John Perotti has a lot to do and not a lot of time to do it. As the chairman and CEO of Salisbury Bank & Trust, a $440 million-asset bank in Lakeville, Conn., his responsibilities include business development, asset/liability management, investment decision-making, personnel and shareholder-soothing. In other words, the man is busy.

He also knows that the investment portfolio, which comprises about 25 percent of his balance sheet, can’t take up 25 percent of his time—this, in spite of the fact that the bank relies on the portfolio for earnings probably more than most banks do. What’s a community bank CEO to do?

ICBA Securities’ Performance Profile is Perotti’s answer. This comprehensive financial analysis offered by ICBA’s wholly-owned institutional broker/dealer cuts through the fog and mist to deliver sound, timely recommendations. Salisbury Bank is one of hundreds of ICBA members who, as an ICBA Securities customer, uses this very tangible benefit.

“It’s very helpful to us—I share it with ALCO and the management team,” says Perotti. “We compare ourselves to our peers, although we recognize that other banks may have different agendas.

“We believe we know what we’re doing, and I’d say we’re very disciplined. The Profile can tell us if one shortcoming is offset by another strength.”

Management Advice
Kalamazoo County State Bank uses the Performance Profile so extensively that the bank had ICBA Securities customize the Earnings at Risk portion for its own rate-sensitivity factors. The $72 million-asset bank in Schoolcraft, Mich., uses the Performance Profile for a number of purposes, including being its primary asset/liability model.

“We have customized Earnings Change Ratios that ICBA Securities developed for us,” says Jim Goes, president of the bank. “It would have been hard to do this ourselves. We have been using this service for about three years, and we have found that our regulators are pleased to see we’re using this service from ICBA Securities.”
The Profile also was useful earlier this year when the bank was considering an early adoption of Financial Accounting Standard [FAS] 159. The bank was over-weighted in callable agencies, according to Goes, and FAS 159 provided a window for restructuring a portion of the portfolio. “We’re now over-weighted with municipals, but we’ve made a conscious decision to do that. The Profile actually tells us what our benchmarks are and where we can improve. The executive summary is discussed at our Board of Director meetings.”

**Profile Development**

ICBA Securities and its clearing broker, Vining Sparks, create around 1,400 of these custom profiles per quarter. In ICBA Securities’ formative years in the early 1990s, the analysis was a compilation of mostly publicly available information and peer-group comparisons.

Over time technology and communications improvements, along with customer suggestions, were incorporated into these Profiles. One constant is the price. The service is offered on a complimentary basis to all ICBA Securities customers and prospects. The only information required is a Call Report and a security inventory.

One of the more recent improvements is the posting of the Profile to a given community bank’s secure link on www.icbasecurities.com. Here community bankers can review past studies compiled dating back to 2004—a valuable device for bankers who track their bank’s yield, duration, cash flow, liquidity or asset/liability through the Executive Summary page in the Performance Profile.

**Historical Data**

“I use different segments of the report in different meetings,” Steve Handke says. “I can create certain documents in PDF formats from the Profile for ALCO, directors or shareholders meetings. I particularly like the peer group report.” Handke is president and CEO of $100 million-asset the Union State Bank in Everest, Kan.

The Ratio and Financial Comparisons section of the Profile compares the subject bank to its national high-performing peers (based on return on assets). Banks can also request a custom peer report in which they are compared to up to seven other actual banks. This helps in identifying trends in a local competitive region or city and is one of the more popular elements of the Profile.

Handke says so many other bond reports “don’t show me what I need to be working on. The Profile maps out what I need to be working on next quarter or next year. It’s a ‘rubber meets the road’ kind of a tool, and it’s helped me reshape my portfolio for the better. “My portfolio used to run me, and now I run the portfolio.”

Jim Reber is the president and CEO of ICBA Securities. He can be reached via email at jreber@icbasecurities.com.

---

**ICBA Securities**

**Enhanced Community Bank Portfolios and Shareholder Value**

Want to round out your securities services? Check out the lineup of ICBA Securities services:

- Securities Execution Services;
- Portfolio Analytics;
- Asset/Liability Management;
- Bond Portfolio Education;
- Corporate Finance;
- Market Making; and
- Trust Preference and Issuance.

Learn more at www.icbasecurities.com.