

Please note that only the German version of this contract is binding. The English translation is not binding and is provided solely for information purposes. All liability on the part of the balance group coordinator for any deviations in content or mistranslations is excluded.

# **Annex - Credit Assessment**

## **(Terms and Conditions of Business of the Balancing Operator (T&C - BO))**

V 1.0

## Document Management

### Document History

Version	Status	Date	Supervisor	Reason for Amendment
0.1	Draft		AGCS	Initial preparation T&C - BGO

Non-binding translation

**Table of Content**

**1 Credit Assessment ..... 4**  
**2 Regular Credit Assessments ..... 5**

Non-binding translation

## **1 Credit Assessment**

- 1) The credit assessment of a newly admitted balance group representative (BGR) includes an evaluation of its entire economic, legal, financial and personnel situation of the company to be admitted.

The audit is carried out based on the following criteria (but not limited to these):

- the annual financial statements, audited if applicable, together with the notes and management report for the last two financial years (if the BGR has existed for a shorter period, on the basis of the last financial year), and
- rating assigned by a rating agency, if available.

If this data is not available, it is automatically classified to credit category 5. When an applicant provides guarantees or letters of comfort from companies belonging to the group (as defined in § 15 Stock Corporation Act (AktG) and § 115 of the Limited Liability Companies Act (GmbHG)), the credit assessment also covers this group company.

The Balancing Operator (BO) has the right to request additional evidence and information for the credit assessment. The BO has the right to conduct a credit assessment at any time and to make adjustments to the credit rating as necessary.

- 2) The following factors are additionally taken into account when assigning a credit rating class and may result in reclassification, even after a classification has been assigned:
- a) Media reports and reports from national and international information agencies
  - b) Interim financial reports (half-yearly and quarterly reports);
  - c) Poor repayment history: a BGR's credit rating may be downgraded to category 5 due to poor repayment history. This applies if a BGR fails to meet its payment obligations in time more than twice within three settlement periods in connection with the regular clearing process and subsequent settlement, unless the BGR proves that this was due to a technical default for which it was not responsible;
  - d) Changes in business practices or in the organizational or corporate structure of the market participant that indicate a higher risk.

- 3) After the credit assessment has been completed, the company is assigned to a credit rating category from 1 to 5, with category 1 representing companies with the highest credit rating and category 5 companies with the lowest credit rating.
- 4) All BGRs are required to submit their most recent annual financial statements, together with the notes to the financial statements and the management report, to the Balancing Operator at least once a year, and no later than six months after the end of the financial year for the purpose of reviewing creditworthiness. If these documents are not yet available, suitable interim reports are to be submitted instead until the documents become available. Should the BGR fail to do this despite having been sent a written request by the BO, the BGR will be assigned to credit rating category 5.
- 5) The BGR must provide the Balancing Operator information within the scope of the credit assessment. Should the BGR fail to do this despite having been sent a written request by the BO, the BGR will be assigned to credit rating category 5.

In the case of newly established BGRs for which no annual reports are yet available, these are assigned to rating category 5 if no suitable annual reports or letter(s) of comfort from the parent company or companies are available for the credit assessment.

## **2 Regular Credit Assessments**

For the purpose of the regular reviews of creditworthiness, the BGR shall submit to BO, within 6 months of the close of its financial year, the annual financial statements prepared in accordance with the applicable accounting standards - audited if applicable - as well as the management report and the consolidated financial statements.