**Invest In Illinois Rate Methodology**

Invest in Illinois is a collection of impact investment programs offered by the Treasurer’s Office – (1) Ag Invest, (2) Community Invest, and (3) Business Invest – that provide impact investment deposits to lending institutions to finance business expansion, provide consumer loans, assist with farm-related expenses, and fund other important economic development activities. By providing access to State investment capital at a lower rate, Invest in Illinois incentivizes financial institutions to lend to groups marginalized by limited loans or high-interest rates at a lower cost to borrowers.

Thus effective 01/01/2020, the following rate methodology is hereby updated as follows:

**Rate Methodology for Invest in Illinois – Ag Invest, Business Invest, Community Invest**

* 75% of the applicable deposit maturity, 30 day moving average
  + C0841Y BFV USD United State Government Agency 1 year
  + C0842Y BFV USD United State Government Agency 2 year
  + C0843Y BFV USD United State Government Agency 3 year
* Fixed term rates to reset on the 1st calendar day of the month
* 1-year, 2-year, and 3-year fixed terms available, exception Ag Invest- Annual 1-year term
* $15mm max per program per financial institution
* Utilization of AgInvest – Annual program will not count towards program limits on each financial institution
* $35mm max per financial institution
* No more than 10% of institution’s deposits
* Collateralized in accordance with our prescribed guidelines
* No more than $25mm total daily deposit draws per day by all FIs
* Utilization of AgInvest – Annual program will not count towards total daily deposit draws
* Rates associated with longer-dated deposit terms shall be equal to or greater than shorter-term deposit term rates, whichever is greater.

**Community Invest – Cannabis Banking Services**

* Rate shall be the spread representative of the current Federal overnight Excess Funds rate minus 64bps
* Variable monthly rates, reset on the 1st calendar day of the month
* 2-year variable term available
* Utilization of Community Invest – Cannabis Banking Services program will not count towards program limits on each financial institution
* Utilization of Community Invest – Cannabis Banking Services program will not count towards total daily deposit draws
* Deposits allocated to financial institutions shall be no more than 10% of institution’s deposits
* Collateralized in accordance with our prescribed guidelines
* Deposits are available in $5mm increments but shall not exceed $50mm.

Context and Background

* Current methodology for linked deposits? 75% of the U.S. Agency Security 1, 2, or 3- year security.
* Current rate structure for Community Development Linked Deposits? (State Treasurer’s website) (as of 01/21/2020)
  + 1 Year 1.22%
  + 2 Year 1.22%
  + 3 Year 1.22%
* Current rates for U.S. Treasury securities? ([US Dep of the Treasury](https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield)) (as of 01/17/2020)
  + 1 Year 1.56%
  + 2 Year 1.58%
  + 3 Year 1.56%
* Current rates for U.S. Agency securities? (US Agencies Curve Yield as of 7/17/2019 from Bloomberg)
  + 1 Year 1.62%
  + 2 Year 1.57%
  + 3 Year 1.58%
* Current rate structure for wholesale funding from the Federal Home Loan Bank? ([FHLB](https://www.fhlbc.com/docs/default-source/daily-rates/dailypdf.pdf)) as of 01/17/2020) **Community Fixed rate advance**
  + 1 Year 1.79%
  + 2 Year 1.72%
  + 3 Year 1.73%
* Current rate structure for wholesale funding (the discount window) from the Federal Reserve Bank?([FRB](https://www.federalreserve.gov/releases/h15/)) Primary Credit 2.25% (as of 01/17/2020)
  + 1 Year
  + 2 Year
  + 3 Year
* 3 prominent STO linked deposit depositories and cost of “time deposits over $250,000” on the FFIEC website.
  + STO-Affiliated Institution #1: Carrolton Bank – 2.29%
  + STO-Affiliated Institution #2: Peoples Bank & Trust – 1.44%
  + STO-Affiliated Institution #3:  Banterra Bank – 2.93%
* 3 prominent STO linked deposit depositories and cost of “other fed funds purchased” on the FFIEC website \*Fed Funds Purchased
  + STO-Affiliated Institution #1: Carrolton Bank – NA
  + STO-Affiliated Institution #2: Peoples Bank & Trust – 1.32%
  + STO-Affiliated Institution #3:  Banterra Bank -0.57%
* 3 prominent STO linked deposit depositories and cost of “other borrowed money” on the FFIEC website.
  + STO-Affiliated Institution #1: Carrolton Bank – 2.86%
  + STO-Affiliated Institution #2: Peoples Bank & Trust -NA
  + STO-Affiliated Institution #3:  Banterra Bank -NA
* 3 prominent STO linked deposit depositories and cost of “other interest expense” on the FFIEC website.
  + STO-Affiliated Institution #1: Carrolton Bank - NA
  + STO-Affiliated Institution #2: Peoples Bank & Trust -2.59%
  + STO-Affiliated Institution #3:  Banterra Bank – 2.74%
* 3 random Illinois-based community depositories and cost of “time deposits over $250,000” on the FFIEC website.
  + Random Institution #1: People’s National Bank – 1.82%
  + Random Institution #2: First National Bank, Decatur
  + Random Institution #3:  First Mid-Bank & Trust, Mattoon
* 3 random Illinois-based community depositories and cost of “other fed funds purchased” on the FFIEC website.
  + Random Institution #1: People’s National Bank – 0.0%
  + Random Institution #2: First National Bank, Decatur
  + Random Institution #3:  First Mid-Bank & Trust, Mattoon
* 3 random Illinois-based community depositories and cost of “other borrowed money” on the FFIEC website.
  + Random Institution #1: People’s National Bank - NA
  + Random Institution #2: First National Bank, Decatur
  + Random Institution #3:  First Mid-Bank & Trust, Mattoon
* 3 random Illinois-based community depositories and cost of “other interest expense” on the FFIEC website.
  + Random Institution #1: People’s National Bank - NA
  + Random Institution #2: First National Bank, Decatur
  + Random Institution #3:  First Mid-Bank & Trust, Mattoon
* State average for community banks (under $3B or similar) for the following investment structures on the FFIEC website:

\*All Illinois Banks

* + Total Loans and Leases- IL 5.21%
  + Total Investment Securities - -IL2.73 TE book 2.54%
  + Interest Bearing Bank Balances 2.30%
  + Fed Funds Sold 2.27%

\*$1B-$3B banks across the nation

* + Total Loans and Leases- IL 5.50%
  + Total Investment Securities - -IL2.66 TE book 2.50%
  + Interest Bearing Bank Balances 2.24%
  + Fed Funds Sold 2.17%