

Cash Pool Services

Zero Balancing

Zero Balancing is a cash pooling service for the concentration of funds within a company, or a group of companies, into one account - the *top account*.

The balances of the *sub-accounts* are automatically transferred to the *top account* at the end of each day with original value dates. The *top account* will therefore hold the overall net cash position of the company or group of companies. The *top account* is normally held by the parent company or a group treasury company. Any number of *sub-accounts* can be linked to the *top account*.

Sub-accounts can be used for transactions like any other bank account.

Structure

A Zero Balancing structure can include accounts reflecting your group structure.

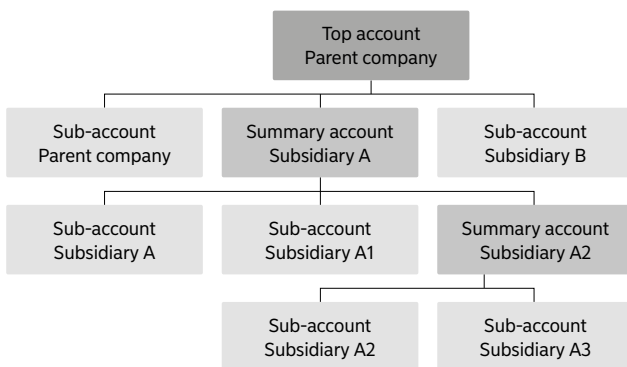
The *summary accounts* will aggregate zero balancing transactions from the underlying *sub-accounts* before they are sent further up the hierarchy.

Zero Balancing is available for various currencies and a separate structure is created for each currency.

Real-time information

Via your electronic banking system with Nordea you get real-time information on:

- your group's total net liquidity per currency
- all zero balancing transactions
- all payments and collections.



Cash concentration technique. A number of sub-accounts may be attached to the top account in some cases via summary accounts. The balances of the sub-accounts are brought to zero at the end of the day to or from the top account.

Benefits

- Improves your net interest position
- Reduces your need for external financing
- Reduces your group's balance sheet
- Gives you access to the group's net liquidity
- Facilitates your administration
- Provides data on intercompany lending

Financing and interest

The services minimises your group's external financing needs as debit and credit balances on *sub-accounts* are offset against each other automatically. This also optimises your group's external net interest position.

Credit facility

A credit facility can be attached to the service.

Reduced balance sheet

By having a total net balance for the whole group, you will achieve a balance sheet reduction on group level.

Manage funds

The service offers you an opportunity to easily manage the group's total surplus/deficit, for example, to place or fund the net position in the market without having to move funds manually between the group's accounts.

No additional administration

The service does not involve additional administration for the *top account* holder as all incoming and outgoing payments may be handled by each subsidiary to/from their own accounts as usual.

Simplifies bookkeeping

You can facilitate your internal bookkeeping as the Zero Balancing shadow account structure:

- keeps track of intercompany loans and
- calculates internal interest.

Cover check

To prevent unauthorised use of the *top account*, a cover check is made against each *sub-account's* available balance.

Account information

Via your electronic banking system, you and your subsidiaries will receive real-time information on transactions and balances.

Reports

You and your subsidiaries will receive statements and reports, on paper or electronically.

Legal aspects

As Zero Balancing automatically generates intercompany loans, legal and tax issues have to be addressed.

Legal and regulatory requirements vary from country and country. So it is important that you investigate the applicable regulations before establishing a Zero Balance structure.

Further information

Please contact your relationship manager or your cash management specialist in Nordea for further information.