



## The BOLI BLURB

Good morning,

Included are the final Q1 2021 BOLI statistics for your information and review.

BOLI interest and investment activity remains robust as has been the direction and trend since the second half of 2020. An overabundance of liquidity and excess cash combined with the attractive risk and tax-adjusted returns afforded by a new investment in BOLI are driving the decision to pursue the asset class. Many of our current bank clients have added BOLI as their capacity to do so has expanded in concert with their Tier 1 Capital (T1C) growth. Others have earmarked funds for a BOLI purchase later this year to optimize the investment amount based on higher projected T1C levels for Q4 2021. The expectation of a corporate tax rate hike, perhaps to 25%, is factoring into the planning as well.

We are seeing activity from the following investors:

- Banks with BOLI that are serial purchasers adding consistently over time as capacity increases
- Banks with BOLI that haven't purchased in many years
- Banks with no BOLI (First-time buyers)

Each case has a different nuance and purpose ranging from informally funding an existing liability such as a SERP or other type of executive retirement plan (i.e. matching the income from BOLI via the cash surrender value growth to offset the accrual expense, with the insurance proceeds available to cover an immediate benefit payment that might be triggered by an untimely death; both of which protect earnings) to purely an income play and earning asset. A consistent theme and objective of late has been incorporating BOLI as part of the overall strategic capital and liquidity deployment plan.

Whatever your goals may be, we would welcome the opportunity to help you through them.

Please also don't hesitate to inquire about our **C.A.R.E.**™ --> **Committing Assets & Resources Equitably**® Program and Structure which leverages BOLI, at no cost, to support your employees, the community, and charity. We would love to work together to grow the **C.A.R.E.**™ Community supporting and benefiting individuals and causes well into the future.

Have a great summer!

Regards,

The Galbreath Group

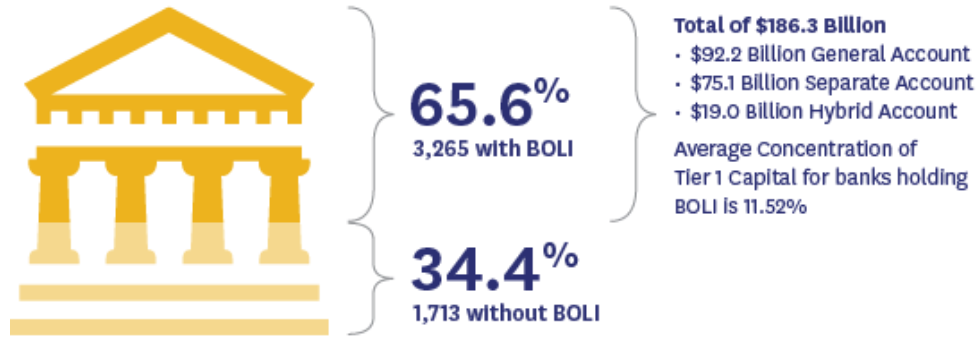
## STATISTICS

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### 4,978 TOTAL U.S. BANKS\*

23 fewer banks than previous quarter

138 fewer banks than 3/31/2020



#### Capacity based on 25% of Tier 1 Capital guideline:

- Banks with BOLI holdings → additional \$218.0 Billion
- Banks without BOLI holdings → \$76.0 Billion

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\*Source: FDIC Call Report Summary, 3/31/2021