

Demystifying the North American Cash Management Landscape

September 15, 2023

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Introductions



Marco Finetti
Payments - Italy

+30 years working experience in Auditing, Consulting, and Banking firms, leveraging on his degree in Economics and full time MBA with SDA Bocconi.

He joined JPMorgan Commercial Banking Italy in 2019 to provide his consultancy to several corporates with international cash management needs, helping to improve governance and oversight on payments, collections, liquidity across all presence countries and subsidiaries, and to implement a cyber-safe Treasury.

Marco is a supporter of treasury innovation, and always look for step-by-step improvements in procedures and processes, to simplify cash management and to provide more visibility and control to corporate Head Quarters.

Ongoing projects Marco is working on with his colleagues Marta and relevant bankers: liquidity centralization, virtual accounts, integration with Piteco DocFinance Kyriba SAP etc, acquiring for e-Commerce / Omnichannel, and many others.



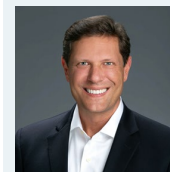
Michael Tam
Canada Commercial Bank
Country Head

Mike Tam has been with J.P. Morgan for nearly 30 years and has held a range of leadership positions in credit and corporate coverage origination across industries including service, general manufacturing and real estate.

Mike leads the International Banking sales team in Canada. Dedicated to serving the Canadian subsidiaries of Commercial Banking's clients, the team helps companies navigate international expansion by working closely with the firm's overseas bankers and treasury management officers.

With coverage responsibilities across Canada, the team is focused on delivering exceptional service and thought leadership geared towards improving financial management efficiencies across core treasury, liquidity and card solutions.

Mike holds a Bachelor of Science, Honours degree from Queen's University in Kingston, Ontario and an MBA from University of Toronto.



Greg Papciak
Managing Director
National Head of Multinational
Corporations Treasury Services

Greg is an accomplished leader with over thirty years of experience in diverse financial sales, leadership, and consulting within the financial industry.

For the last twenty years, he has consulted with Corporate clients to develop financial process improvements by improving visibility, adding controls, and implementing cost savings; resulting in more efficient financial management. He is known for providing thought leadership, idea generation, and positive institutional change.

Currently, Greg is responsible for leading the MNC (Foreign owned Multinational Corporations) team of treasury sales professionals. Charged with developing and executing global sales strategy, and deepening relationships across the Commercial Bank's Leadership team, Bankers, and Product Solutions (Core Treasury, Liquidity, Foreign Exchange, Card Solutions). He is responsible for coordinating and streamlining international communication, strategy, and proposals with global partners; Europe, Asia, Latin America. His thirty-five-member team focuses solely on Foreign owned Multinational Corporations within the United States.

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Evaluating your current and future bank providers

Companies need to consider a variety of dimensions when evaluating go-forward banking partners.

What matters to your company most?



Common objectives for Multinational Corporations in the U.S. and Canada

	<p>One North American solution</p>	<ul style="list-style-type: none"> ■ Utilize U.S. based financial institution with capabilities in the U.S., Canada & Mexico
	<p>Create operational efficiencies & safety through treasury services</p>	<ul style="list-style-type: none"> ■ Create control, visibility and availability by consolidation ■ Centralize and Manage U.S. Dollar liquidity and investing for North America ■ Implement cyber security & fraud mitigation tactics ■ One global e-Banking platform for all transactional needs that is available in multiple foreign languages
	<p>Optimize working capital</p>	<p>Use corporate credit card programs for:</p> <ul style="list-style-type: none"> ■ Procurement ■ Accounts payable (virtual single use card program) ■ Travel and entertainment
	<p>Actively manage FX exposure</p>	<ul style="list-style-type: none"> ■ Leverage the U.S. Dollar strength on cross border trade flows ■ Make payments in local currencies using domestic clearing system (NACHA and CPA)
	<p>Optimize capital structure and capacity</p>	<ul style="list-style-type: none"> ■ Leverage ability to provide capital in key currencies ■ Leverage U.S. banking relationship to pursue in-country stand alone financing ■ Refinance parent supported debt / trade payables

Client cash flow



Cash In

- Collections
- Credit facilities (revolvers)
- Debt issuance
- Investment redemptions
- Capital injections



Cash Optimization

- Advisory services
- Cash concentration (physical and notional)
- Intercompany and liquidity reporting
- In-country, regional and global solutions



Cash Out

- Payroll
- Vendor payments
- Debt repayment
- Investments
- Dividends



Receivables

Cash

- Deposit Friendly ATM**
- Branch (teller/night drop)**
- Brinks Deposit Express*
- Vault via Armored Car*
- Smart Safe*

Checks

- Deposit Friendly ATM**
- Branch (teller/night drop)**
- Vault via Armored Car*
- Lockbox
- Remote Capture
- Image Cash Letter

Card

- Merchant Services
 - Card Present (POS)
 - Card Not Present

Electronic

- Incoming Wires
- Real-Time Payments*
- ACH Credits Received
- ACH Debits Originated



Liquidity

- Physical Cash Concentration
- Loan Sweeps
- Operating Deposit Options
- Investment Sweeps*
- Self Directed Investments*



Payables

Cash

- Branch Cash Order*
- Vault Cash Order*

Checks

- Standard Accounts
- Controlled Disbursement*
- Check Print

Card

- T&E, Purchasing, Fleet
- Card Not Present
- Virtual Card

Electronic

- Outgoing Wires
- Foreign Exchange (FX)
- Real-Time Payments*
- ACH Debits Received
- ACH Credits Originated

Fraud Protection

- Positive Pay
- Post No Checks
- ACH Debit Block/Filters*



Connectivity

- Bank online portal
- Open Banking*

* Not offered in Canada

** Offered through Partner Bank Network in Canada

Best practice: segment your balance sheet cash

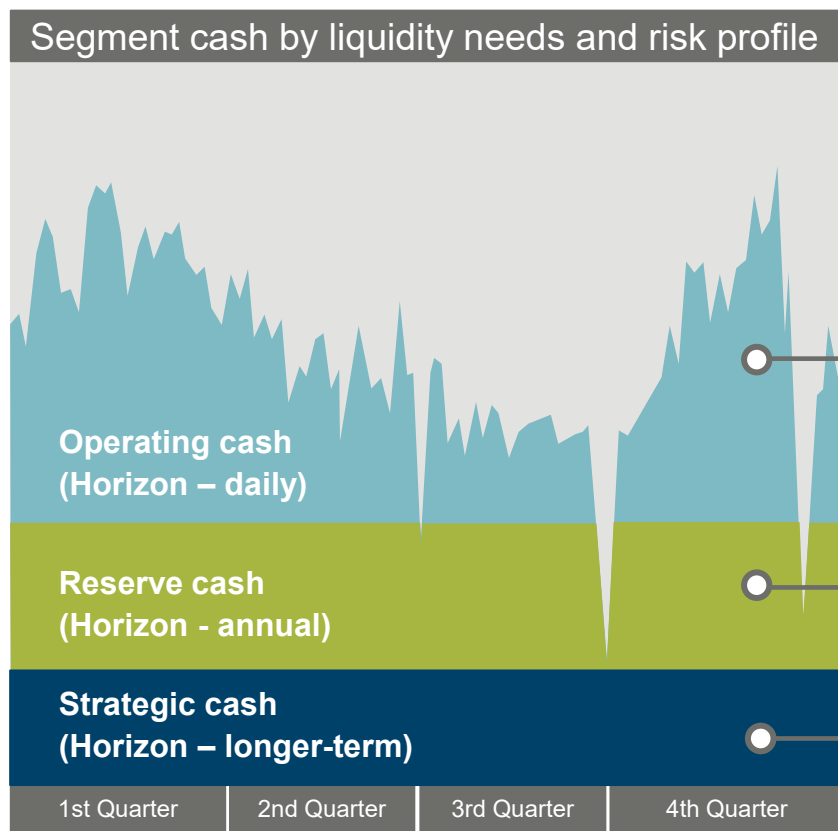
Investment solutions are driven by the characteristics of your cash



Consider this:

Understand your future cash needs and invest appropriately

Increase cash efficiency – extract maximum value from cash resources and optimize working capital



Do you know the characteristics of your cash?

OPERATING

- Cash typically used for daily operating needs, may be subject to unforeseen volatility
- Requires preservation of principal
- Late-day access
- Same-day liquidity

RESERVE

- Investment horizon of nine to twelve months or longer
- Fairly static, same-day access not needed
- Cash set aside for possible acquisition, stock repurchasing and R&D

STRATEGIC CASH

- No short-term forecasted use
- Cash on balance sheet that has not been historically used
- Investment horizon of one year or longer

U.S. Deposit options– You should know

Interest Bearing DDA

- Clients earn interest (sometimes called “Hard Dollar Interest”) on balances
- Interest accrues daily and is paid monthly
- This option became available in 2011 with the repeal of Req Q under the Dodd Frank Act. Prior to that payment of interest on commercial operating accounts in the US was prohibited

Hybrid DDA*

- ECR is applied up to a predetermined balance threshold which is referred to as an ECR Peg Balance
- Balances over the ECR Peg receive regular or “hard dollar” interest
- Provides opportunity to maximize return if the account is “in excess” by allowing client to earn hard dollar interest on “excess” portion of the balances
- Will likely be more popular in a rising rate environment

MMDA

- Clients earn interest (sometimes called “Hard Dollar Interest”) on balances
- Limit Withdrawals

Asset Management *

- Strategic Cash Investments
- Personalized Portfolio Management

Earnings Credit Rate and Balance Based Charge – You should know

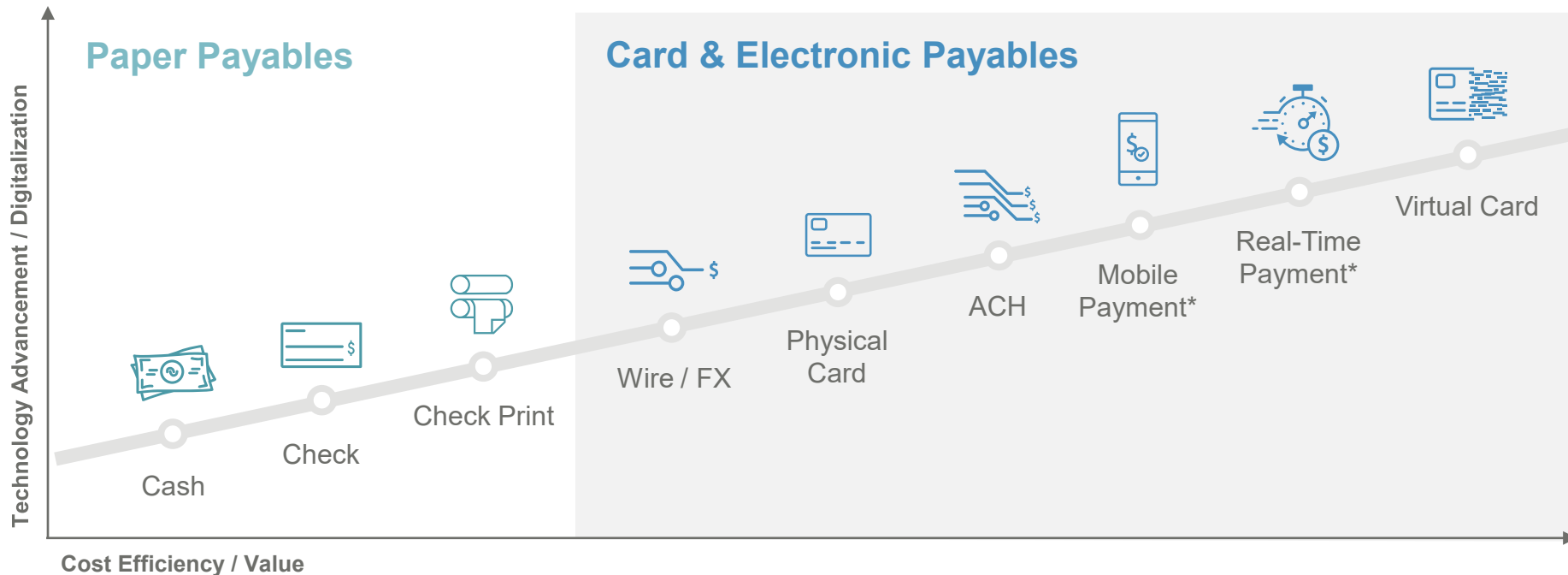
Earnings Credit Rate (ECR) *

- Created in response to U.S. regulations which prohibited payment of interest on commercial DDA's until 2011
- Clients can earn a credit – soft value calculation (“J.P. Morgan Dollars”) – on balances held in a non-interest-bearing account
- The credit (called an Earnings Credit Allowance “ECA”) can be used to offset various banking fees
- If the ECA exceeds the monthly fees, the account is considered “in excess”, the excess ECA will go unused
- ECA is calculated using the average monthly balance of the account
- The rate used to calculate the ECA is called an Earnings Credit Rate (ECR)

Balance Based Charge (BBC)

- Monthly fee assessed against client deposits to address various charges affecting J.P. Morgan Chase Bank, N.A. in connection with the maintenance of deposits
- Set by the bank and is subject to periodic review and adjustment.
- Current J.P. Morgan BBC is 13 basis points (bps) on DDA products (not charged on MMDA)

Payables continuum



Checks

- Check print
- Controlled disbursement*
- Positive pay
- Account reconciliation
- Online check image storage and inquiry

Card

- Travel and entertainment
- Purchasing card
- Virtual card

Electronic

- Fedwire/CHIPS
- ACH
- Real-time payment*
- Digital payment*

* In progress for Canada

Safer ways to pay—Positive Pay and fraud protection services

Helping protect you against fraud

Altered and counterfeit checks

Positive Pay:

- Checks are compared with your issue file data
- Discrepancies/suspect items are reported daily
- Fraudulent items can be returned

Payee Name Verification:

- Payee line is digitally interrogated from the check image and compared with your issue file data
- Failed checks are visually inspected by the bank
- Non-matching items can be returned



Traditional Positive Pay:
MICR verification (serial/check number, account, amount)

Payee Name Verification:
Interrogates and detects altered payee line

Additional fraud protection measures

- Post No Checks prevents all check debits from posting¹

35%

of survey respondents uncovered the fraud after more than one week and 31% after one month - If fraud is not detected within the first few days, the chances of a recovery from the fraud are slim



2/3

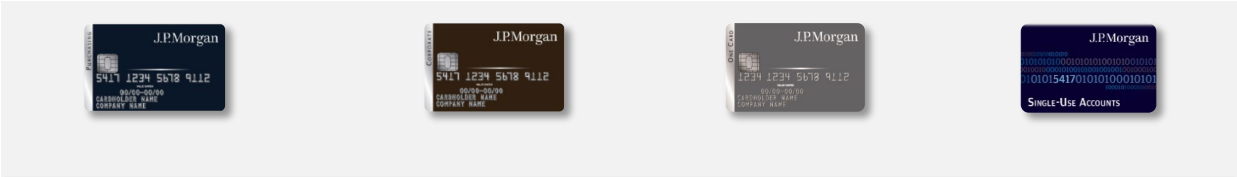
of survey respondents reported their accounts payable department as most vulnerable to being targeted by BEC fraud

Source: 2021 AFP Payments Fraud and Control Survey

¹Ideal for depository accounts or accounts disbursing electronic payments only

Commercial card solutions in US and Canada

We specialize in payables
 Our resources are dedicated to helping our clients gain maximum value from our solutions



Purchasing Card <i>Plastic, cardless and ghost/supplier payment solution</i>	Corporate Card <i>Plastic travel and entertainment payment solution</i>	One Card <i>One solution to manage multiple types of spend</i>	Single-Use Accounts <i>Virtual, electronic, single use account payables solution</i>
<ul style="list-style-type: none"> ✓ Reduces costly manual processing on low value/ high frequency spend 	<ul style="list-style-type: none"> ✓ Empower business travelers to make purchases within the limits and boundaries set by the organization 	<ul style="list-style-type: none"> ✓ Simplified program administration 	<ul style="list-style-type: none"> ✓ Automate higher value spend requiring A/P control or “one-off” transactions
<ul style="list-style-type: none"> ✓ Enhances employee convenience with spend controls and added visibility 	<ul style="list-style-type: none"> ✓ Broadly accepted worldwide 	<ul style="list-style-type: none"> ✓ Greater employee convenience and streamlined purchasing control 	<ul style="list-style-type: none"> ✓ Benefits of purchasing card with the controls of a check (payee, date, amount)
<ul style="list-style-type: none"> ✓ Creates potential for rebate revenue and working capital optimization 	<ul style="list-style-type: none"> ✓ Spend visibility and control 	<ul style="list-style-type: none"> ✓ Aggregated spend capture 	<ul style="list-style-type: none"> ✓ Efficiencies of ACH, plus rebate revenue and working capital opportunity



Wholesale Lockbox Processing

As a leader in Wholesale Lockbox for over 65 years, J.P. Morgan operates a unified lockbox network that provides an efficient, standardized solution across the United States and Canada

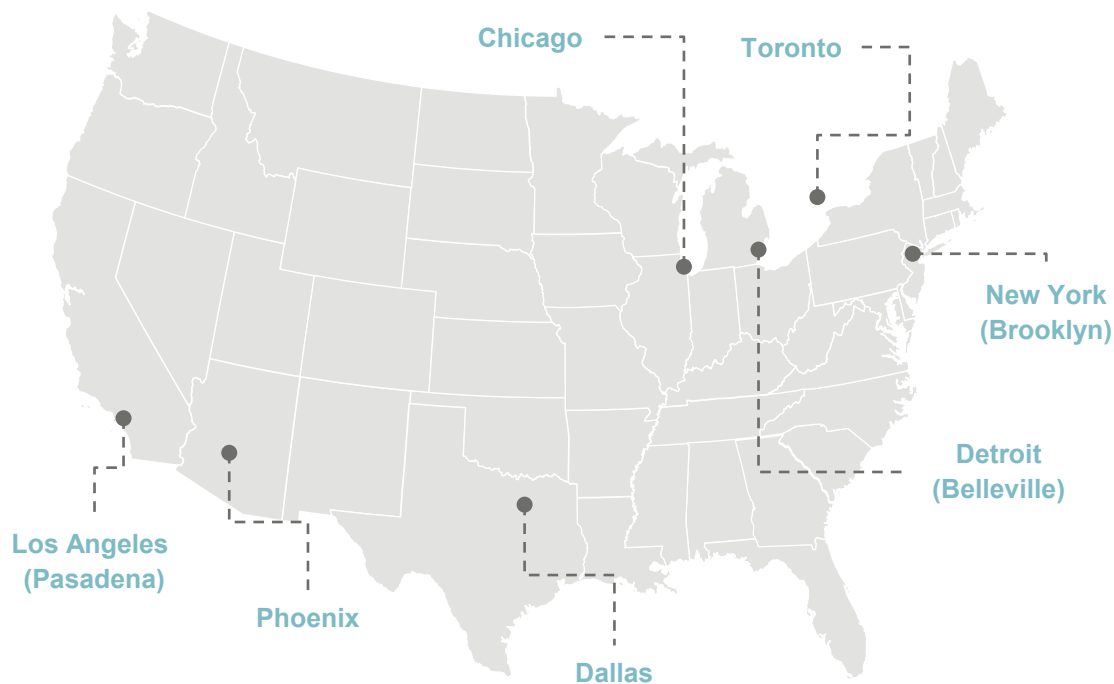
Scale and quality

- J.P. Morgan's Wholesale Lockbox network:
 - Supports 20,000 lockboxes
 - Process 172 million items, captures 188 million images and deposits \$706 billion
- All Lockbox Sites on the Same Platform and our network operates 24 hours a day, 7 days a week
- Our national network ensures strong business continuity practices to limit the risk of payment disruption

Increase auto posting / Reduce exceptions

- **Data transmission;** key in nine digit invoice number and transaction amount that will auto post daily so only exceptions are processed manually
- **Consolidated Receivables;** Merge Lockbox, ACH, Wire into a single data flow and reporting achieve.
- **Remittance Association:** Forward email from vendors with remittance detail to your lockbox
- **Payer Date Management:** Build tables to match MICR numbers
- **Remitter Management:** Establish client profiles that map missing remittance details to incoming payments
- **Decision Manager:** Set parameters for lockbox acceptance and manage exceptions
- **Virtual Remit:** scan checks and remittances at the office and include them in your transmission for automated posting

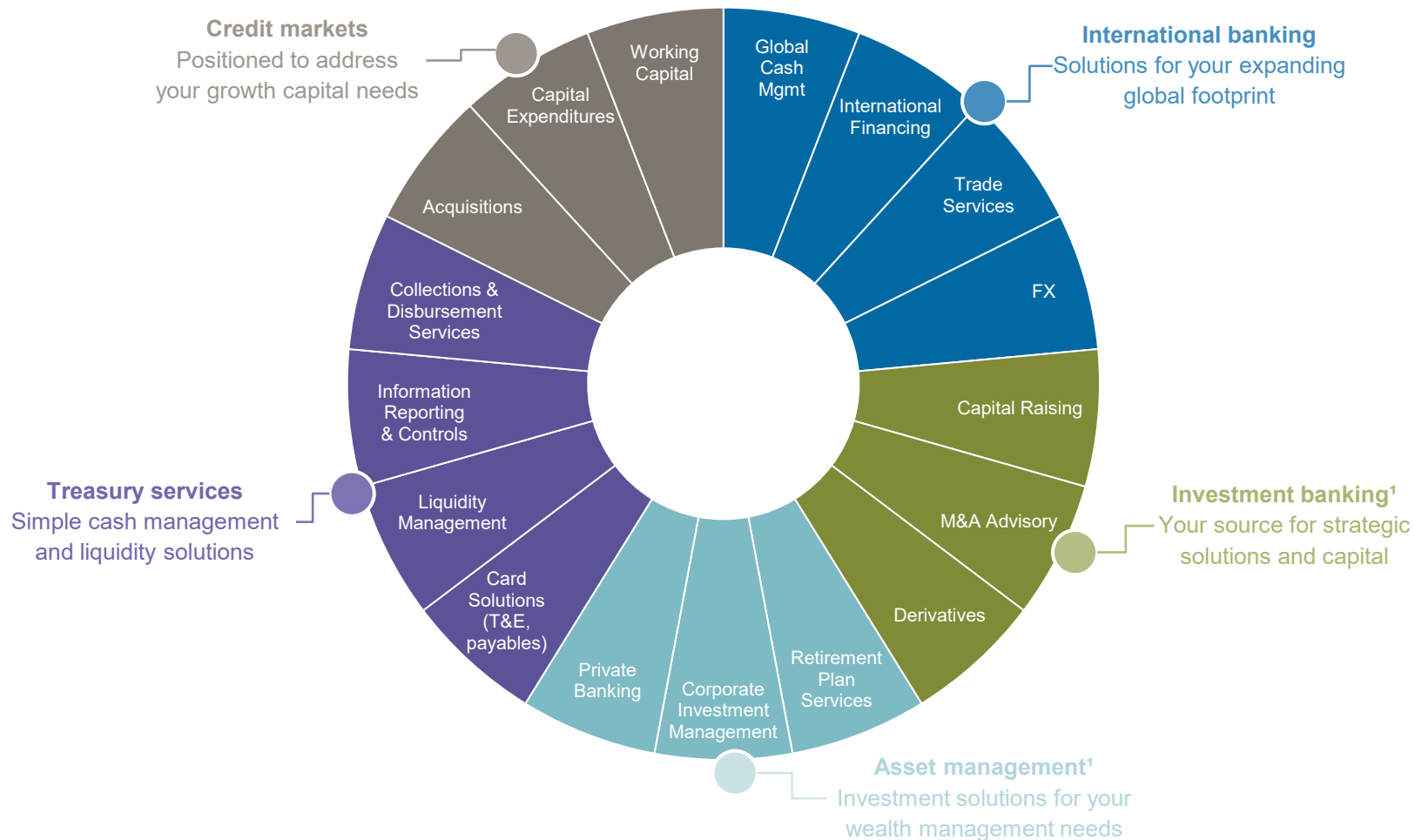
All Lockbox Sites are on the Same Platform and our network operates 24 hours a day, 7 days a week



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Our firm's range of products and capabilities



Note: J.P. Morgan offers products and services in addition to those referenced here
¹ Solutions provided by J.P. Morgan Investment Banking and Asset Management partners

J.P. Morgan in the Americas

Canada

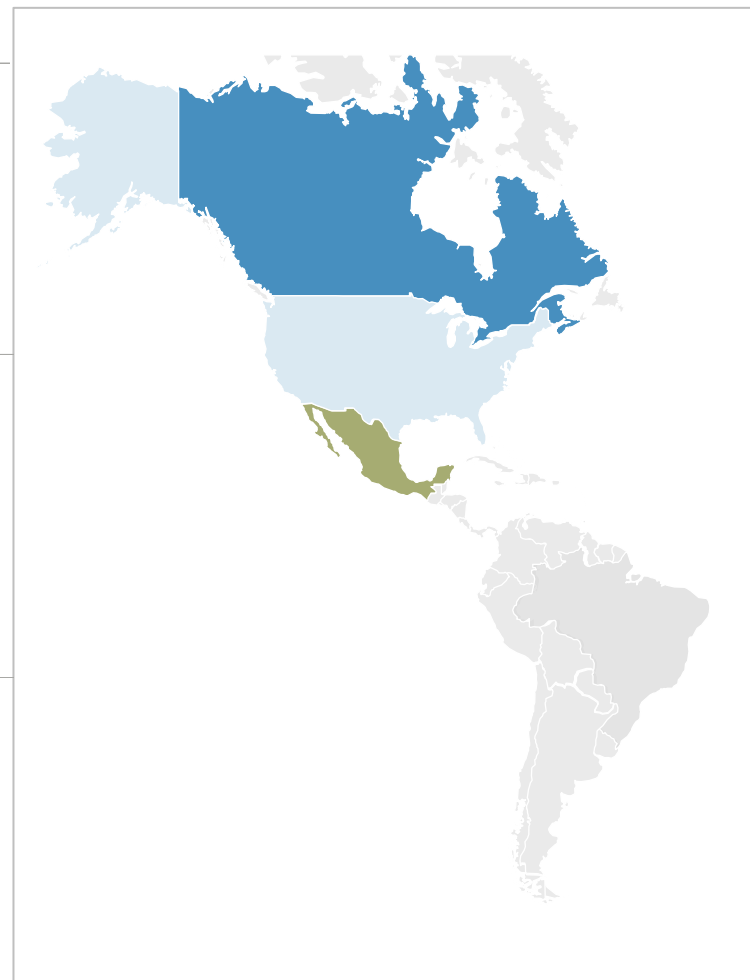
- More than 50 years in Canada
- USD and CAD over-the-counter services available at locations via partnerships with RBC
- Toronto lockbox with Receivables EdgeSM provides single platform for same-day images of North American receivables across check, wire and ACH; Remote Deposit Capture available
- Robust suite of FX, Credit and Trade solutions

Mexico

- More than 125 years in Mexico
- Extended reach across branch partnership via J.P. Morgan Network Provider Santander
- Leader in electronic payment and collection solutions with the ability to handle all high and low-value receivables through MXN or USD accounts
- Robust suite of FX, Credit and Trade solutions

UNITED STATES

- A leading global financial institution, with a history dating back more than 200 years
- The U.S. is our headquarters region, and we provide credit, investment banking, financing, treasury services, international banking, asset management, custody, real estate and manifold other services to our clients
- We are the largest U.S. bank by assets, and support corporations, government entities, municipalities, financial institutions and not-for-profit entities as well as real estate investors and owners
- **Scale Advantage** – J.P. Morgan ranks #1 in U.S. dollar clearing, processing over USD3 trillion in daily wire payments and USD32.7 trillion in annual ACH payments
- Electronic Banking Channels: **J.P. Morgan Host-to-Host Payments** for bulk file processing for wires and non-urgent payments and **J.P. Morgan Access**® for payment initiation, single integrated global platform combining online, host-to-host and mobile channels for access to and management of all your J.P. Morgan and third-party bank accounts globally



J.P. Morgan in Asia Pacific

History and Coverage Model

- J.P. Morgan has over 130 years of experience in Asia Pacific
- Local staff of more than 10,000 to provide expertise on local regulatory and business environment dynamics
- Global relationship management approach with Asia-based relationship managers dedicated to servicing US Commercial Banking clients

Local Presence

- J.P. Morgan is present across 13 countries in the Asia Pacific region with access to 23,000 branches
- On-the-ground expertise to offer a comprehensive in-country banking solution
- Direct memberships to over 40 local clearing systems
- Provide a single bank managed process to streamline banking arrangements supported by partnerships with local Network Providers

Implementation & Client Service

- Unique implementation and client service coverage model with local language support
- Dedicated resources working together with their in-country counterparts

Continued Investment

- J.P. Morgan invests billions of dollars in technology, branch footprint, product solutions, infrastructure and human capital
- Driving innovation and investment is an ongoing agenda to support our clients' growth today and in the future

On-the-ground presence in 14 countries



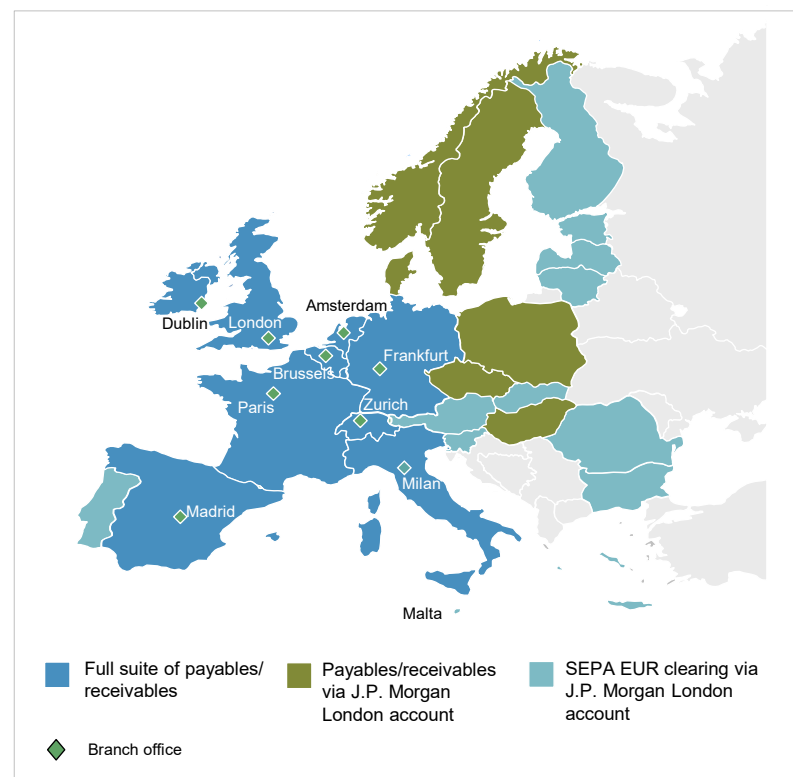
J.P. Morgan in Europe

EMEA at a Glance

- J.P. Morgan's presence in Europe spans over 170 years
- J.P. Morgan is a direct clearer in EMEA with top positions in USD and the largest non-indigenous EUR Clearer by value
- J.P. Morgan offers in-country transactional capability for all major European currencies and countries; treasury hubs are located in London, Luxembourg, Frankfurt and Dublin
- Market leading SEPA platform allowing for seamless cross-border payments in Euros, comparable to interstate payments in the U.S.

Product Suite

- **Treasury Services** – J.P. Morgan has extensive country coverage providing market leading payables and receivables capabilities in 40+ markets. Multicurrency accounts available in 38 currencies
- **Trade Finance** – Import & Export letters of credit, structured trade, bank guarantee, supply chain finance
- **Foreign Exchange** – J.P. Morgan offers the ability to execute payments in 120+ currencies through our market leading FX platform
- **Credit** – USD & local currency revolving credit, multicurrency syndications, term loans and overdrafts
- **J.P. Morgan Access** – Web-based Global eBanking Channel



What Makes J.P. Morgan Different?

- A top non-indigenous Euro provider by value and Euro clearing¹
- #1 USD clearer and #1 clearer of cross border SEPA transactions
- 94% of clients globally rate J.P. Morgan better for service than other banks they use

Investment Focus

- **Treasury Services:** In recent years, J.P. Morgan has spent over \$4 billion on our International Treasury Services business which resulted in enhanced products and service capabilities, an expanding global footprint and investments in technology platforms
- **Technology:** A single global back-end (accounts and payments) & front-end (payments and liquidity) system for improved product linkages and standardizations. SEPA enhancements to provide access to 32 SEPA locations for Credit Transfers & Direct Debits