



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

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.

Effective 03/20/2020, the rate methodology is as follows:

Rate Methodology for Invest in Illinois – Ag Invest, Business Invest, Community Invest (*excluding Community Invest: Cannabis Banking Services and Business Invest: Illinois Small Business COVID-19 Relief Program*)

- 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.
- \$35mm max per financial institution.
- No more than \$25mm total daily deposit draws per day by all financial institutions.
- Utilization of Ag Invest: Annual program will not count towards program limits on each financial institution.
- Utilization of Ag Invest: 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 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.

Business Invest: Illinois Small Business COVID-19 Relief Program

- Rate shall be fixed at 0.01% (0.0001) for the 1-year term of the deposit.
- If the term is extended, the rate may reset.
- 1-year variable term available. After the initial 1-year term, renewal options must be agreed upon by the Treasurer and may include a rate reset.
- Utilization of Business Invest: Illinois Small Business COVID-19 Relief program will not count towards program limits on each financial institution.
- Utilization of Business Invest: Illinois Small Business COVID-19 Relief 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, unless otherwise agreed to by the Treasurer.
- Deposits shall not exceed \$25mm. Deposits are to be drawn in \$5 million increments for Financial Institutions receiving funds under the Program in the amount of \$15 million or more, or \$1 million increments for Financial Institutions receiving funds less than \$15 million. For Deposits to be drawn the following must occur: (a) 75% of the deposit funding as of the date of the request has been loaned to Eligible Borrowers; (b) such loans have been substantiated to the Treasurer; and (c) the requested applicable metrics are furnished to the Treasurer.

Deposit Rate Methodology: Basis and Market Environment

Updated 03/20/2020

- Current methodology for linked deposits: **75% of the U.S. Agency Security 1, 2, or 3- year security.**
- Current rate structure for State Treasurer's Community Development Linked Deposits:
 - 1 Year **1.09%**
 - 2 Year **1.09%**
 - 3 Year **1.09%**
- Current rates for U.S. Treasury securities ([US Department of the Treasury](#)):
 - 1 Year **0.15%**
 - 2 Year **0.37%**
 - 3 Year **0.41%**
- Current rates for U.S. Agency securities (US Agencies Curve Yield - Bloomberg):
 - 1 Year **0.70%**

- 2 Year **0.60%**
 - 3 Year **0.66%**
- Current rate structure for wholesale funding (Community Fixed Rate Advance) from the Federal Home Loan Bank ([Federal Home Loan Bank of Chicago](#)):
 - 1 Year **0.57%**
 - 2 Year **0.95%**
 - 3 Year **1.07%**
- Current rate structure for wholesale funding (discount window primary credit) and interest in excess reserves from the Federal Reserve Bank System ([Federal Reserve Bank System – Primary Credit](#)) and ([Federal Reserve Bank System - Excess Balances](#)):
 - **Primary Credit: 0.25%**
 - **Interest Rate on Excess Reserve: 0.10%**
- 3 prominent STO linked deposit depositories and cost of “time deposits over \$250,000” ([Call Report Data](#) as of 12/31/2019):
 - STO-Affiliated Institution #1: **Carrollton Bank – 2.31%**
 - STO-Affiliated Institution #2: **Peoples Bank & Trust, Pana – 1.47%**
 - STO-Affiliated Institution #3: **Banterra Bank, Marion – 2.68%**
- 3 prominent STO linked deposit depositories and cost of “fed funds purchased and repo” ([Call Report Data](#) as of 12/31/2019):
 - STO-Affiliated Institution #1: **Carrollton Bank – N/A**
 - STO-Affiliated Institution #2: **Peoples Bank & Trust, Pana – 1.14%**
 - STO-Affiliated Institution #3: **Banterra Bank, Marion - 0.59%**
- 3 prominent STO linked deposit depositories and cost of “other borrowed money” ([Call Report Data](#) as of 12/31/2019):
 - STO-Affiliated Institution #1: **Carrollton Bank – 2.87%**
 - STO-Affiliated Institution #2: **Peoples Bank & Trust, Pana – N/A**
 - STO-Affiliated Institution #3: **Banterra Bank, Marion – N/A**
- 3 prominent STO linked deposit depositories and cost of “other interest expense” ([Call Report Data](#) as of 12/31/2019):
 - STO-Affiliated Institution #1: **Carrollton Bank – N/A**
 - STO-Affiliated Institution #2: **Peoples Bank & Trust, Pana -2.59%**
 - STO-Affiliated Institution #3: **Banterra Bank, Marion – 2.71%**
- 3 random Illinois-based community depositories and cost of “time deposits over \$250,000” ([Call Report Data](#) as of 12/31/2019):
 - Random Institution #1: **People’s National Bank, Mt Vernon – 1.79%**
 - Random Institution #2: **Bank of Springfield – 2.61%**
 - Random Institution #3: **First Mid-Bank & Trust, Mattoon – 2.57%**
- 3 random Illinois-based community depositories and cost of “fed funds purchased and repo” ([Call Report Data](#) as of 12/31/2019):
 - Random Institution #1: **People’s National Bank, Mt Vernon – 4.55%**
 - Random Institution #2: **Bank of Springfield – 0.58%**
 - Random Institution #3: **First Mid-Bank & Trust, Mattoon – 0.57%**
- 3 random Illinois-based community depositories and cost of “other borrowed money” ([Call Report Data](#) as of 12/31/2019):
 - Random Institution #1: **People’s National Bank, Mt Vernon – 2.12%**
 - Random Institution #2: **Bank of Springfield – 2.74%**
 - Random Institution #3: **First Mid-Bank & Trust, Mattoon – 2.58%**

- 3 random Illinois-based community depositories and cost of “other interest expense” ([Call Report Data](#) as of 12/31/2019):
 - Random Institution #1: People’s National Bank, Mt Vernon – N/A
 - Random Institution #2: Bank of Springfield – N/A
 - Random Institution #3: First Mid-Bank & Trust, Mattoon – N/A

- State average yields for financial institutions (under \$3B or similar) on the following deposits and interest bearing instruments ([Call Report Data](#) as of 12/31/2019):
 - *Financial institutions in Illinois
 - Time deposits over \$250,000 – 1.94%
 - Fed funds purchased and repo – 1.44%
 - Other borrowed money - 2.01%
 - Other interest expense - 2.32%
 - All interest-bearing funds – 0.99%
 - *\$1B-\$3B financial institutions across the nation
 - Time deposits over \$250,000 – 1.98%
 - Fed funds purchased and repo – 1.20%
 - Other borrowed money - 2.17%
 - Other interest expense - 2.04%
 - All interest-bearing funds – 1.16%

- State average yields for financial institutions (under \$3B or similar) on the following loans and investment instruments ([Call Report Data](#) as of 12/31/2019):
 - *Financial institutions in Illinois
 - Total Loans and Leases - 5.22%
 - Total Investment Securities
 - TE: 2.72%
 - Book: 2.53%
 - Interest Bearing Bank Balances - 2.16%
 - Fed Funds Sold - 2.03%
 - *\$1B-\$3B financial institutions across the nation
 - Total Loans and Leases - 5.22%
 - Total Investment Securities
 - TE: 2.70%
 - Book: 2.56%
 - Interest Bearing Bank Balances - 2.06%
 - Fed Funds Sold – 1.86%