Viewpoints
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BOLI Market Update Q2-2026:

of Bank Owned Life Insurance Purchases Increases from Prior Quarter

Q2-2026 BOLI Activity

Our analysis of Q2-2026 FDIC call report data shows the estimated number of purchases of Bank Owned Life Insurance, BOLI, increased compared to the prior quarter. However, total premium purchased decreased compared to the prior quarter due to a large purchase in the prior quarter. There were an estimated 78 BOLI purchases of $1 million or greater in Q2-2026. These 78 purchases totaled approximately $486.38 million of estimated premium written. Table 1 below provides a breakdown of the BOLI purchases of $1 million or greater.

Table 1. Q2-2026 Estimated BOLI Purchases of $1 Million or Greater

Purchase Type	Estimated # of Purchases	Estimated Total Premium
New Purchase	5	$137.12 Million
Additional Purchase	73	$349.27 Million
Total	**78**	**$486.38 Million**

High purchase: $120M | Average purchase: $6.24M | Median purchase: $2.95M

Banking Industry Update

According to the FDIC Quarterly Banking Profile, the banking industry finished the quarter with higher earnings, resulting in a return on assets ratio (ROA) of 1.37 percent. Domestic deposits increased for the eighth consecutive quarter and loan growth was strong. The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses.

The banking industry reported quarterly net income of $90.1 billion in the second quarter, an increase of $9.7 billion, or 12.0 percent, from the prior quarter. The rise in quarterly earnings was driven by robust growth in noninterest income and securities gains. Net interest income and lower provisions also contributed to the rise in quarterly earnings, which were partially offset by higher noninterest expense. The industry's NIM increased to 3.32 percent, up 1 basis point from the prior quarter and up 6 basis points from the year-ago quarter.

BOLI Yield vs. Treasury Yield

Treasury yields increased during the second quarter with the 10-year Treasury reaching a low of 4.26% on 4/20/2026 and a high of 4.67% on 5/19/2026 before ending the quarter at 4.44%. More recently, the 10-year Treasury yield has increased and closed at 4.79% as of 9/1/2026. 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 first five meetings in 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	5.22%	7.28%	4.79%	3.78%
5	5.13%	7.16%	4.79%	3.78%
10	5.05%	7.04%	4.79%	3.78%
15	4.98%	6.94%	4.79%	3.78%
20	4.91%	6.85%	4.79%	3.78%
25	4.85%	6.77%	4.79%	3.78%

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 or by phone at (888) 886-9128.

Sources and Assumptions

1. Q2-2026 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 9/1/2026. After-tax Treasury yield assumes a 21% federal corporate tax rate.