

## KBRA Assigns AAkF Fund Rating to the State of Georgia Secure Deposit Program

NEW YORK, NY (September 17, 2018) – Kroll Bond Rating Agency (KBRA) assigns an AAkF Fund Rating to the State of Georgia Secure Deposit Program (SDP). The AAkF rating reflects the State of Georgia Secure Deposit Program's Primary Quantitative Rating (PQR) as measured by the KBRA Funds Credit Quality Rating Matrix, which is based on the credit strength of the participants in the program, the levels of pledged collateral, and the collateral eligibility requirements, as well as the contingent liability all covered depositaries in the program must agree to prior to be admitted into the program. Additionally, the fund rating is influenced by the results of the qualitative assessment of the program manager, the Office of the State Treasurer. The Qualitative Shadow Rating (QSR) for the program was found to be strong.

The State of Georgia Secure Deposit Program was adopted in April 2017 and implemented on July 1, 2017 to provide capital relief for participating banks while providing security for public deposits. Most U.S. states have similar programs to achieve these goals. Without the SDP, banks are required to post collateral equal to 110% of public deposits. Banks participating in the SDP are able to reduce the amount of collateral required in exchange for entering into a contingent guarantee among all banks in the pool.

Eligible collateral, FDIC insurance, and the contingent guarantee pledge pool provide security for public deposits in the SDP. Eligible collateral includes Treasuries, Agencies, SBA Pass-throughs, some Agency MBS, GA municipal bonds rated at least BBB, out of state municipal bonds rated at least A and subject to a 25% limit, certain approved state-issued private placements, and letters of credit from the FHLB. The contingent guarantee ensures that any shortfall is backstopped by the remaining participating banks.

The Office of the State Treasurer and State Depository Board maintain overall oversight and responsibility for administering the SDP. Banks participating in the SDP are required to submit monthly electronic reports, which are posted on the dedicated website [sdp.azurewebsites.us](http://sdp.azurewebsites.us).

**Related Publications:** (available at [www.kbra.com](http://www.kbra.com))

- [State of Georgia Secure Deposit Program Rating Report](#)
- [KBRA U.S. Sovereign Rating](#)

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