

TREASURY MANAGEMENT Solutions

Tips & Advice for Your Business

Red River Bank's Sweep Accounts

Red River Bank has solutions that will reduce the need for monitoring, processing or forecasting your daily cash position. We offer this service via our various Sweep solutions through Red River Bank's Treasury Management Services.

Once a quiet benefit for preferred banking customers, sweep accounts are becoming more widely known and used by businesses as a way to efficiently manage cash flow. Because some businesses don't have time or capital to reap the benefits of the turn in our economy, sweep accounts make a lot of sense.

Businesses determine a target balance that they want to maintain in their operating account. We then "sweep" your account and remove any funds that are above that target balance. When your checking account drops below your target balance, we then "sweep" back enough cash to bring your account up to your target balance.

Your business may rely on daily cash flow, but find that you are carrying excess funds in your account during the month. Leveraging one of Red River Bank's sweep products will enable you to maximize your earnings potential.

Sweep Account Solutions

Zero Balance Account (ZBA)

Red River Bank's ZBA account is designed for companies that maintain a general operating account and other accounts such as payroll, petty cash, etc... With a ZBA in place, your business' funds are concentrated into the designated operating account. Disbursements are made from subsidiary accounts, which always maintain a zero balance. This allows your company to gain increased investment opportunities and reduce administrative expenses.

How It Works

- All funds are deposited into your central operating account
- Subsidiary accounts to handle payroll, petty cash or other similar needs always maintain a zero balance.
- Each day, the total for all checks presented against each ZBA is offset by a debit to the central operating account.
- Transfers from the central operating account to the subsidiary ZBAs are cross-referenced by account number on the bank statement.
- Deposits accidentally made to your ZBA accounts will be automatically transferred to the main account.

Key Benefits

- Eliminated time spent on manually funding subsidiary accounts.
- Eliminates the need to track balance levels and funding requirements.
- Saves clerical time and expenses.
- Minimizes risk of overdraft fees.
- Permits easy tracking of transfers and reconciliation through cross-referencing account numbers on bank statements.
- Excess funds in the central operating account can be invested to increase returns and maintain liquidity.

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Red River Bank Treasury Management*

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Loan Sweep

Automatically funds your company's checking account from your line of credit and makes payments to that same line of credit with available funds. In the event you don't have enough funds in your checking account to cover checks presented for payment, you are automatically covered with funds drawn from your line of credit.

How It Works

- When your checking account falls below a target balance, funds are automatically transferred from your line of credit to your checking account.
- When your checking account contains funds above the target balance, the difference will be automatically transferred to your line of credit.

Key Benefits

- Fully automated
- Minimizes borrowing and interest expenses
- Provides overdraft protection
- Prevents over funding accounts
- Allows your funds to work for you.

Investment Sweep

An investment sweep links the business checking account with an Investment Sweep account.* It automatically keeps the checking account balance at a pre-set target level by transferring funds to or from the investment account as needed.

In a vibrant economy, sweep accounts allow businesses to get a higher return on cash that might otherwise sit in commercial checking accounts. However, due to unusually low U. S. Treasury rates for the past 10 years, sweep to investments has not been the most viable option for managing cash flow.



Conclusion

Red River Bank's Sweep solutions provide our customers an opportunity to maximize earnings potential with the minimum amount of personal intervention.

Red River Bank's Sweep solutions will benefit your business. Please contact your account officer for more details.

* Not a bank product, not FDIC insured, may lose value, not financial institution guaranteed, not a deposit, not insured by any federal agency.

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