



N E W S R E L E A S E

Michael White-Meyer-Chatfield Report BOLI Assets Reach \$135.8 Billion in First Quarter 2010

FOR IMMEDIATE RELEASE – Radnor, PA, and Jenkintown, PA, August 2, 2010 – Bank-owned life insurance (BOLI) assets reached \$135.8 billion in the first quarter of 2010, reflecting a 1.6% increase from \$133.7 billion in the first quarter of 2009, according to *The Michael White-Meyer-Chatfield BOLI Holdings Report*[™]. The first quarter 2010 total for BOLI holdings is the sum of BOLI assets held by large bank holding companies (BHCs), stand-alone banks, and savings associations. BOLI is used to recover costs of employee benefits and offset the liabilities of retirement benefits, helping banks to keep up with the rising benefit costs.

Compiled by Michael White Associates, LLC (MWA) and sponsored by Meyer-Chatfield, *The Michael White-Meyer-Chatfield BOLI Holdings Report*[™] measures and benchmarks the cash surrender values (CSV) of life insurance and ratio of CSV to capital possessed by BHCs and banks. The data herein were reported by 951 large top-tier BHCs with assets greater than \$500 million and 7,932 commercial banks, thrifts and FDIC-supervised savings banks operating on March 31, 2010. Among the study's most significant findings are these:

- Large top-tier BHCs increased their BOLI holdings by 1.8% from \$123.7 billion in first quarter 2009 to \$125.98 billion in first quarter 2010.
- Of 1,443 stand-alone banks, those without BHCs, 423 or 29.5% recorded \$2.42 billion in first quarter BOLI holdings, up 1.6% from \$2.39 billion in first quarter 2009.
- Of 755 savings association, 346 or 45.8% recorded \$7.44 billion in BOLI holdings, down 2.1% from \$7.60 billion in first quarter 2009.
- Of the 951 large top-tier BHCs, 770 or 81.0% reported holding BOLI assets in first quarter 2010, representing a 2.3% increase in their number from the 753 in first quarter 2009.
- BHCs with assets greater than \$10 billion reported the highest incidence of BOLI ownership, as 65 of 77 BHCs, or 84.4%, reported having BOLI assets.
- Of 7,932 banks and savings associations operating on March 31, 2009, 3,820 or 48.2% reported holding BOLI assets of \$123.52 billion, an increase of 8.1% from \$114.28 billion in first quarter 2009.
- Total bank BOLI holdings increased 0.58% from \$122.81 billion at year-end 2009 to \$123.52 billion year-to-date on March 31, 2010.
- The total number of banks and thrifts reporting BOLI assets increased 245 or 6.9% from 3,575 in first quarter 2009 to 3,820 banks in first quarter 2010. (See Table 2.)
- Banks with assets between \$1 billion and \$10 billion had the highest rate of reporting BOLI assets, as 418 of 575 banks or 72.7% reported having them in the first quarter of 2010.

- The largest banks, those over \$10 billion in assets, accounted for the largest dollar increase – \$6.22 billion – in their combined BOLI assets. Banks with assets between \$300 million and \$500 million registered the largest percentage increase in total BOLI assets, rising 16.0% from \$2.63 billion in the first quarter of 2009 to \$3.05 billion in first quarter 2010. (See Table 1.)
- The largest increase in the number of banks reporting BOLI assets occurred among banks with \$100 million to \$300 million in assets. Their number increased by 108 from 1,324 banks in first quarter 2009 to 1,432 in first quarter 2010. (See Table 2.)
- According to federal banking regulators, it is generally not prudent for a bank to hold BOLI assets with an aggregate cash surrender value (CSV) that exceeds 25 percent of the sum of the institution’s total capital. (Depending on the bank’s charter, total capital is defined either as Tier 1 capital or the sum of Tier 1 capital and the allowance for loan and lease losses). Nationally, mean bank BOLI assets as a percent of the sum of Tier 1 capital and the loss allowances increased from 14.32% in first quarter 2009 to 16.33% in first quarter 2010. (See Table 3.)
- Among the largest bank holding companies (BHCs) with assets over \$10 billion, the 36.4% increase in allowances for loan and lease losses from \$180.8 billion in the first quarter of 2009 to \$246.5 billion in the first quarter of 2010 resulted in an 8.2% increase in the sum of Tier 1 Capital and the allowances. The loss allowances nearly quadrupled from \$64.2 billion in first quarter 2007, and Tier 1 capital rose 58% during the same period. These increases in capital and allowances for losses among the largest BHCs kept a lid on their BOLI-to-capital ratio and that of the industry.

Table 1. Total BOLI Assets (in billions) Held by Banks in First Quarter 2010			
Banks by Asset Size	1Q 2010	1Q 2009	Percent Change
Over \$10 billion	\$97.67	\$91.45	6.8%
\$1 billion - \$10 billion	\$13.29	\$11.80	12.6%
\$500 million - \$1 billion	\$ 4.73	\$ 4.11	15.0%
\$300 million - \$500 million	\$ 3.05	\$ 2.63	16.0%
\$100 million - \$300 million	\$ 3.88	\$ 3.44	12.8%
Under \$100 million	\$ 0.90	\$ 0.85	5.7%
All	\$123.52	\$114.28	8.1%

Source: *Michael White-Meyer-Chatfield BOLI Holdings Report™ – 2010 edition*

Table 2. Number of Banks Reporting BOLI Assets in First Quarter 2010			
Banks by Asset Size	1Q 2010	1Q 2009	Percent Change
Over \$10 billion	70	63	11.1%
\$1 billion - \$10 billion	418	365	14.5%
\$500 million - \$1 billion	498	460	8.3%
\$300 million - \$500 million	530	485	9.3%
\$100 million - \$300 million	1,432	1,324	8.2%
Under \$100 million	872	878	0.7%
All	3,820	3,575	6.9%

Source: *Michael White-Meyer-Chatfield BOLI Holdings Report™ – 2010 edition*

Table 3. Mean BOLI Assets as a Percentage of the Sum of Tier 1 Capital + Allowance for Loan & Lease Losses in First Quarter 2010			
Banks by Asset Size	1Q 2010	1Q 2009	Percent Change
Over \$10 billion	16.80%	15.26%	10.1%
\$1 billion - \$10 billion	16.33%	13.50%	21.0%
\$500 million - \$1 billion	16.43%	13.47%	22.0%
\$300 million - \$500 million	17.24%	14.08%	22.5%
\$100 million - \$300 million	15.35% *	14.17%	46.0%
Under \$100 million	17.30%	15.40%	12.3%
All	16.33% *	14.32%	28.0%
* Adjusted for one extreme outlier. Source: <i>Michael White-Meyer-Chatfield BOLI Holdings Report™ – 2010 edition</i>			

About the Michael White-Meyer-Chatfield BOLI Holdings Report™

The *Michael White-Meyer-Chatfield BOLI Holdings Report™* measures and benchmarks the cash surrender values (CSV) of life insurance held by bank holding companies and banks and their ratios of CSV to capital. It is one of several reports dealing with bank fee income activities published by Michael White Associates, LLC (MWA), a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. Another report, the *MWA BOLI Capital Concentration Report™*, meets the regulatory requirement that each banking company must conduct a peer analysis of their BOLI holdings relative to capital and statistically assess whether its BOLI program is an outlier. Additionally, *MWA Fee Income Ratings Reports™* compare, rank and rate a particular financial institution's insurance or other noninterest fee income program nationally, regionally, statewide and by asset-peer group.

Meyer Chatfield, Corp. has become the BOLI resource for America's banks because of our history of providing consultation, education and service to our clients. Our primary mission is assisting financial institutions in crafting and deploying valuable, tax advantaged, BOLI strategies. Meyer-Chatfield has initiated, managed and serviced billions of dollars in BOLI transactions for hundreds of banks nationwide. The company is committed to compliance; its principals have been advisors to the regulators since 1994 and worked with the OCC on the inter-agency guidance for BOLI, OCC 2004-56. Meyer-Chatfield's headquarters are in Jenkintown, PA with expert consultants in offices nationally. For the most extensive set of unified BOLI information online, go to www.meyerchatfield.com.

For additional information contact:

Michael D. White, Ph.D., CLU, ChFC
 President
 Michael White Associates, LLC
 823 King of Prussia Road
 Radnor, PA 19087
 Phone: (610) 254-0440
 Email: MWA@BankInsurance.com

Chris Pezalla, FSA, MAAA
 Senior Vice President
 Meyer-Chatfield, Corp.
 261 Old York Rd., Suite 604
 Jenkintown, PA 19046
 Phone: (215) 935-1125
 Email: c.pezalla@meyerchatfield.com