



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 Office of the Illinois Treasurer (“Treasurer”) – (1) Ag Invest, (2) Community Invest, and (3) Business Invest – that provide impact 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 below market 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.***

**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)

- 65% of the applicable deposit maturity, 30 day moving average
  - C0841Y BFV USD United State Government Agency 1 year
- 50% of the applicable deposit maturity, 30 day moving average
  - 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, exception Ag Invest- Annual 1-year term.
- Rates associated with 3-year deposit term shall not be lower than 2-year deposit term rates
- \$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.

***Exceptions may apply to these limitations. Please contact us to discuss our flexible options.***

**Community Invest: Cannabis Banking Services**

- Rate shall be the spread representative of the current Federal overnight Excess Funds rate minus 64bps but shall not be lower than .01% (0.0001).
- 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.

**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.

After a prudent analysis and evaluation of the market environment, competitive forces, economic conditions, and intended objectives, effective 5/4/2022, the rate methodology is adjusted as follows:

Deposit Rate Methodology: Basis and Market Environment

Updated 05/04/2022

- Current methodology for community development linked deposits: 65% of the U.S. Agency Security 1 year security and 50% of the U.S. Agency Security 2- and 3-year security.
- Current rate structure for State Treasurer's Community Development Linked Deposits 05/02/2022:
  - 1 Year: 1.21%

- 2 Year: 1.30%
  - 3 Year: 1.30%
- Current rates for U.S. Treasury securities Daily Treasury Par Yield Curve Rates ([US Department of the Treasury](#)):05/04/2022
  - 1 Year: 2.07%
  - 2 Year: 2.66%
  - 3 Year: 2.85%
- Current rates for U.S. Agency securities (US Agencies Curve - Bloomberg): 05/04/2022
  - 1 Year: 2.0777%
  - 2 Year: 2.6109%
  - 3 Year: 2.9655%
- Current rate structure for wholesale funding (Community Fixed Rate Advance) from the Federal Home Loan Bank ([Federal Home Loan Bank of Chicago](#)): 05/04/2022
  - 1 Year: 2.20%
  - 2 Year: 2.74%
  - 3 Year: 2.92%
- Current rate structure for wholesale funding (discount window primary credit) and interest in excess reserves from the Federal Reserve Bank System Discount Window Primary Credit ([Federal Reserve Bank System – Primary Credit](#)) and ([Federal Reserve Bank System - Excess Balances](#)): 05/04/2022
  - Primary Credit: 0.50%
  - Interest Rate on Excess Reserve: 0.90%
- 3 prominent STO linked deposit depositories and cost of “time deposits over \$250,000” ([Call Report Data](#) as of 12/31/2021):
  - STO-Affiliated Institution #1: Carrollton Bank – 1.50%
  - STO-Affiliated Institution #2: Peoples Bank & Trust, Pana – 0.07%
  - STO-Affiliated Institution #3: Blackhawk Bank & Trust, Milan – 0.54%
- 3 prominent STO linked deposit depositories and cost of “fed funds purchased and repo” ([Call Report Data](#) as of 12/31/2021):
  - STO-Affiliated Institution #1: Carrollton Bank – N/A
  - STO-Affiliated Institution #2: Peoples Bank & Trust, Pana – 0.18%
  - STO-Affiliated Institution #3: Blackhawk Bank & Trust, Milan – 0.33%
- 3 prominent STO linked deposit depositories and cost of “other borrowed money” ([Call Report Data](#) as of 12/31/2021):
  - STO-Affiliated Institution #1: Carrollton Bank – 6.13%
  - STO-Affiliated Institution #2: Peoples Bank & Trust, Pana – N/A
  - STO-Affiliated Institution #3: Blackhawk Bank & Trust, Milan – N/A
- 3 prominent STO linked deposit depositories and cost of “other interest expense” ([Call Report Data](#) as of 12/31/2021):
  - STO-Affiliated Institution #1: Carrollton Bank – N/A
  - STO-Affiliated Institution #2: Peoples Bank & Trust, Pana -0.60%
  - STO-Affiliated Institution #3: Blackhawk Bank & Trust, Milan – 1.90%
- 3 random Illinois-based community depositories and cost of “time deposits over \$250,000” ([Call Report Data](#) as of 12/31/2021):
  - Random Institution #1: People’s National Bank, Mt Vernon – 0.88%
  - Random Institution #2: Bank of Springfield – 1.26%
  - Random Institution #3: First Mid-Bank & Trust, Mattoon – 0.64%

- 3 random Illinois-based community depositories and cost of “fed funds purchased and repo” ([Call Report Data](#) as of 12/31/2021):
  - Random Institution #1: People’s National Bank, Mt Vernon – 0.00%
  - Random Institution #2: Bank of Springfield – 0.40%
  - Random Institution #3: First Mid-Bank & Trust, Mattoon – 0.13%
- 3 random Illinois-based community depositories and cost of “other borrowed money” ([Call Report Data](#) as of 12/31/2021):
  - Random Institution #1: People’s National Bank, Mt Vernon – 1.11%
  - Random Institution #2: Bank of Springfield – 1.84%
  - Random Institution #3: First Mid-Bank & Trust, Mattoon – 1.45%
- 3 random Illinois-based community depositories and cost of “other interest expense” ([Call Report Data](#) as of 12/31/2021):
  - 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 12/31/2021):
  - \*Financial institutions in Illinois
    - Time deposits over \$250,000 – 0.92%
    - Fed funds purchased and repo – 0.18%
    - Other borrowed money – 1.11%
    - Other interest expense – 0.64%
    - All interest-bearing funds – 0.43%
  - \*\$1B-\$3B financial institutions across the nation
    - Time deposits over \$250,000 – 0.90%
    - Fed funds purchased and repo – 0.16%
    - Other borrowed money – 1.31%
    - Other interest expense – 1.25%
    - All interest-bearing funds – 0.37%
- State average yields for financial institutions (under \$3B or similar) on the following loans and investment instruments ([Call Report Data](#) as of 12/31/2021):
  - \*Financial institutions in Illinois
    - Total Loans and Leases – 4.83%
    - Total Investment Securities
      - TE: 1.77%
      - Book: 1.63%
    - Interest Bearing Bank Balances – 0.49%
    - Fed Funds Sold – 0.08%
  - \*\$1B-\$3B financial institutions across the nation
    - Total Loans and Leases – 4.70%
    - Total Investment Securities
      - TE: 1.85%
      - Book: 1.73%
    - Interest Bearing Bank Balances – 0.15%
    - Fed Funds Sold – 0.09%