

NOTIONAL CASH POOLING*

Notional cash pooling is based on the fictive consolidation of account balances - there are no real movements of funds between the accounts.

Credit and debit balances on the accounts concerned are notionally brought together and offset to establish a net position for the calculation of interest.

How it works?

- Cash pooling members must have current accounts at AS "UniCredit Bank" Lithuania Branch or it's subsidiaries;
- Agreement about the service has to be concluded between the bank and all participating companies;
- Only the same currency pooling can be enforced;
- The overdraft facility can be connected to all accounts;
- The balances remain on the accounts of the participants;
- The daily balances are recorded and the calculation of interest is made on a fictive consolidated amount and interest then computed via the master account.

Benefits for company

- This kind of pooling might be of particular interest to companies with a decentralized organisation structure;
- More **efficient using of the internal resources**;
- **Increased transparency**. By maintaining funds separately in the pool, transparency is increased;
- **Savings on interests costs**;
- **Enhanced Investment Opportunities**. By having a clear picture of daily liquidity position across multiple entities, greater opportunities are created for the short-term investment of any surplus funds.

	Sub accounts	A	B	Hypothetical Master Account	Interest A+B without Notional Pooling
Interest rate (credit)					
Minimum reserve costs					
Interest rate (debit)					
Capital costs					
	Balance on the acc	10.000	-5.000	5.000	350-300 = 50
	Interest	350,0	-300,0	175,0	
	Minimum reserve costs	-10,0	0,0	- 10,0	
	Capital costs	<u>0,0</u>	<u>-37,5</u>	<u>- 37,5</u>	Interest surplus because of Notional Pooling
				127,5	127,5 – 50 = 77,5

Note! As there is no balance movement, the bank will be obliged to include the account balances in any calculation of Minimum Reserve Cost and Capital Cost. Therefore, this cost must be included in any interest calculations.

The **Minimum Reserve** cost is a daily interest charge based on a percentage of the credit balance on the account. If the account is in debit, no Minimum Reserve cost will be calculated for that day.

The **Capital cost** is a daily interest charge based on a percentage of the debit balance on the account. If the account is in credit, no Capital cost will be calculated for that day.

CONTACTS

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* Cash Pooling services that can be offered by AS "UniCredit Bank" Lithuania Branch:

Effective cash pooling: *Domestic pooling* within AS "UniCredit Bank" Lithuania Branch and it's subsidiaries; *Zero Balancing* for cross border pooling; *Sweeping* for excess balance transfer.;

Notional pooling: *Domestic notional pooling* within AS "UniCredit Bank" Lithuania Branch and it's subsidiaries; *Margin Pooling* as cross-border solution