchase: \$2.50M**

### Banking Industry Update

According to the FDIC Quarterly Banking Profile, the banking industry finished the year with strong earnings, resulting in a return on assets (ROA) ratio of 1.20 percent for the full year. Loan growth accelerated in 2025, as did domestic deposit growth. The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses.

Full-year 2025 banking industry net income increased from 2024. The industry's ROA increased 8 basis points to 1.20 percent as net income of \$295.6 billion was up 10.2 percent from 2024. The increase was driven by higher net interest income and higher noninterest income, which offset higher noninterest expense.

The banking industry reported quarterly net income of \$77.7 billion in the fourth quarter, a decrease of \$1.6 billion, or 2.0 percent, from the prior quarter. Larger noninterest expense and non-recurring items at several larger banks were the primary contributors to the decline. The industry's net interest margin (NIM) increased 5 basis points from the prior quarter to 3.39 percent, the highest level since 2019. NIM increased across most asset-size cohorts.

### BOLI Yield vs. Treasury Yield

Treasury yields increased slightly during the fourth quarter with the 10-year Treasury reaching a low of 3.97% on 10/22/2025 and a high of 4.19% on 12/12/2025. More recently, the 10-year Treasury yield has decreased

slightly and closed at 4.12% as of 3/9/2026. After cutting its benchmark rate by 25 basis points at each of its last three meetings in 2025, the Federal Reserve left the rate unchanged at its most recent meeting in January 2026.

Taking into consideration these continued headwinds, BOLI remains an attractive regulatory approved investment alternative. [BOLI](#) offers predictable and steady yields, no mark-to-market risk, tax-deferred earnings and minimum interest rates guarantees.

**Table 2. Comparison of Sample Yield on \$10M BOLI Purchase vs. 10-Year Treasury**

Year	BOLI		10-Year Treasury	
	Cumulative IRR On Cash Value	Pre-Tax Equiv IRR On Cash Value	Annual Yield	After-Tax Yield
1	4.82%	6.79%	4.12%	3.25%
5	4.73%	6.67%	4.12%	3.25%
10	4.65%	6.55%	4.12%	3.25%
15	4.58%	6.45%	4.12%	3.25%
20	4.52%	6.36%	4.12%	3.25%
25	4.45%	6.27%	4.12%	3.25%

### **Bank Owned Life Insurance - BOLI**

[Bank-Owned Life Insurance \(BOLI\)](#) is life insurance purchased by a bank on its key employees (typically limited to the top 35% most highly compensated employees). BOLI is a stable, low-risk source of financing that can generate gains to offset the rapidly rising cost of providing employee benefits, such as medical, group life, supplemental life, and qualified retirement plan expenses.

BOLI can also be used as a tool to informally fund nonqualified executive benefit plans. Typically, the bank pays the premiums and is the owner and beneficiary of the insurance policies. The death benefit proceeds can be used to defray the costs of overall health and employee benefits for the bank.

If you would like to [learn more](#) about BOLI or have a relationship with a bank that you believe could be a good prospect, please contact Michael Nolan at [NolanM@nolanfinancial.com](mailto:NolanM@nolanfinancial.com) or by phone at (888) 886-9128.

### **Sources and Assumptions**

1. Q4-2025 FDIC call report data for U.S. banks.
2. BOLI yield based on sample 45-year-old male insured with guaranteed issue underwriting on a \$10M BOLI transaction. Pre-tax equivalent BOLI IRR assumes a 29% combined corporate tax rate (21% federal and 8% state). 10-year Treasury yield as of 3/9/2026. After-tax Treasury yield assumes a 21% federal corporate tax rate.