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Annex to the GTC BGC on credit checks

V 5.0

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Document history

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Contents

1 Performance of credit checks 4
2 Rating indicators used 5
3 Ongoing credit checks 6

NON BINDING TRANSLATION

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1 Performance of credit checks

1) Credit checks for candidate BGRs involve an assessment of the applicant's overall commercial, legal, financial and personnel situation.

Such checks are, in particular, performed on the basis of:

- the indicators specified in section 2;
- annual financial statements (where possible, audited), including the notes and operational review, for the previous two financial years (or the previous financial year in the case of a BGR formed less than two years earlier); and
- where available, a rating from one of the following international rating agencies: Standard&Poor's, Moody's or Fitch, or a rating agency of comparable standing.

If such data are unavailable, the company will automatically be given a class 5 rating. The furnishing of guarantees or letters of comfort from fellow group companies in the meaning of section 15 *AktG* [Companies Act] or section 115 *GmbHG* [Limited Liability Companies Act] has the effect that such companies are also subject to a credit check.

The BGC is entitled to request further evidence and information for the purpose of the credit check. The BGC may also perform credit reviews at any time, and if necessary amend credit ratings.

2) The following factors, in particular, are also considered when rating companies, and may lead to a subsequent reclassification:

- a) media coverage, and reports from national and international news agencies such as Reuters, Dow Jones and Platts;
- b) interim reports (half-yearly and quarterly);
- c) poor payment discipline on the part of a BGR; an indication of this is if a BGR defaults on payment obligations arising from the regular clearing rounds and subsequent charging more than twice in the space of three clearing and settlement periods, unless such BGR can provide proof that the missed payments constituted technical defaults for which it was not responsible;
- d) changes in business practices or a market participant's organisational or corporate structure which point to an increase in risk.

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- 3) On the basis of the credit check, the BGR will be assigned to one of five rating classes; the most creditworthy companies receive class 1 ratings and the least class 5 ratings.
- 4) All BGRs are obliged to submit their most recent annual financial statements, including the notes to the accounts and the operational review, to the BGC at least once a year, and within six months of the end of the financial year concerned, to enable it to assess their creditworthiness. If the annual financial statements are not yet available, appropriate interim reports as defined by section 1(2)(b) may be submitted in their stead until such financial statements become available. If a BGR fails to submit its annual financial statements in spite of a written request by the BGC to do so, then such BGR shall be assigned to rating class 5.
- 5) BGRs are obliged to provide the BGC with information in the course of credit checks. If a BGR fails to provide such information in spite of a written request from the BGC, then such BGR shall be assigned to rating class 5.

A newly established BGR which is yet to publish an annual report will be allocated to rating class 5 unless it is able to submit a suitable annual report or letter of comfort from its parent company or companies.

2 Rating indicators used

The following indicators, among others, are relevant to rating decisions:

- 1) equity ratio;
- 2) return on assets;
- 3) Cash flow in the meaning of the *Unternehmensreorganisationsgesetz* [Company Reorganisation Act], expressed as a percentage of operating revenue;
- 4) notional debt maturity schedule in the meaning of the Company Reorganisation Act.

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3 Ongoing credit checks

For the purposes of ongoing credit reviews, the BGR shall within six months of the end of each financial year submit to the BGC company annual financial statements drawn up in accordance with the applicable accounting regulations (and where possible audited), as well as its operational review and consolidated financial statements.