



OFFICE OF THE ILLINOIS STATE TREASURER  
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## Invest In Illinois Rate Methodology

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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 09/01/2019, 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 1<sup>st</sup> calendar day of the month
- 1-year, 2-year, and 3-year fixed terms available
- \$15mm max per program per 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
- Rates associated with longer-dated deposit terms shall be equal to or greater than shorter-term deposit term rates, whichever is greater.

*Exceptions to rate methodology above:*

### **Ag Invest - Annual**

- 75% of the applicable deposit maturity, 365 day moving average
  - C0841Y BFV USD United State Government Agency 1 year
- Fixed term rates to reset on the 1<sup>st</sup> calendar day of the month
- 1-year fixed term available
- No limits placed on AgInvest - Annual program utilization
- Utilization of AgInvest – Annual program will not count towards program limits on each financial institution
- Utilization of AgInvest – Annual 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
- 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 74bps at inception and the spread shall adjust to the current Federal Overnight Excess Funds rate minus 64bps on January 1, 2020;
- Variable monthly rates, reset on the 1<sup>st</sup> 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?
  - 1 Year **1.86%**
  - 2 Year **1.93%**
  - 3 Year **1.96%**
- Current rates for U.S. Treasury securities? ([US Dep of the Treasury](#)) (as of 7/15/2019)
  - 1 Year **1.95%**
  - 2 Year **1.83%**
  - 3 Year **1.80%**
- Current rates for U.S. Agency securities? (US Agencies Curve Yield as of 7/17/2019 from Bloomberg)
  - 1 Year **2.036%**
  - 2 Year **1.926%**
  - 3 Year **1.885%**
- Current rate structure for wholesale funding from the Federal Home Loan Bank? ([FHLB](#)) as of 7/17/2019 **Fixed rate advance**
  - 1 Year **2.22%**
  - 2 Year **2.08%**
  - 3 Year **2.06%**
- Current rate structure for wholesale funding (the discount window) from the Federal Reserve Bank? ([FRB](#)) **Primary Credit 3.0%**
  - 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 – 2.11%**
  - STO-Affiliated Institution #2: **Peoples Bank & Trust – 0.96%**
  - STO-Affiliated Institution #3: **Banterra Bank – 2.59%**
- 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 – 1.62%**
  - STO-Affiliated Institution #3: **Banterra Bank -0.55%**
- 3 prominent STO linked deposit depositories and cost of “other borrowed money” on the FFIEC website.
  - STO-Affiliated Institution #1: **Carrolton Bank – 2.85%**
  - STO-Affiliated Institution #2: **Peoples Bank & Trust -NA**
  - STO-Affiliated Institution #3: **Banterra Bank -2.53%**
- 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 -2.62%**
  - STO-Affiliated Institution #3: **Banterra Bank - NA**
- 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 – 1.75%**
  - 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 5.12%**
  - **Total Investment Securities - -IL2.73 TE book 2.55%**
  - **Interest Bearing Bank Balances 2.26%**

- Fed Funds Sold 2.27%
- \*\$1B-\$3B banks across the nation
  - Total Loans and Leases- IL 5.12%
  - Total Investment Securities - -IL2.73 TE book 2.55%
  - Interest Bearing Bank Balances 2.26%
  - Fed Funds Sold 2.27%