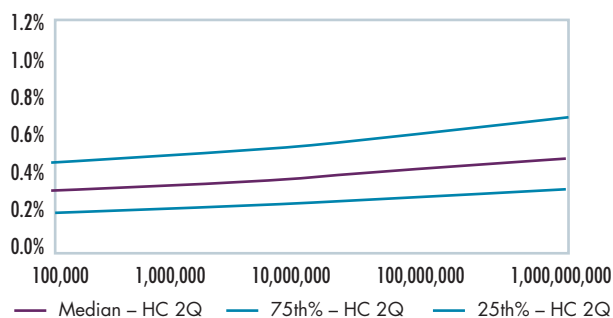


Healthcare Firms' Earnings Credit Rates Lag Market

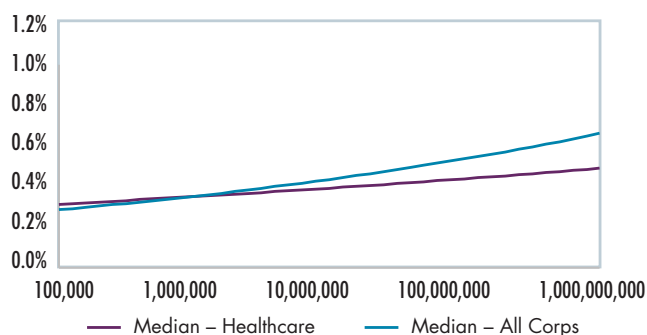
Treasury Strategies, a division of Novantas, Inc. released its 2nd quarter Earnings Credit Rate benchmarks to our NDepth Bank Fee Analysis clients. Earnings Credit Rates are the balance-based allowances banks give their corporate customers to offset fees on treasury management services. The results showed some unusual patterns overall as well as striking findings for Healthcare companies:

- ECRs varied widely among Healthcare organizations, even at identical balance levels.
- ECRs for Healthcare organizations were lower than for other companies.
- Balance Assessment Fees further depressed Healthcare returns.
- Healthcare net earnings credits were more than 1.5 percentage points below other investment options.

HEALTHCARE ECRs 2Q18



HEALTHCARE ECRs VS MARKET ECR 2Q18



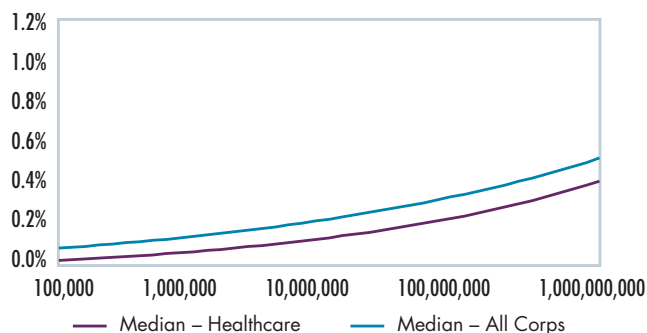
Within the industry, ECRs varied widely among Healthcare organizations, even at identical balance levels.

- On DDA balances of \$100,000, the range of ECRs between the 25th and 75th percentiles was 24 bps (0.24%).
- On balances of \$10,000,000, the range widened to 30 bps.
- On balances of \$100,000,000, the range between the 25th and 75th percentiles was 34 bps.

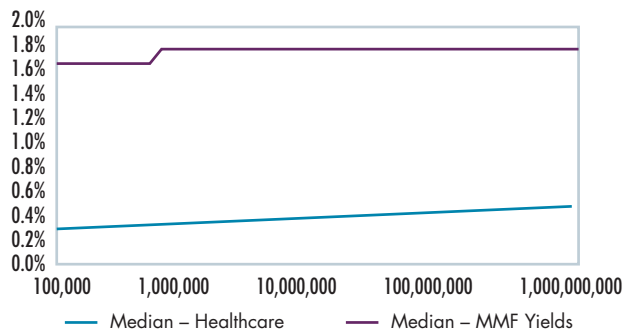
ECRs for Healthcare organizations were lower than for other companies.

- Healthcare organizations lagged their corporate counterparts, especially at higher balance levels.
- On DDA balances of \$1,000,000, ECRs were identical at 35 bps.
- On balances of \$10,000,000, Healthcare lagged by 9 bps.
- On balances of \$100,000,000, the shortfall was 10 bps.

HEALTHCARE NET EFFECTIVE RATES VS MARKET 2Q18



HEALTHCARE NET EFFECTIVE RATES VS MONEY FUNDS



Balance Assessment Fees further depressed Healthcare returns.

- Banks charge a Balance Assessment Fee on ledger balances to recoup FDIC insurance and other regulatory costs.
- During 2Q, these fees disproportionately impacted lower balance Healthcare accounts, depressing the net effective rate earned by Healthcare organizations.
- The Net Effective Rate for Healthcare on a \$10,000,000 DDA balance was a mere 17 bps.

Healthcare net earnings credits were more than 1.5 percentage points below other investment options.

- During a period in which institutional money market funds were yielding over 1.8%, Healthcare Net Effective rates (ECR – BAF) barely averaged 0.17% on a \$10 million balance level.
- **That's a full 1.63% below money funds resulting in \$163,000 in lost income on a \$10M deposit.**

CONCLUSION

As rates continue to rise, it is imperative that Healthcare treasuries sharpen their pencils and take full advantage of market opportunities. Healthcare organizations are earning lower earnings credits on their bank demand deposits than companies in other industries. Balance Assessment Fees disproportionately impact Healthcare organizations.

Lack of cash visibility, weak cash forecasting capability, restrictive loan covenants and investment policies, poor treasury technology and inadequate staffing all contribute to a bias in favor of convenient but low yielding bank demand deposits. Treasurers must carefully evaluate improving these functions in the current rising interest rate environment. And NDepth is the place to start.

We invite you to learn how our NDepth solution can help you solve this problem. Please contact Jill Selgrad at jill_selgrad@treasurystrategies.com.

NDepth is the next generation bank fee analysis solution. Leading corporations, non-profits and governments use NDepth's leading technology each month to **manage** and **benchmark** their transaction banking fees and deposit balances. NDepth clients can upload and translate their voluminous account analysis statements, organize the information, reconcile variances, audit contract prices and compare against balance and service price benchmarks. **It's as easy as dragging and dropping your monthly account analysis PDF files using our portal.**

Treasury Strategies is a division of Novantas, Inc. a FinTech 100 data analytics and consulting company.

Treasury Strategies is the leading treasury consulting firm. Armed with decades of experience, we've developed solutions and delivered insights on leading practices, treasury operations, technology, and risk management for hundreds of companies around the globe. We serve corporate treasurers, their financial services providers and technology providers for the complete 360° view of treasury.