

Asset/Liability Management

Properly guiding your financial institution involves vigilant management of your balance sheet.

FinSer's Asset/Liability Management

Service supports your executive management and limits the time demands on your key personnel. A professional staff, with extensive asset/liability and financial background, is available to work with you.

FinSer's proprietary software is designed to include pertinent information about your institution and current market conditions. The more we know about your unique circumstances and opportunities, the better we can incorporate these factors and construct customized reports and forecasts. Our goal is to merge your view of the institution's direction with our research and experience.

A Comprehensive Approach

The Asset/Liability Management Service utilizes a dynamic, full simulation model, which:

- Focuses on your institution's unique personality—your objectives as well as tolerances for various forms of risk.
- Creates forecasts based on our standard interest rate scenarios as well as custom ones you designate.
- Produces Asset/Liability reports with detailed analysis and recommendations prepared by our financial analysts.
- Helps balance potentially divergent interests such as stabilizing future earnings, maintaining current net asset value on the balance sheet, and maximizing shareholder value.
- Easily demonstrates the expected earnings exposure in various rate environments.
- Tests alternative strategies, and shows their bottom line impact under various rate environments.



Full Simulation

Full simulation modeling allows us to capture the factors that have a meaningful impact on your institution. Such factors may range from global economic developments to changes in local commerce, and anything in between. Full simulation modeling also allows for reasonable estimations about the different repricing characteristics of various assets and liabilities, yielding a realistic picture of your interest rate exposure. We believe it is the most effective means of measuring and managing the level of earnings risk inherent in financial institutions.

With full simulation, you can clearly evaluate the impact of internal and external forces on your bottom line, and quickly react to new opportunities or threats.

Flexibility

The proprietary software we have developed for our Asset/Liability Management Service is an extremely flexible model that is built around the General Ledger. This allows for the separate maintenance of all relevant balance sheet and income statement data, and allows each account to carry its own specific characteristics. Close attention to repricing characteristics, including principal portions of loan payments and estimated prepayments on mortgage-backed securities, allows for extremely detailed and accurate financial modeling applications.

Simplifying Data Acquisition

While a substantial amount of data is required to produce accurate dynamic simulations, our procedures minimize the time spent on data collection. Through a variety of tools, we help set up the necessary programs and procedures to extract the appropriate data from your processing system. After that, all your institution has to do is gather the various reports or raw data and send them to us each month. Many of our clients transmit their data electronically which further streamlines the process.

Reports

Each month, we provide you with a full set of reports that contains detailed simulation results. Because we know how valuable time is to you, we also provide you with summary reports that include key data and results in addition to a written Management Report. This Management Report contains an analysis of your institution's interest rate risk exposure and recommendations on how your institution can improve its position. Your reports include:

- Net interest income variances to see if you are within compliance of regulatory and institution policies.
- Graphs that allow you to see, at-a-glance, your institution's current and projected position
- Projected annual earnings and key ratios for the next two years.
- Peer group information, which compares your institution to competitors in your region, or against high performing financial institutions.
- Detailed analysis of your operating efficiency under various interest rate scenarios.

Furthermore, we make every effort to schedule meetings at your institution with key personnel, or the board of directors, as appropriate, on a regular basis.

Shock Income Reporting

Supplementing the full simulation results, reports are available showing the impact to earnings based on immediate interest rate shocks.

Economic Value of Equity (EVE) Reporting

Detailed supplemental reports are also available that show the impact on the "fair market values" of various balance sheet items in the event of a "rate shock." Based on these value estimates, we also calculate the potential impact to capital.

Longer-Term Planning and Budgeting

Many of our clients use our service to generate longer-term projections for capital planning, acquisition or branching analysis, and other strategic planning issues. The projection capacity is also useful in facilitating the budgeting process, which allows for detailed budget variance analysis as a regular reporting feature.

FinSer: Helping You Reach Your Goals

Asset/Liability Management has always been a primary focus of FinSer's services. While our proprietary software is key to our Asset/Liability Management Service, we are much more than software developers. Our analytical staff has extensive expertise in helping financial institutions chart positive courses and measure results. Our goal is to provide you with better information to make better decisions and yield more successful results for your institution.

Our Commitment is to Our Clients!

We believe that the honest, straightforward approach is the only one that builds client relationships, and that's the only way we work. Let us help you make your financial institution more successful.

