



**PMA**<sup>®</sup>

It all adds  
up to good.

Credit Research  
& Collateral Management

**Credit  
analysis is  
a fundamental  
component of  
PMA's investment  
process.**

Our credit analysts utilize ratio and fundamental analysis for all investments on a quarterly basis and continuously monitor national and regional economic conditions. Our credit team is responsible for identifying the creditworthiness of client investments and the surveillance of collateral positions. PMA's credit analysis is part of a four-step process that helps public funds investors avoid repayment, reinvestment and reputation risks that may be associated with a bank failure or other investment loss. Our process begins with analyzing an issuer's credit quality and continues with ongoing risk management throughout the life of the investment. It all adds up to good.



# PMA Analysis

- Credit analysis
- Collateral monitoring and client reporting
- Foundational to PMA's investment services platform
- Proven 30+ year history of success



## External Resources

- Bloomberg
- Rating agencies
- SNL Financial
- Wall Street research



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## Credit Analysis & Risk Management

 <b>Gather Data</b> Company, industry and economic data is collected from an extensive list of sources.	 <b>Analyze Data</b> <b>Qualitative</b> –Subjective judgment of the quality of an issuer's balance sheet, management and regulatory standing with assessment of industry and regional economic conditions and support by external sources. <b>Quantitative</b> –Ratio analysis using proprietary models to analyze company data, comparing to historical trends, company peers, and performance benchmarks.	 <b>Assign PMA Rating &amp; Concentration Limits</b> After assessment of an issuer's credit quality, a PMA Rating is assigned. Risk management tools such as day limits on the term of an investment and aggregate concentration limits are also applied.	 <b>Ongoing Risk Management</b> Company performance is monitored throughout the life of the investment and research and recommendations are reviewed by PMA's Credit Committee. For collateralized deposits, collateral is monitored and reported to clients every month.
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## Investments

Our credit analysts monitor each investment's creditworthiness on your behalf. Our public entity clients are limited by state statutes and investment policies to investments generally including U.S. Treasuries, U.S. Government Agencies, municipal securities and bank deposits. Each of these investments contains a level of credit risk.

Credit analysts are also responsible for investments owned by the Max and Liquid Series of certain local government investment pools (LGIPs). All investments purchased by these Funds must be on PMA's Approved List as established by the Credit Committee.

## Banking Industry

Specific to the banking industry, our analysts perform a quarterly analysis of each bank where deposits are placed. This analysis is conducted by a combination of ratio and fundamental assessment. Internal credit ratings are assigned to each bank we analyze, and a term limit, which relates directly to the quality of the credit, is also placed on each bank. The PMA process parallels the FDIC's CAMELS ratings paradigm and focuses heavily on a bank's capital position and the quality of its loan and investment portfolio.

## Collateral Programs

Our credit analysts perform various functions for all of our collateral programs:

**Pledged Securities**– Examine collateral paperwork, analyze pledged collateral and report collateral to clients

**Federal Home Loan Bank Letters of Credit**– Review letters of credit and report to clients

**Excess FDIC Deposit Insurance Bonds**– Analyze insurance companies, review deposit insurance bonds and report to clients

**IntraFi Network's CDARS & ICS Programs**– Analyze lead banks, help ensure no "double placements" and report to clients

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